



# **Shenzhen Victor Onward Textile Industrial Co., Ltd.**

The Semiannual Report 2013

**August 2013**

## I. Important Notice, Table of Contents and Definitions

The Board of Directors ,Supervisory Committee, all directors, supervisors and senior executives of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

All the directors attended the board meeting for reviewing the Annual Report.

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Mr.Hu Yongfeng, The Company leader, Mr. Zhang Jinliang, Chief financial officer and the Mr..Ren Changzheng, the person in charge of the accounting department (the person in charge of the accounting )hereby confirm the authenticity and completeness of the financial report enclosed in this semi-annual report.

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## Definition

Terms to be defined	Refers to	Definition
Company/The Company/	Refers to	Shenzhen Victor Onward Textile Industrial Co., Ltd.
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
“CSRC”	Refers to	China Securities Regulatory Commission

## II. Basic Information of the Company

### I. Company Information

Stock abbreviation	* ST Shenzhen Victor Onward A, * ST Shenzhen Victor Onward B	Stock code:	000018、200018
Stock exchange for listing:	Shenzhen Stock Exchange		
Name in Chinese	深圳中冠纺织印染股份有限公司		
Chinese Abbreviation (If any)	中冠		
English name (If any)	Shenzhen Victor Onward Textile Industrial Co., Ltd		
English abbreviation (If any)	VICTOR ONWARD		
Legal Representative	Hu Yongfeng		

### II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Zhang Jinliang	Wu Xia
Contact address	Room 1308, Hualiang Building, No.2008 Shennan Zhong Road, Shenzhen	Room 1308, Hualiang Building, No.2008 Shennan Zhong Road, Shenzhen
Tel	(755) 83668425	(755) 83667895
Fax	(755) 83668427	(755) 83668427
E-mail	zhangjl@udcgroup.com	wux@udcgroup.com

## III. Others

### 1. Way to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the reporting period?

Applicable  Not applicable

Registered address	26 Kuipeng Road, Kuiyong Town, Longgang District, Shenzhen
Postal code of the Registered Address	518119
Office Address	26 Kuipeng Road, Kuiyong Town, Longgang District, Shenzhen
Postal code of the office address	518119
Internet Web Site	http://www.udcgroup.com
E-mail	szvo@chinaszvo.com

## 2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

Applicable  Not applicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## 3. Change of the registered information

Did any change occur to the registered information during the reporting period?

Applicable  Not applicable

The Registration date and place of the Company, its business license No., Taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2012 annual report.

## 4. Other relevant information

Did any change occur to other relevant information during the reporting period?

Applicable  Not applicable

The Company no longer renewed the engagement of Shine Wing Certified Public Accountants (special ordinary partnership) as the auditing body for the audit and internal control of the Company for 2013. According to the provisions of the Company's Work System of Choosing and Engaging Certified Public Accountants, the Company engaged Dahua Certified Public Accountants (special ordinary partnership) as the auditing body for audit and internal control for 2013. The annual auditing fee is RMB 0.45 million (including traveling expenses). Refer to No. 2013-0640 announcement of the Company published at [www.cninfo.com.cn](http://www.cninfo.com.cn) on June 27, 2013 for details.  
(2013-0640)

### III. Summary of Accounting Highlights and Business Highlights

#### I. Major accounting data and /Financial indicators

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors.

Yes  No

	Reporting period	Same period of last year	YoY+/- (%)
Operating income (RMB)	4,990,626.00	5,019,787.00	-0.58%
Net profit attributable to the shareholders of the listed company (RMB)	-4,123,606.00	-4,187,136.00	-1.52%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-1,708,492.00	-1,245,706.00	37.15%
Cash flow generated by business operation, net (RMB)	1,949,440.00	165,989.00	1,074.44%
Basic earning per share(RMB/Share)	-0.02	-0.02	0%
Diluted gains per share(RMB/Share)	-0.02	-0.02	0%
Net asset earning ratio (%)	-3.53%	-3.58%	0.05%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Gross assets (RMB)	164,879,572.00	172,002,557.00	-4.14%
Shareholders' equity attributable to shareholders of the listed company (RMB)	114,119,534.00	118,852,391.00	-3.98%

#### II. The differences between domestic and international accounting standards

1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Unit:RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-4,123,606.00	-4,187,136.00	114,119,534.00	118,852,391.00
Items and amount adjusted according to CAS and IAS				
Switch back the part of Hong	267,910.00	55,329.00	-4,729,270.00	-5,298,751.00

Kong house property assessment in accordance with IAS				
Pursuant to overseas accounting standards	-3,855,696.00	-4,131,807.00	109,390,264.00	113,553,640.00

2. Difference in Net profit and net Assets in the Financial Report as Disclosed Respectively according to the Accounting standards Outside Mainland China and the Chinese Accounting Standards.

Unit:RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-4,123,606.00	-4,187,136.00	114,119,534.00	118,852,391.00
Items and amount adjusted according to CAS and IAS				
Switch back the part of Hong Kong house property assessment in accordance with IAS	267,910.00	55,329.00	-4,729,270.00	-5,298,751.00
Pursuant to overseas accounting standards	-3,855,696.00	-4,131,807.00	109,390,264.00	113,553,640.00

3.Note to the Difference in the Accounting Data based on the Accounting Standards of CAS and IAS.

The influence of appreciation through appraisal of workshop and 2 parking spaces in Hong Kong in 1992.

III.Items and amount of deducted non-current gains and losses

Unit:RMB

	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-15,114.00	
Other non-operating income and expenditure beside for the above items	-2,400,000.00	
Total	-2,415,114.00	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and



its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable  Not applicable

## IV. Report of the Board of Directors

### I. General

#### 1. Business highlights

In the report period, the printing and dyeing mill of the Company in Shenzhen continued production suspense while the parent company and five subsidiaries continued the suspension of printing and dyeing business due to the production suspense of the printing and dyeing mill. The parent company, Nanhua Company and Hong Kong Company maintained daily operation through property lease. The other three subsidiaries had suspended business. The Company planned to invest in the joint venture project of Nanjing East Asia Textile Printing and Dyeing Co., Ltd. with partial machinery and equipment. Due to change of foundation of joint venture and prospect of the industry, the capital increase was not completed. In the report year, the income from house rent was the main part of net inflow of cash and the source of income from main operation.

#### 2. The risks that the Company is facing and countermeasures

Production suspense brought significant influence on the production and operating activities and continuous development of the Company. 2The audited net profits of the Company for two consecutive fiscal years (i.e., 2011 and 2012) were both negative. According to relevant regulations including Stock Listing Rules of Shenzhen Stock Exchange, Shenzhen Stock Exchange enforced special treatment ("delisting risk caution") of the stocks of the Company from April 24, 2013.

According to Stock Listing Rules of Shenzhen Stock Exchange, the listing of the stocks of the Company will be suspended from the day of announcement of 2013 annual report if its audited net profit for 2013 is still negative. In case of failure to reverse loss according to the annual report for the latest period disclosed within statutory time limit, the stocks of the Company will face the risk of termination of listing.

In order to try to have the caution of delisting risk revoked, the Company will make all efforts to enhance operating efficiency and increase return through various measures and take "reversing loss into profit" as the priority target of production and operation for the year in 2013.

### II. Analysis on principal Business

#### 1.General

In the report period, the textile, printing and dyeing business of the head office and controlled subsidiaries of the Company did not recover and continued to be suspended for rectification. The Company leased its idle properties and earned rental income of RMB 4.99 million.

YoY Change of major financial data:

Unit: RMB

	Reporting period	Same period of last year	YoY+/- (%)	Main reasons for change
Operating revenues	4,990,626.00	5,019,787.00	-0.58%	
Operating cost	2,073,313.00	2,199,834.00	-5.75%	
Administrative expenses	4,050,058.00	4,358,499.00	-7.08%	

Financial expenses	273,998.00	-47,525.00	-676.53%	Influence of exchange rate
Net cash flows from operating activities	1,949,440.00	165,989.00	1,074.44%	Acceptance of banker's acceptance bills of prior periods
Net cash flows from investing activities	5,024,937.00	-31,431.00	-16,087.2%	Receipt of the proceeds of disposal of machinery and equipment in advance
Net cash flows from financing activities	-10,000,000.00			Payment of loan principal to Union Group
Net increase in cash and cash equivalents	-3,458,795.00	267,112.00	-1,394.89%	

Major changes to the profit structure or sources of the Company during the reporting period.

Applicable  Not applicable

No major changes occurred to the profit structure or sources of the Company during the reporting period.

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc:

Applicable  Not applicable

The Company did not mention any future planning for the reporting period in its disclosed documents such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.

Review the progress of the previously disclosed business plan in the reporting period.

As the plan of investing in Nanjing East Asia Textile Printing and Dyeing Co., Ltd. with part of machinery and equipment was not fulfilled, part of the Company's assets have been in idle status for long time since production suspense for rectification. At present, the investment project (Nanjing East Asia Textile Printing and Dyeing Co., Ltd.) has entered litigation procedure. There will be no possibility of investment completion. To invigorate assets and recover funds, the Company planned to dispose of fixed assets (machinery and equipment) and parts. In the report period, it collected proceeds of RMB 5.05 million from such disposal.

### III. Breakdown of main business

	Operating revenues	Operating costs	Gross profit rate(%)	Increase/decrease of operating revenues over last year (%)	Increase /decrease of operating costs over last year(%)	Increase/decrease of gross profit rate over last year (%)
Classification of Industry						
Leasing Industry	4,990,626.00	2,073,313.00	58.46%	-0.58%	-5.75%	1.71%
Classification of products						
Lease	4,990,626.00	2,073,313.00	58.46%	-0.58%	-5.75%	1.71%
Classification of Area						

China	4,119,034.00	1,498,006.00	63.63%	-0.96%	-6.44%	3.41%
Hong Kong	871,592.00	575,307.00	33.99%	2.35%	-3.31%	1.03%

#### IV. Analysis on investment Status

##### 1. External Equity investment

###### (1) External investment

External investment		
Investment amount (January-June 2013)(RMB)	Investment Amount (January-June 2012)(RMB)	Change rate (%)
0.00	0.00	0%
Particulars of investees		
Name	Principal business	Proportion in the investees' equity (%)
Zhejiang Union Hangzhou Bay Chuangye Co., Ltd.	Real estate	25%

###### (2) Holding of the equity in financial enterprises

#### 2. Analysis to main subsidiaries and shareholding companies

Particulars about main subsidiaries and shareholding companies

Unit: RMB

Company Name	Company type	Sectors engaged in	Leading products and services	Registered capital	Total assets(RMB)	Net assets (RMB)	Turnover (RMB)	Operating profit (RMB)	Net Profit (RMB)
Hong Kong Victor Onward Co.Ltd	Subsidiary	Textile industry	Textile trade	2,400,002 (HKD)	112,829,365.00	43,308,284.00	875,656.00	-129,466.00	-127,537.00
Nanhua Company	Subsidiary	Textile industry	Textile Printing and dyeing	85,494,700 (HKD)	28,239,070.00	-18,089,476.00	3,206,500.00	-127,217.00	-139,333.00

## V. Prediction of business performance for Jan-Sept 2013.

Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason.

√ Applicable □ Not applicable

Forenotice of earning :Losses

Type of data file for the prediction

	Year beginning to end of next report period		Same period of the previous year	Increase or decrease%		
Estimated amount of accumulative net profit(RMB'0000)	-200	0	-615	-100%		-67.48%
Basic earnings per shares (Yuan/share)	-0.01	0	-0.04	-100%		-75%
Notes to forenotice of earnings	Due to loss of real estate projects of Zhejiang Union Hangzhou Bay Ventures Co., Ltd. accounted for on equity basis, the accumulative net profit for the period from January 2012 to September 2013 is estimated to be loss and about RMB-2 million to RMB-0.					

## VI. Explanation from the Board for “ Qualified Opinion” of last year’s

### 1. Basic information

Shine Wing Certified Public Accountants issued unqualified auditor's report with paragraph of emphasized matters for the Company's financial statements for 2012 Basic information of emphasized matters: Since March 2007, Shenzhen Victor Onward Textile Industrial Co., Ltd. stopped production and dismissed most of workers. And most subsidiaries of the company had stopped production and it maintained daily operation by house leasing., but its sustainable operation ability is still uncertain.

#### (II) Basic opinions of certified public accountants on such matter:

Shine Wing Certified Public Accountants accepted entrustment, completed the audit of the financial statements of the Company for 2012 and issued unqualified auditor's report with paragraph of emphasized matters for the Company's financial statements for 2012. In accordance with No. 14 Rule for Preparation and Report of Information Disclosure by Companies Publicly Issuing Securities - Non-standard Unqualified Audit Opinions and Treatment of Matters Involved Therein, relevant notes are as follows:

As noticed by Shine Wing Certified Public Accountants during audit, Since March 2007, Shenzhen Victor Onward Textile Industrial Co., Ltd. stopped production and dismissed most of workers. The company currently only had house leasing business.

Except that Shenzhen East Asia Victor Onward Textile Printing and Dyeing Co., Ltd. is still operating normally, other 5 subsidiaries controlled by the Company have stopped operation or are maintaining daily operation by house property lease. It plans to invest in Nanjing East Asia Textile Printing and Dyeing Co., Ltd. with part of machinery and equipment in 2007, The investment plan has not been implemented, the proposed investment has been idle equipment stored in the Victor Onward Company. On June 4, 2012, The Victor Onward Company has

instituted court action at Jiangsu Province Higher People's Court, and asked to terminate the contracts and agreement on investment on Nanjing project. We believe that the sustainable operation ability of Shenzhen Victor Onward Textile Industrial Co., Ltd. is still uncertain, so I emphasized the situation in the audit reports and issued unqualified auditor's report with paragraph of emphasized matters. The matters involved in highlighted statement did not apparently violate Accounting Standards for Business Enterprises and regulations on relevant information disclosure standardization.

(III) The opinions of the board of directors, supervisory committee and management of the Company on this matter:

The board of directors, Supervisory Committee and managers believed that the printing and dyeing plant of the company had stopped operation or maintained daily operation by house leasing. It plans to invest in Nanjing East Asia Textile Printing and Dyeing Co., Ltd. with part of machinery and equipment, Due to the reason on the side of the other party of joint venture and change of industry prospect. Partners disagree with our views in the replenishment of the things, thus cooperation is difficult to continue. Although we sent our staff to Nanjing many times for negotiation, but failed to reach a consensus. Therefore, we decided the proceedings in the People's Court.

(IV) Extent of influence of this matter on the Company:

This event greatly impacted the production & operation activities and sustainable development of company, it made company had the situation of implementing other special treatment which was stipulated in Shenzhen Stock Exchange Listing Rules, the stock of our company had been implemented for other special treatment. As the audited net profits of the Company for 2011 and 2012 were negative, Shenzhen Stock Exchange will give special treatment to the stocks of the Company for the caution of delisting risk according to relevant regulations including Stock Listing Rules of Shenzhen Stock Exchange. The stocks of the Company will be subject to special treatment for caution of delisting risk after the disclosure of 2012 annual report. The Company stocks will be suspended from April 24, 2013, The stocks of the Company will implement special treatment for delisting risk warning after the Company was restored for trading from April 24, 2013.

According to Stock Listing Rules of Shenzhen Stock Exchange, the listing of the stocks of the Company will be suspended from the day of announcement of 2013 annual report if its audited net profit for 2013 is still negative. In case of failure to reverse loss according to the annual report for the latest period disclosed within statutory time limit, the stocks of the Company will face the risk of termination of listing.

(V) The possibility of eliminating this matter and its influence:

In order to try to have the caution of delisting risk revoked, the Company will make all efforts to enhance operating efficiency and increase return through various measures and take "reversing loss into profit" as the priority target of production and operation for the year in 2013.

(VI) The concrete measures of eliminating this matter and its influence

The Company Holding a positive and prudent attitude, the company has been looking for a new business direction and an effective way to fight to reverse loss into profit in 2013.

## VII. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

Applicable  Not Applicable

The Company has no profit distribution and share and shares converted from capital reserve either, which was deliberated and approved in annual shareholders' general meeting of 2012.

### VIII. Profit distribution for the report period

Particulars about the profit distribution and capitalizing reserves plan for the report period

### IX. Statement of such activities as reception, research, communication, interview in the reporting period

Reception time	Reception place	Way of reception	Types of visitors	Visitors received	Discussion topics and provision of materials
April 24, 2013	BOD office of the Company	By phone	Individual	Investor	Enquiry about the Company's whether the Company has any plan for reorganization
May 6, 2013	BOD office of the Company	By phone	Individual	Investor	Enquiry about the company situation
May 30, 2013	BOD office of the Company	By phone	Individual	Investor	Inquire of the Company about the time of holding shareholders' general meeting
June 4, 2013	BOD office of the Company	By phone	Individual	Investor	Inquire about the reason for the rise in stock price of the Company during sharp decline of stock market.

## V. Important Events

### 1. Governance of the Company

In the report period, The company has strictly abided by the “Corporate Law”, “Securities Law”, “Governance Rules of Listed Companies”, “Articles of Association” and the provisions and requirements of The China Securities Regulatory Commission (CSRC) and The Shenzhen Stock Exchange (SZSE) to continuously improve the corporate governance structure, establish the modern enterprise system, standardize the company operations and seriously and well perform all the works of corporate governance. the company has set up the work plan and program on the implementation of internal control norms in order to further strengthen the construction work of the company’s internal control norms system according to the relevant specifications of “Foundational Norms on Internal Control of Enterprise” and “Supporting Instructions to Internal Control of Enterprise”. Currently, the company is carrying out the relevant specific works as per all the stage of work plans of the internal control construction. There isn’t difference between the management practice and the regulations of the Company Law and CSRC.

In the report period, the Company further increased information transparency and properly carried out publicity work for protection of investors. It timely answered the questions of investors and communicated with medium and small investors by making use of telephone, email, especially the platform for communication with investors set up by Shenzhen Stock Exchange to let them know itself better and improve its information transparency.

In the report period, relevant personnel of the Company attended the working meeting for prevention and control of insider dealings of listed companies in Shenzhen organized by Shenzhen Securities Regulatory Bureau. After the meeting, all directors, supervisors and senior executives and other working personnel who have access to insider information were trained so that the trainees fully understood the importance of cracking down on insider dealings. After self inspection, relevant personnel were not found to carry out insider dealings or to suggest others to conduct transactions by making use of insider information. No insider information was divulged. The Company did not conduct administration in a non-standardized way such as providing non-open information to the controlling shareholder or the actual controller. The Company was not investigated and prosecuted or ordered to make rectification by regulatory authority due to the implementation of insider registration system or being suspected of insider dealing.

### II. Major lawsuits and Arbitration affairs

Applicable  Not applicable

Basic information of	Amount involved	Whether comes to accrual	Progress of lawsuits(arb	Trial results and influence	Judgment enforcement	Disclosure date	Index of disclosure
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lawsuits(Arbitration)	(RMB'0000)	liability or not	itation)		situation		
On June 4, 2012, The company has instituted court action against below three companies at Jiangsu Province Higher People's Court, and asked to terminate the contracts and agreements signed with Nanjing East Asia Textile Printing & Dyeing Co., Ltd., Nanjing East Asia Investment & Development Group Co., Ltd. and Hong Kong Yaojunxing Co., Ltd., who shall pay RMB47,922,902.92 to the company for the pecuniary loss of implicative compensation and undertake the costs of litigation. The company has received the Su-Shang-Wai-Chu-Zi No.0002 (2012) of "Notice on Indictment Acceptance and Collegial Panel Announcement" issued by Jiangsu Province Higher People's Court on	4,792	No	he case hasn't yet been tried			June 16, 2012	Announcement No. 2012-0614) Securities Times , Hong Kong Commercial Daily and <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

June 14, 2012.							
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### III. Query from media

Applicable  Not applicable

In the reporting year, the Company had no query from media

### IV. Assets Transactions

#### 1. Sales of Assets

Other party of the transaction	Assets sold	Date of sale	Transaction price (RMB'000)	Net profit contributed to the company from the beginning of the reporting year to the date of sales of the asset (RMB'000)	Gain/loss arising from sales (RMB'000)	Proportion of the net profit contributed by the asset for the company in the total profit (%)	Pricing principle for the asset sold	Is it a related transaction	Is it a related transaction	Connectivity Relations with other party (applicable to the related transaction)	Has all the ownership of the assets involved been transferred	Has all the credit/debt involved been transferred	Disclosure date	Disclosure index

### V. Material related transactions

#### 1. Other material related transactions

The account receivable of related parties of Listed Company

Unit: RMB

Projects	Related parties	Year-end balance		Year-beginning balance	
		Book balance	Provision for devaluation	Book balance	Provision for devaluation
Account receivable	Shenye Union (HK) Co., Ltd.	299,428.00	299,428.00	299,428.00	299,428.00

The account Payablee of related parties of Listed Company

Unit : RMB

Projects	Related parties	Year-end balance	Year-beginning balance
		15,104,652.00	24,748,412.00
Other payable	Shenzhen Union Real estate Group Co., Ltd.	700,734.00	700,734.00

Relevant inquiry with the internet website for disclosing provisional report on material related transactions

Description of provisional announcement	Date of disclosing provisional announcement	Description of the website for disclosing provisional announcements

## VI. Important contracts and implementation

VII. The commitments of the Company and its shareholders holding over 5% of the Company's total shares in the report year of extending to the report year from previous year.

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Union Holdings Co., Ltd./Shenzhen Textile (Holdings) Co., Ltd./Union Development Group Co., Ltd.	Committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the	2006.3.24	In effect	Under Fulfillment

		company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.			
Commitment in the acquisition report or the report on equity changes	Not applicable				
Commitment made upon the assets replacement	Not applicable				
Commitments made upon issuance	Not applicable				
Other commitments made to minority shareholders	Not applicable				
Executed timely or not?	Yes				

### VIII. Engagement/Disengagement of CPAs

Whether the intrim Report was audited or not

Yes  No

### IX. Notes to other significant Events

Announcement on lawsuits.of Shenzhen Victor Onward Textile Industrial Co., Ltd. Announcement No.:2012-0614, Announcement Date: June 16, 2012.(www.cninfo.com.cn), Investors are advised to pay attention to investment risks.<http://www.cninfo.com.cn/finalpage/2012-06-16/61144742.PDF>

## VI. Change of share capital and shareholding of Principal Shareholders

### (I). Changes in share capital

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Share with conditional subscription	0	0%	0	0	0	0	0	0	0%
1.State-owned shares	0	0%	0	0	0	0	0	0	0%
2.State-owned legal person shares	0	0%	0	0	0	0	0	0	0%
3.Other domestic shares	0	0%	0	0	0	0	0	0	0%
Of which: Domestic legal person shares	0	0%	0	0	0	0	0	0	0%
Domestic natural person shares	0	0%	0	0	0	0	0	0	0%
4.Share held by foreign investors	0	0%	0	0	0	0	0	0	0%
Of which: Foreign legal person shares	0	0%	0	0	0	0	0	0	0%
Foreign natural person shares	0	0%	0	0	0	0	0	0	0%
5. Executive shares	0	0%	0	0	0	0	0	0	0%
II. Shares with unconditional subscription	169,142,356	100%	0	0	0	0	0	169,142,356	100%
1.Common shares in RMB	99,720,453	58.96%	0	0	0	0	0	99,720,453	58.96%

2.Foreign shares in domestic market	69,421,903	41.04%	0	0	0	0	0	69,421,903	41.04%
3.Foreign shares in overseas market	0	0%	0	0	0	0	0	0	0%
4.Other	0	0%	0	0	0	0	0	0	0%
III. Total of capital shares	169,142,356	100%	0	0	0	0	0	169,142,356	100%

Reasons for share changed

Applicable Not applicable

Approval of Change of Shares

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

Applicable Not applicable

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

Applicable Not applicable

II. Number of shares and shares held

Unit: Shares

Total shareholder at period-end									9,365
Shareholders with over 5% shares held									
Shareholders	Nuture of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number os share pledged/frozen		
							State of share	Amount	
Union Holdings Co., Ltd.	Domestic Non-State-owned legal person	25.51%	43,141,032	0	0	43,141,032			

STYLE-SUCCESS LIMITED	Foreign legal person	14.46%	24,466,029	0	0	24,466,029		
Shenzhen Textile (Group) Holdings Ltd	State-owned Legal person	4.11%	6,958,246	-2,275,148	0	6,958,246		
Rich Crown Investment Co., Ltd.	Foreign legal person	3.62%	6,114,556	0	0	6,114,556		
Union Development Group Co., Ltd.	Domestic Non-State-owned legal person	3.36%	5,681,089	-140,000	0	5,681,089		
Liuzhou Jiali Real estate Development Co., Ltd.	Domestic Non-legal person State-owned legal person	2.49%	4,220,000	0	0	4,220,000		
Zeng Ying	Domestic Natural person	1.21%	2,039,600	0	0	2,039,600		
Liuzhou Ruiheng Mechatronics Co., Ltd.	Domestic Non-State-owned legal person	1.01%	1,703,000	-7,000	0	1,703,000		
Qin Yuyan	Domestic Natural person	0.59%	1,005,376	+1,005,376	0	1,005,376		
Shing Ying Chieh	Foreign Natural person	0.54%	909,962	-625,000	0	909,962		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)(See Notes3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	The controlling shareholder of the above-mentioned largest shareholder Shenzhen Union Holdings Co., Ltd. and fourth shareholder Rich Crown Investment Co., Ltd. is Union Development Group Ltd.							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type						
		Share type	Quantity					
Union Holdings Co., Ltd.	43,141,032	RMB Common shares	43,141,032					
STYLE-SUCCESS LIMITED	24,466,029	Foreign shares placed in domestic	24,466,029					

		exchange	
Shenzhen Textile (Group) Holdings Ltd	6,958,246	RMB Common shares	6,958,246
Rich Crown Investment Co., Ltd.	6,114,556	Foreign shares placed in domestic exchange	6,114,556
Union Development Group Co., Ltd.	5,681,089	RMB Common shares	5,681,089
Liuzhou Jiali Real estate Development Co., Ltd.	4,220,000	RMB Common shares	4,220,000
Zeng Ying	2,039,600	Foreign shares placed in domestic exchange	2,039,600
Liuzhou Ruiheng Mechatronics Co., Ltd.	1,703,000	RMB Common shares	1,703,000
Qin Yuyan	1,005,376	Foreign shares placed in domestic exchange	1,005,376
Shing Ying Chieh	909,962	Foreign shares placed in domestic exchange	909,962
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	The controlling shareholder of the above-mentioned largest shareholder Shenzhen Union Holdings Ltd. and fourth shareholder Rich Crown Investment Co., Ltd.. Is Union Development Group Ltd.		
Notes to the shareholders involved in financing securities (if any) (See Notes4)	N/A		

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

Yes  No

### III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period



Applicable  Not Applicable

Change of the actual controller in the reporting period

Applicable  Not Applicable

## VII. Information about Directors, Supervisors and Senior Executives

### I. Change in shares held by directors, supervisors and senior executives

Applicable  Not Applicable

Shareholdings of directors, supervisors and senior management staff did not change in the reporting period. For details, see the 2012 annual report.

### II. Retirement and dismissal of Directors, Supervisors and senior Executives

Names	Titles	Types	Date	Causes
N/A				

## VIII. Financial Report

### 1. Audit report

Has this semi-annual report been audited?

Yes  No

The semi-annual financial report has not been audited.

### II. Financial statements

Currency unit for the statements in the notes to these financial statements:RMB

#### 1. Consolidated balance sheet

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Unit: RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	48,768,467.00	52,227,262.00
Settlement provision		
Outgoing call loan		
Trading financial assets		
Bill receivable	0.00	1,500,000.00
Account receivable	744,712.00	744,712.00
Prepayments	15,867.00	176,443.00
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		38,414.00
Dividend receivable		
Other account receivable	339,073.00	260,005.00
Repurchasing of financial assets		
Inventories	101,536.00	101,536.00
Non-current asset due in 1 year		

Other current asset		
Total of current assets	49,969,655.00	55,048,372.00
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset	564,228.00	751,542.00
Expired investment in possess		
Long-term receivable		
Long term share equity investment	65,712,614.00	65,784,312.00
Property investment	29,488,804.00	31,041,484.00
Fixed assets	12,204,036.00	12,416,459.00
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1,840,611.00	1,860,764.00
R & D petrol		
Goodwill	5,099,624.00	5,099,624.00
Long-germ expenses to be amortized		
Differed income tax asset		
Other non-current asset		
Total of non-current assets	114,909,917.00	116,954,185.00
Total of assets	164,879,572.00	172,002,557.00
Current liabilities		
Short-term loans		
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Trade off financial liabilities		
Bill payable		
Account payable	3,214,947.00	3,239,571.00
Advance payment	7,827,624.00	2,778,488.00
Selling of repurchased financial assets		

Fees and commissions receivable		
Employees' wage payable	776,279.00	766,680.00
Tax payable	1,617,381.00	1,622,074.00
Interest payable		
Dividend payable	1,215,946.00	1,215,946.00
Other account payable	22,676,923.00	32,227,317.00
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Non-current liability due in 1 year		
Other current liability	3,922,263.00	1,547,263.00
Total of current liability	41,251,363.00	43,397,339.00
Non-current liabilities:		
Long-term loan	953,576.00	1,033,936.00
Bond payable		
Long-term payable	8,338,729.00	8,488,953.00
Special payable		
Expected liabilities		
Differed income tax liability	753,092.00	766,660.00
Other non-current liabilities	836,792.00	836,792.00
Total of non-current liabilities	10,882,189.00	11,126,341.00
Total of liability	52,133,552.00	54,523,680.00
Owners' equity		
Share capital	169,142,356.00	169,142,356.00
Capital reserves	39,664,228.00	39,790,784.00
Less: Shares in stock		
Special reserves		
Surplus reserves	26,704,791.00	26,704,791.00
Common risk provision		
Undistributed profit	-120,397,547.00	-116,273,941.00
Different of foreign currency translation	-994,294.00	-511,599.00
Total of owner's equity belong to the parent company	114,119,534.00	118,852,391.00

Minority shareholders' equity	-1,373,514.00	-1,373,514.00
Total of owners' equity	112,746,020.00	117,478,877.00
Total of liabilities and owners' equity	164,879,572.00	172,002,557.00

Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

## 2. Balance sheet of Parent Company

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Unit: RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	12,706,881.00	17,293,509.00
Trading financial assets		
Bill receivable		1,500,000.00
Account receivable		
Prepayments		
Interest receivable		
Dividend receivable		
Other account receivable	82,874,786.00	72,818,786.00
Inventories	101,536.00	101,536.00
Non-current asset due in 1 year		
Other current asset		
Total of current assets	95,683,203.00	91,713,831.00
Non-current assets:		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	36,788,953.00	36,788,953.00
Property investment	4,892,161.00	5,060,748.00
Fixed assets	9,118,735.00	9,145,661.00
Construction in progress		
Engineering material		

Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1,840,611.00	1,860,764.00
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset		
Other non-current asset		
Total of non-current assets	52,640,460.00	52,856,126.00
Total of assets	148,323,663.00	144,569,957.00
Current liabilities		
Short-term loans		
Trade off financial liabilities		
Bill payable		
Account payable	113,343.00	113,344.00
Advance payment	7,052,540.00	2,002,540.00
Employees' wage payable	720,836.00	735,970.00
Tax payable	565,517.00	573,074.00
Interest payable		
Dividend payable		
Other account payable	895,076.00	884,092.00
Non-current liability due in 1 year		
Other current liability	3,922,263.00	1,547,263.00
Total of current liability	13,269,575.00	5,856,283.00
Non-current liabilities:		
Long-term loan		
Bond payable		
Long-term payable		
Special payable		
Expected liabilities		
Differed income tax liability	4,180,138.00	4,180,138.00
Other non-current liabilities	836,792.00	836,792.00
Total of Non-current liabilities	5,016,930.00	5,016,930.00

Total of liability	18,286,505.00	10,873,213.00
Owners' equity		
Share capital	169,142,356.00	169,142,356.00
Capital reserves	31,606,598.00	31,606,598.00
Less: Shares in stock		
Special reserves		
Surplus reserves	26,309,287.00	26,309,287.00
Provision of general risk		
Undistributed profit	-97,021,083.00	-93,361,497.00
Different of foreign currency translation		
Total of owners' equity	130,037,158.00	133,696,744.00
Total of liabilities and owners' equity	148,323,663.00	144,569,957.00

Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

### 3.Consolidated Profit Statement

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Unit : RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	4,990,626.00	5,019,787.00
Incl: Business income	4,990,626.00	5,019,787.00
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	6,628,035.00	6,669,607.00
Incl: Business cost	2,073,313.00	2,199,834.00
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		



Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	230,666.00	158,799.00
Sales expense		
Administrative expense	4,050,058.00	4,358,499.00
Financial expenses	273,998.00	-47,525.00
Asset impairment loss		
Add: Gains from change of fair value (“-”for loss)		-13,510.00
Investment gain (“-”for loss)	-71,083.00	428,646.00
Incl: investment gains from affiliates	-71,083.00	417,624.00
Gains from currency exchange (“-”for loss)		
III. Operational profit (“-”for loss)	-1,708,492.00	-1,234,684.00
Add: Non-business income	3,929.00	29,563.00
Less: Non business expenses	2,419,043.00	2,982,015.00
Incl: Loss from disposal of non-current assets	19,043.00	0.00
IV.Total profit(“-”for loss)	-4,123,606.00	-4,187,136.00
Less: Income tax expenses		
V. Net profit (“-”for net loss)	-4,123,606.00	-4,187,136.00
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	-4,123,606.00	-4,187,136.00
Minority shareholders' equity		
VI. Earnings per share:	--	--
(I) Basic earnings per share	-0.02	-0.02
(II)Diluted earnings per share	-0.02	-0.02
VII. Other comprehensive income	-609,251.00	-119,197.00
VIII. Total comprehensive income	-4,732,857.00	-4,306,333.00
Total comprehensive income attributable to the owner of the parent company	-4,732,857.00	-4,306,333.00
Total comprehensive income		

attributable minority shareholders		
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Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

#### 4. Profit statement of the Parent Company

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Unit : RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	908,470.00	741,567.00
Less: Business cost	168,586.00	239,378.00
Business tax and surcharge	76,269.00	0.00
Sales expense		
Administrative expense	2,688,880.00	2,901,344.00
Financial expenses	-770,606.00	-633,443.00
Asset impairment loss		
Add: Gains from change of for value (“-”for loss)	0.00	-13,510.00
Investment gain (“-”for loss)	0.00	11,022.00
Incl: investment gains from affiliates		
II. Operational profit (“-”for loss)	-1,254,659.00	-1,768,200.00
Add: Non-business income	2,000.00	5,174.00
Less: Non- business expenses	2,406,927.00	2,982,015.00
Incl: Loss from disposal of non-current assets		
III.Total profit(“-”for loss)	-3,659,586.00	-4,745,041.00
Less: Income tax expenses		
IV. Net profit (“-”for net loss)	-3,659,586.00	-4,745,041.00
V. Earnings per share:	--	--
( I ) Basic earnings per share		
(II)Diluted earnings per share		
VI. Other comprehensive income		

VII. Total comprehensive income	-3,659,586.00	-4,745,041.00
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Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

## 5. Consolidated Cash flow statement

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Unit : RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	6,412,358.00	5,167,056.00
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of trade financial asset disposal		
Cash received as interest, processing fee and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax returned		
Other cash received from business operation	598,048.00	559,535.00
Sub-total of cash inflow	7,010,406.00	5,726,591.00

Cash paid for purchasing of merchandise and services		
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	1,414,058.00	1,550,781.00
Taxes paid	1,058,641.00	1,054,536.00
Other cash paid for business activities	2,588,267.00	2,955,285.00
Sub-total of cash outflow from business activities	5,060,966.00	5,560,602.00
Cash flow generated by business operation, net	1,949,440.00	165,989.00
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving		
Cash received as investment gains		21,841.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	5,087,000.00	30,000.00
Net cash received from disposal of subsidiaries or other operational units		
Net cash received from disposal of subsidiaries or other operational units		
Sub-total of cash inflow due to investment activities	5,087,000.00	51,841.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	62,063.00	83,272.00
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		

Sub-total of cash outflow due to investment activities	62,063.00	83,272.00
Net cash flow generated by investment	5,024,937.00	-31,431.00
III.Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts	10,000,000.00	
Cash paid as dividend, profit, or interests		
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	10,000,000.00	
Net cash flow generated by financing	-10,000,000.00	
IV. Influence of exchange rate alternation on cash and cash equivalents	-433,172.00	132,554.00
V.Net increase of cash and cash equivalents	-3,458,795.00	267,112.00
Add: balance of cash and cash equivalents at the beginning of term	52,227,262.00	53,399,316.00
VI.Balance of cash and cash equivalents at the end of term	48,768,467.00	53,666,428.00

Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

## 6. Cash flow statement of the Parent Company

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Unit : RMB

Items	Amount in this period	Amount in last period
<b>I.Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	2,408,470.00	856,782.00
Tax returned		
Other cash received from business operation	1,009,229.00	702,760.00
Sub-total of cash inflow	3,417,699.00	1,559,542.00
Cash paid for purchasing of merchandise and services		
Cash paid to staffs or paid for staffs	990,236.00	919,417.00
Taxes paid	466,148.00	453,953.00
Other cash paid for business activities	1,619,943.00	2,066,267.00
Sub-total of cash outflow from business activities	3,076,327.00	3,439,637.00
Cash flow generated by business operation, net	341,372.00	-1,880,095.00
<b>II.Cash flow generated by investing</b>		
Cash received from investment retrieving		
Cash received as investment gains		21,841.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	5,072,000.00	30,000.00
Net cash received from disposal of subsidiaries or other operational units		
Other cash receivable for investment activities		
Sub-total of cash inflow due to investment activities	5,072,000.00	51,841.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets		
Cash paid as investment		
Net cash received from subsidiaries and other operational units		

Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities		
Net cash flow generated by investment	5,072,000.00	51,841.00
III.Cash flow generated by financing		
Cash received from absorbing investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts	10,000,000.00	
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	10,000,000.00	
Net cash flow generated by financing	-10,000,000.00	
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-4,586,628.00	-1,828,254.00
Add: balance of cash and cash equivalents at the beginning of term	17,293,509.00	21,483,163.00
VI.Balance of cash and cash equivalents at the end of term	12,706,881.00	19,654,909.00

Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

#### 7. Consolidated Statement on Change in Owners' Equity

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Amount in this period

Unit: RMB

Items	Amount in this period									
	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
I. Balance at the end of last year	169,142,356.00	39,790,784.00			26,704,791.00		-116,273,941.00	-511,599.00	-1,373,514.00	117,478,877.00
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II. Balance at the beginning of current year	169,142,356.00	39,790,784.00			26,704,791.00		-116,273,941.00	-511,599.00	-1,373,514.00	117,478,877.00
III. Changed in the current year		-126,556.00					-4,123,606.00	-482,695.00		-4,732,857.00
(I) Net profit							-4,123,606.00			-4,123,606.00
(II) Other misc.income		-126,556.00						-482,695.00		-609,251.00
Total of (I) and (II)		-126,556.00					-4,123,606.00	-482,695.00		-4,732,857.00
(III) Investment or decreasing of capital by owners										
1. Capital inputted by owners										
2. Amount of shares paid and accounted as owners' equity										
3. Other										
(IV) Profit allotment										
1. Providing of surplus reserves										
2. Providing of common risk provisions										
3. Allotment to the owners (or shareholders)										
4. Other										
(V) Internal transferring of owners' equity										



1. Capitalizing of capital reserves (or to capital shares)										
2. Capitalizing of surplus reserves (or to capital shares)										
3. Making up losses by surplus reserves.										
4. Other										
(VI) Special reserves										
1. Provided this year										
2. Used this term										
(VII) Other										
IV. Balance at the end of this term	169,142,356.00	39,664,228.00			26,704,791.00		-120,397,547.00	-994,294.00	-1,373,514.00	112,746,020.00

Amount in last year

Unit: RMB

Items	Amount in last year									
	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
I. Balance at the end of last year	169,142,356.00	39,742,473.00			26,704,791.00		-116,026,610.00	-515,914.00	-1,373,514.00	117,673,582.00
Add: Retrospective adjustment caused by merger of entities under common control										
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II. Balance at the beginning of current year	169,142,356.00	39,742,473.00			26,704,791.00		-116,026,610.00	-515,914.00	-1,373,514.00	117,673,582.00
\ III. Changed in the current year		48,311.00					-247,331.00	4,315.00		-194,705.00
(I) Net profit							-247,331.00			-247,331.00
(II) Other misc. income		48,311.00						4,315.00		52,626.00

		0							
Total of (I) and (II)		48,311.00				-247,331.00	4,315.00		-194,705.00
(III) Investment or decreasing of capital by owners									
1. Capital inputted by owners									
2. Amount of shares paid and accounted as owners' equity									
3. Other									
(IV) Profit allotment									
1. Providing of surplus reserves									
2. Providing of common risk provisions									
3. Allotment to the owners (or shareholders)									
4. Other									
(V) Internal transferring of owners' equity									
1. Capitalizing of capital reserves (or to capital shares)									
2. Capitalizing of surplus reserves (or to capital shares)									
3. Making up losses by surplus reserves.									
4. Other									
(VI) Special reserves									
1. Provided this year									
2. Used this term									
(VII) Other									
IV. Balance at the end of this term	169,142,356.00	39,790,784.00			26,704,791.00	-116,273,941.00	-511,599.00	-1,373,514.00	117,478,877.00

Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

## 8. Statement of change in owner's Equity of the Parent Company

Prepared by: Shenzhen Victor Onward Textile Industrial Co., Ltd.

Amount in this period

Unit: RMB

Items	Amount in this period							
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserves	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	169,142,356.00	31,606,598.00			26,309,287.00		-93,361,497.00	133,696,744.00
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	169,142,356.00	31,606,598.00			26,309,287.00		-93,361,497.00	133,696,744.00
III. Changed in the current year							-3,659,586.00	-3,659,586.00
( I ) Net profit							-3,659,586.00	-3,659,586.00
( II ) Other misc.income								
Subtotal of (I) and (II)							-3,659,586.00	-3,659,586.00
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Other								
( IV ) Profit allotment								
1. Providing of surplus reserves								
2. Providing of common risk provisions								
3. Allotment to the owners (or shareholders)								

4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
(VII) Other								
IV. Balance at the end of this term	169,142,356.00	31,606,598.00			26,309,287.00		-97,021,083.00	130,037,158.00

Amount in last year

Unit: RMB

Items	Amount in last year							
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	169,142,356.00	31,606,598.00			26,309,287.00		-90,792,583.00	136,265,658.00
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	169,142,356.00	31,606,598.00			26,309,287.00		-90,792,583.00	136,265,658.00
III. Changed in the current year							-2,568,914.00	-2,568,914.00
(I) Net profit							-2,566,647.00	-2,566,647.00
(II) Other misc. income							-2,267.00	-2,267.00
Subtotal of (I) and (II)							-2,568,914.00	-2,568,914.00

							00	00
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment								
1. Providing of surplus reserves								
2. Providing of common risk provisions								
3. Allotment to the owners (or shareholders)								
4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
(VII) Other								
IV. Balance at the end of this term	169,142,356.00	31,606,598.00			26,309,287.00		-93,361,497.00	133,696,744.00

Legal representative : Hu Yongfengn

Person-in-charge of the accounting work: Zhang Jinliang

Person-in -charge of the accounting organ: Ren Changzheng

### (III) Basic Information of the Company

Shenzhen Victor Onward Textile Industrial Co., Ltd. (hereinafter referred to as "the Company"), grew out

of the Xingnan Printing Factory Co., Ltd, founded in 1980, was the first wholly foreign-owned enterprise in Shenzhen. In April 1984, Xingnan Printing Factory Co., Ltd was changed into foreign joint venture, and was renamed Shenzhen Victor Onward Textile Industrial Co., Ltd. . On November 19, 1991, the Company was reorganized into a joint stock limited company and renamed Shenzhen Victor Onward Textile Industrial Co., Ltd. pursuant to the approval of Shenzhen Municipal Government.

The domestically listed RMB ordinary shares ("A shares, Stock code: 000018" ) and domestically listed foreign investment shares ("B shares ,stock code: 200018") issued by the Company were listed on Shenzhen Stock Exchange in 1992.

By June 30, 2013, the total share capital was 169,142,356 million shares, of which circulating A-share 99,720,453 shares, circulating B-share 69,421,903. of which Union Holdings Co., Ltd. (hereinafter referred to Union Holdings ) holding limit-sale A-shares 3,141,032 shares, accounting for 25.51% of the total equity, is the controlling shareholder of the company, Union Development Group Co., Ltd. (hereinafter referred to Union Group) holding circulating A-share 5,681,089 shares, accounting for 3.36% of the total equity, Union Group holds 31.32% of equity of Union Holdings and has the right to control Union Holdings, thus Union Group is the actual controller of the Company.

By June 30, 2013, Victor Onward printing and dyeing (Hong Kong) Co., Ltd. (hereinafter referred to as "Hong Kong Victor Onward"), Hong Kong Victor Onward Digital Printing Co., Ltd. (hereinafter referred to as "Victor Onward Digital Printing"), Shengzhong Industrial Co., Ltd. (hereinafter referred to as "Shengzhong") ,Shenzhen East Asia Victor onward Holding (hereinafter referred to as "East Asia Company) and Shenzhen Nanhua Printing and Dyeing as well as its wholly-funded subsidiary Nanhua Xingye Co., Ltd (hereinafter referred to as "Nanhua Xingye") are all subsidiaries of the Company.

The Group is mainly engaged in the production and processing (printing and dyeing) and sales of various high-grade fabrics of pure cotton, pure linen, polyester-mixed cotton, linen cotton and mixed fiber and finished garments. Registered address: 26 Kuipeng Road, Kuiyong Town, Longgang District, Shenzhen  
Legal Representative: Hu Yongfeng

#### **(IV) Principal accounting policies, accounting estimates and early errors**

##### **1. Basis for the preparation of financial statements**

The financial statements of the Group were prepared on basis of continuous operation and according to actual transactions and matters, Accounting Standards for Business Enterprises promulgated by Ministry of Finance and relevant regulations and the accounting policies and estimation stated in Note IV - Important Accounting Policies and Accounting Estimate.

## **2. Statement on complying with corporate accounting standards**

The financial statements of the Group comply with the requirements of Accounting Standards for Business Enterprises, truly reflect the integrity of the financial situation, operating results and cash flows, and other relevant information of the company.

### **3. Fiscal year**

The fiscal year of the Group starts on January 1 and ends on December 31 on the Gregorian calendar.

## **4. Accounting standard money**

The Company and its subsidiary Nanhua Company changed their base currency for bookkeeping from HKD into RMB because they received and made cash payment in RMB.

## **5. Accounting process method of enterprise consolidation under same and different controlling.**

### **(1)The compiling method of combined financial statement**

#### **(1). Principles to determine the scope of merger:**

The Group will include the subsidiaries which have actual controlling right and the subjects which have special purpose into the scope of consolidated financial statements.

#### **(2)Accounting methods adopted in consolidated financial statements:**

The consolidated financial statements of the Group shall be compiled in accordance with Enterprise Accounting Standards No. 33 - Consolidated Financial Statements and the related provisions, the major internal transaction in the scope of consolidation and transactions shall be offset. The part of shareholders equity of the subsidiary which does not belong to the parent company, shall be individually listed as equity of minority shareholders in the consolidated financial statement.

If the accounting policy and accounting period of the subsidiary and the company are not consistent, when compile consolidated financial statement, the financial statement of the subsidiary shall be adjusted according to the accounting policy and accounting period of the company.

For the subsidiary obtained by corporate merger under different control, when prepare consolidated financial statements, the individual financial statement shall be adjusted on the basis of fair value of the net assets on the purchase day; for the subsidiary obtained by corporate merger under same control, it will be taken as having been existed at the year beginning, its assets, liabilities, operating results and cash flow shall be consolidated in the financial statement according to original book value since the year beginning of the consolidation period.

## **6. Recognition Standard of Cash & Cash Equivalents**

The cash stated in cash flow statement refers to cash in hand and bank deposits usable for payment at any time. Cash equivalent refers to the investments with holding period of less than 3 months and strong

liquidity that are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

## 7. Foreign currency Convert

### (1) Foreign currency Transactions

he foreign currency transactions the Group were accounted according to the amount of foreign currency on the first day of the current month converting to the amount of bookkeeping currency. On the balance sheet date, foreign currency monetary items would be converted into RMB by using the spot exchange rate on the balance sheet date, the conversion differences produced shall be directly included in the current loss and gain except the exchange differences produced by foreign currency special loans borrowed for purchasing or production of the assets which meet the capitalization conditions. The foreign currency non-monetary items measured by fair value shall be converted into RMB by the spot exchange rate on the fair value date, the conversion differences produced shall be directly included in current loss and gain as fair value changes. The foreign currency non-monetary items measured by historical costs shall be converted by using the spot exchange rate on the transaction date, and its RMB amount will not be changed.

### (2) Foreign currency statement Convert

The financial statements of the company and the subsidiaries making HK dollars as bookkeeping currency shall be converted into RMB. In the course of conversion, the assets & liabilities items shall be converted by using the spot exchange rate on the balance sheet date, the items of shareholders equity except for the retained profit shall be converted according to the spot exchange rate, the items of incomes and expenses in the profit statement shall be converted by the approximate exchange rate of spot exchange rate on the transaction date. The conversion differences of foreign currency statements produced in the above conversions shall be individually listed under the item of shareholders equity.

From January 1 of the report year, the Company and its subsidiary Nanhua Company changed their base currency for bookkeeping from HKD into RMB because they received and made cash payment in RMB. At the time of change, all items were translated into items stated in base currency for bookkeeping at the spot exchange rate quoted on the day of change. The amount after translation was taken as historical cost calculated in new base currency for bookkeeping.

The cash flow in the cash flow statement are converted by the average exchange rate of the market rates announced in the accounting period. The influences on cash flow from the changes of exchange rate are separately listed in cash flow statement.

## 8. Financial instruments

### (1) Classification of financial instruments:

According to investment purposes and economic nature, the financial assets of the Group can be divided into the financial assets measured by fair value and the changes included in the current loss and gain, the expired investments held, receivables and financial assets for sale, the four categories.

The financial assets measured by fair value and the changes included in the current loss and gain: mainly refer to the financial assets for sale in short term, which shall be listed in balance sheet in transactional financial assets.

The expired investments held: refer to the non-derivative financial assets which have fixed expire date and



fixed or determined recovering amount, and the management level has the intention or ability to hold the assets.

Receivables: refer to the non-derivative financial assets which have no quotation in active market but have fixed or determined recovering amount, including notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Financial assets for sale: include the non-derivative financial assets which are recognized as for sale when they are initially confirmed, and the financial assets which are not divided into other categories.

## (2) Measurement of financial instruments

Financial assets are conducted initial confirmation by at fair value. The relevant expenses to obtain the financial assets measured by fair value and the changes included in the current loss and gain shall be included in the current loss and gain, the relevant transactional expenses of other financial assets shall be the initial confirmation amount.

At fair value and changes in their gains and losses included in the current period of financial assets and financial assets to be sold in accordance with the fair value of follow-up measures; receivables and investments held to maturity using the effective interest method to share more than the cost listed.

The changes of fair values of financial assets measured by fair value and the changes included in the current loss and gain shall be included in the changing loss and gain of fair value; all the interest and cash dividends obtained during the period holding the assets shall be confirmed as investment income; upon the disposal of the assets, the differences between the fair value and initial bookkeeping amount shall be confirmed as investment loss and gain, and at the same time, the changing loss and gain of fair value shall be adjusted.

The changes of fair values of financial assets measured by fair value and the changes included in the current loss and gain shall be included in the changing loss and gain of fair value; all the interest and cash dividends obtained during the period holding the assets shall be confirmed as investment income; upon the disposal of the assets, the differences between the fair value and initial bookkeeping amount shall be confirmed as investment loss and gain, and at the same time, the changing loss and gain of fair value shall be adjusted.

Except for impairment losses and monetary financial assets in foreign currency exchange gains and losses, the financial assets measured by fair value and the changes included in the current loss and gain, on the financial sheet date, the Group will check the book value of other financial assets on the balance sheet date, if there is objective evidence showing that impairment has happened on a financial asset, provision for the impairment shall be drawn.

### (1) Recognition basis and measurement for transferred financial assets

Financial assets to meet one of the following conditions, terminates confirmed: ① the right to receive cash flows from the financial asset of the contract termination; ② the financial asset has been transferred, and the group will finance almost on all the risks and rewards of ownership of assets transferred to the party; ③ the financial asset has been transferred, although the Group has neither transferred nor retained almost on all the risks and rewards of ownership of financial assets, but gave up on the control of financial assets.

Enterprise has neither transferred nor retained almost on all the risks and rewards of ownership of

financial assets, and did not give up on the control of financial assets, in accordance with their continuing involvement in transferred financial assets recognized on financial assets, and confirm the liabilities accordingly.

Total transfers of financial assets to meet the termination of recognition criteria, the book value of the transferred financial assets, and received by the transfer price and the original included in other comprehensive income difference between the sum of the changes in the fair value of the cumulative amount of included in the current profits and losses.

Financial assets part transfer meet terminated confirmed conditions of, will by transfer financial assets overall of book value, in terminated confirmed part and is not terminated confirmed part, in accordance with their of relative fair value for sharing, and will due to transfer and received of on price and the should sharing to terminated confirmed part of original meter into other integrated income of fair value changes Trojan amount of and, and sharing in book amount of difference meter into Dang period profit and loss.

#### (4) The conditions to stopping the financial liabilities

The financial liabilities of our Group shall be classified into the financial liabilities or other ones which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period when they are initially recognized.

The financial liabilities, which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period, including transactional financial liabilities and the financial liabilities designated which are measured at their fair values and variation of which is recorded into the profits and losses of the current period when they are initially recognized, shall be made subsequent measurement on its financial assets according to their fair values, and the profits and losses arising from the change in the fair value and the dividends and interests expenses related to the financial liability shall be recorded into the profits and losses of the current period.

The subsequent measurement shall be made on the basis of the post-amortization costs by adopting the actual interest rate method for other financial liabilities.

When financial liabilities present obligations in whole or in part have been discharged, terminating confirmed part of the financial liabilities or obligations have been discharged. Terminating confirmed part of the difference between the book value and paying the price, included in the current profits and losses.

#### (5) The determination method for fair value of financial assets and financial liabilities

1.If there is active market for a financial instrument, the quoted prices in the active market shall be used to determine the fair values thereof. In the active market, the quoted prices of our Group for the financial assets it holds or the financial liabilities it plans to assume shall be the present actual offer for the corresponding fair values of assets or liabilities, while the quoted prices of our Group for the financial assets it plans to acquire or the financial liabilities it has assumed shall be the available charge for the corresponding fair values of assets or liabilities. Where there is no available offer or charge for a financial asset or financial liability, but there is no any significant change to the economic environment after the latest transaction day, we shall adopt the market quoted price of the latest transaction to determine the fair value of the said financial asset or financial liability.

2.Where there is no active market for a financial instrument, we shall adopt value appraisal techniques to

determine its fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc.

**(6) Providing of impairment provision on financial assets (exclude receivable accounts)**

Except for financial assets at fair value through profit and loss, the Group assesses at the balance sheet date the carrying amount of other financial assets. If there is any objective evidence that a financial asset is impaired, the Group provides for such impairment losses.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortized cost, 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). If in a subsequent period, the amount of the impairment loss increases and the increase can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

If the fair value of an available-for-sale financial asset incurred a significant or prolonged decline, the cumulative loss arising from the decline in fair value that has been recognized directly in shareholders' equity is removed from shareholders' equity and recognized in the income statement. If, after impairment loss has been recognized on an available-for-sale debt instrument and the fair value of the debt instrument increases in a subsequent period whereby the increase can be objectively related to an event occurring after the impairment losses are recognized, the impairment loss is reversed and recognized in the profit and loss. If, after impairment loss has been recognized on an available-for-sale equity instrument, the fair value of the equity instrument increases in a subsequent period, the impairment loss is directly recognized in shareholders' equity.

**9. Recognition standard and providing basis of bad debt provision on receivable accounts**

The Group will recognize the following cases as the determination standard of loss on bad debts for accounts receivable: the debt or others can't be repaid in the foreseeable period, e.g. the debtor units have been closed, revocation, bankruptcy, insolvent, severe insufficient cash flow or the occurrence of natural disasters; the repayment obligations are delayed and failed to be performed beyond 3-year by the debt entities; there are other absolute evidences proving that unable to be collected or little possibility.

The Group adopted the method of counter compensation for the possible bad debt losses, which were drawn provision for bad debt by the method of individual recognition at period end and were included in the current loss and gain. The receivables which were not to be recovered, after being approved by the Group, would be regarded as bad debt loss and the provision for bad debt would be written off.

(1) Accounts receivable with material specific amount and specific provisioned bad debt preparation.

Judgment criteria or amount standard of material specific amount or amount criteria	Account receivable with special account receivable exceeding RMB 1 million is viewed as material accounts receivable.
Provision method with material specific amount and provision of specific bad debt preparation	Provision Had debt preparation in accordance with the difference of present value of future cash flow below the book value .

(2)The accounts receivable of bad debt provisions made by Group

Name	Method for recognition of impairment allowances by group	Basis of determination of groups
Group of account age	The age analysis	The group is classified by the credit risk features based on the account age of receivables
Group of Related party	Other	The Group is classified by the credit risk features based on the relations of account receivables and transaction objects
Deposit group	Other	The Group is classified by the credit risk features based on the account age of receivables .

Accounts on age basis in the portfolio:

applicable  not applicable

Age	Rate for receivables(%)	Rate for other receivables(%)
Within 1 year (Included 1 year)	3%	3%
1—2 years	10%	10%
2—3 years	50%	50%
Over 3 years	100%	100%

Accounts on percentage basis in group:

applicable  not applicable

Accounts on other basis in group:

applicable  not applicable

Name	Notes
Related party Group	Special relationship between the related party and the Group (such as joint ventures, associates, etc.), there is a little balance between the predicted future cash flow and the carrying amount.
Deposit group	Including the rent deposit, purchase deposit and reserve deposit, etc., but without great individual amount and the bad debt reserves withdrawn by combination are difficult to reflect the accounts receivable of risk features.

(2) Account receivable with non-material specific amount but specific bad debt preparation

Reason of specific bad debt preparation provision:	Accounts receivable with non-material specific amount and being not able to relent its risk character by provisioning bad debt preparation in accordance with portfolio
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Provision method of bad debt preparation	Bad debt preparation will be provisioned in accordance with the difference of present value of its future cash flow below its book value.
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## 10.Inventory

### (1) Inventory classification

The inventories of the Company include raw materials, packing articles, low-value and easily-worn articles ,Work-in-process and stock goods ,etc..

### (2) Pricing method of stock delivered

Stock delivered is measured according to weighted average method.

### (3) Confirmation basis of stock net realizable value and withdrawal method of inventory falling price reserves.

The inventory at year end can be priced by depending on which is lower between cost and realizable net value if the inventory were damaged or full or partly unused or the sale price lower than cost and other reasons. The provision for devaluation of finished products and big raw materials shall be drawn according to the difference which the cost of individual inventory item higher than the realizable net value; other raw materials with large quantity and low unit price shall be drawn provision for devaluation according to categories.

Goods in stock, products in production and other materials directly for the sale, the amount of the realizable net value shall be determined according to the estimated sale price deducting the estimated sale expenses and relevant taxes; the amount of realizable value of material inventory for production shall be determined according to the estimated sale value of finished products deducting the estimated cost which will happen before the completion and estimated sale cost and relevant taxes. The inventory holding for the implementation of sale contract or service contract, the realizable net value shall be accounted on the basis of contract price; if the quantity of inventory held by enterprise is bigger than the quantity ordered in the sale contract, the realizable net value of the excess inventory shall be accounted on the basis of general sale price.

### (4) Inventory system

Inventory system adopts the perpetual inventory method.

### (5) Amortization method of consumption goods with low value and wrap page

Consumption goods with low value: Consumption goods with low value adopt one time amortization method when used. Packing:

Wrap page: Wrap page adopts one time amortization when used.

## 11. Long-term equity investment

### (1) Investment cost confirmation

Long-term equity investments mainly include the equity investments which are held by the Group and the ones that the units being invested can be controlled or jointly controlled, or the equity investments which have not quotation in active market and the fair value can not be reliably measured. The long-term equity investments obtained through merger of companies under same control the merger were the owner's equity book value of the shares as a long-term equity investment of initial investment cost. The long-term equity investments obtained through merger of companies under different control shall make the fair value which made on the merger (purchase) to pay the control of the assets or liabilities as the merger cost. Apart from the long-term equity investments stated above, the long-term equity investment obtained by cash, the initial investment obtained by cash will be determined according to the price actually paid, initial investment costs include the direct costs, tax, and other necessary expenses to obtaining long-term investment; the initial investment will be determined according to the fair value of the equity securities issued; the long-term equity investments invested by investors, the initial investment cost shall be determined according to contract value; the long-term equity investment obtained by debt restructuring, non-monetary assets or other methods, the initial investment cost shall be determined according to the relevant accounting standards.

### (2) Rear measuring and profit and loss confirmation method

If the subsidiary uses the cost method to account, adjustment shall be conducted according to equity method when prepare the consolidated financial statements; the joint venture and joint venture investment using the equity method; for the long-term equity investments which have no control or joint control or significant influence and no price in an active market, the method of cost shall be adopted to account; the long-term equity investments which have no control or joint control or significant influence, there are quotations in an active market and the fair value can be reliably measured, shall be accounted as financial assets for sale. When using the method of cost accounting, the long-term equity investments were priced by the initial investment costs. Additional investment to recover the cost of long-term equity investment. When using the equity method accounting, the current investment gains and losses are the share of net losses and gains to be owned or shared and achieved in the current year by the unit being invested. When determining the share to be shared by the unit being invested, on the basis of the fair value of the identifiable assets, according to the accounting policy and accounting period of the Group, offsetting the internal transaction loss and gain and the part that the equity proportion attributable to the joint enterprise and united enterprise, and confirm the net profit of the unit being invested after profit adjustment. For the long-term equity investments on joint venture enterprises and joint owned enterprises held before the first implementation date, if existing the debit difference relating to the equity investment, the debit difference of equity investment, after deducting the investment loss and gain according to the original remained period, should be confirmed as investment gains and losses. The Group shall adopt the cost method to calculate for those invested units that never have the jointed control or significant impacts due to the investment reduced, and a long-term equity investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured; Also, the cost method shall be adopted to calculate for the long-term equity investment able to be implemented and controlled to the invested units due to the investment supplemented; Moreover, the equity method shall be adopted to account for performing the jointed control or significant impacts to the invested units but no control

formed due to the investment supplemented, or without control to the invested units but able to implement the long-term equity investment of jointed control or major impacts to the invested units due to disposing of the investment. The gap between the carrying amount and actual payment gained in disposal of the long-term equity investment will be recorded into the investment interest of the current period. Using the equity method for calculating the long-term equity investment which is recorded into the owner's equity due to other changes except for the net profits or losses of the invested units, the initial parts recorded into the owner's equity shall be transferred into the investment returns of the current period when disposal of the investment.

(3) Confirm the basis that has common control and major infection upon invested unit.

Joint control refers to the control that common control on some economic activities according to contract. The references for the determination of common control are the business activities which any operating party can not be controlled independently; the decisions relating to basic operating activities of the joint venture enterprise are to be agreed by all joint parties. Significant impact refers to having the right to participate in decision making on financial and operating policies of the units being invested but can not control or jointly control the making of these policies. The determining reference of significant impact is to own 20% (inclusive) or more but less than 50% of the voting shares directly owned by the Group or owned through subsidiaries, unless there is clear evidence that under that circumstance the production operating decision can not be participated and no major influence will formed.

(4) Depreciation testing method and depreciation reserve withdrawal method.

The Group conducts inspection on long-term equity investments, fixed assets, construction in progress, intangible assets with limited service life on every balance sheet date. when exist the following signs showing that the assets may have impairment, the Group will conduct impairment test. The intangible assets without certain service life, whether it has impairment signs, impairment tests shall be conducted at the end of each year. If the recoverable amount of single asset can not be tested, it shall be tested on the basis of the asset group the asset belong to or the asset combination.

After the impairment test, if the book value of the asset exceeds its recoverable amount, the deficiency is recognized as the impairment loss, upon the confirmation of the above assets, they will not be transferred back in the following accounting period. The recoverable amount of the asset refer to the net amount of the fair value of the asset deducting disposal cost of assets and the present value of the expected future cash flows.

The signs of impairment as follows:

- (1). Current market value of assets decreased significantly, the decline is significantly higher than the decline due to time passage or normal use.
- (2) The economic, technical or legal environment of the company and the market of the assets will have significant change in the current period or in the near future, therefore negative impact on the enterprise.
- (3) Market interest rates or other market return rate of investment in the current period have been increased, thus affecting the discount rate of the predicted cash flow, and resulting in the significant reduction in the amount of recoverable assets.
- (4) There is evidence showing that the assets were actually obsolete or damaged.
- (5) The assets have been or will be idle, ended the use or disposed in advance.
- (6) There are evidences of internal report showing that the economic performance of the assets has been lower than or less than what expected, such as the net cash flow created by assets or the operating profits (or losses) realized

are far below (or above) the expected amount.

(7) Other signs showing the assets may have or have had impairment.

## 12. Investment real estate

The investment real estates of the Group are the rental buildings.

The investment real estates are accounted by the cost, the purchased investment real estates include the cost of the purchase price, related taxes and fees and other expenses which can be directly attributable to the assets; the costs of investment real estate self constructed include the necessary expenses to construct the asset to reach the predicted use state.

The Group adopts the cost method to conduct follow-up measurement on investment real estates are accounted devaluations and amortized. The expected service life, net residual rate and value depreciation rates of investment real estate are as follows:

Type	Expected useful life (Year)	Estimated residual value rate	Annual depreciation rate (%)
Real estate in Hongkong	20-50 years	0%	2%-5%
Real estate in China	20-30 years	10%	3%-4.5%

If the investment real estate is changed to self use, since the date of change, investment real estate shall be converted into fixed assets or intangible assets. The function of self-use real estate is to earn rent or capital appreciation, then since the date of change, the fixed assets or intangible assets shall be converted into investment real estate. When the conversion happens, the book value before the conversion will be the book value after the conversion.

When the real estate investment is disposed or will never be used, and economic interests can not be obtained from the disposal, the confirmation of the investment real estate shall be terminated. The amount of the income from the sale, transfer, disposal of the investment in real estate deducting the book value and related taxes and fees shall be included in the current loss and gain.

Using the fair value model for subsequent measurement, should disclose the accounting policy adopted pursuant to, including the identification of investment real estate market real estate locations have active basis; Companies able to make the same or similar from the real estate market real estate market prices and other relevant information, so as to estimate the fair value of investment property basis; Indication of when to estimate the fair value of investment property key assumptions and main determining factors involved.



### 13. Fixed assets

#### (1) Confirmation conditions of fixed assets

Fixed assets refer to the tangible assets which have the following characteristics at the same time, namely, held for production of goods, providing services, leasing or operation and management, and the life span shall not be more than a year, and the unit value is high. Classification of fixed assets: houses and buildings, machinery and equipments, transportation equipments, office equipments and others. The fixed assets shall be measured according to the actual cost to obtain them, including, the cost of purchasing the fixed assets including the purchase price, value-added tax, import tariffs and other related taxes, and other expenses happened to reach the predicted use state; the cost of building the fixed assets, which are composed of the expenses to reach the predicted use state of the assets; the fixed assets invested by investors, the value on the contract or agreement shall be the accounting value, but if the contract or agreement value is not fair, the fair value shall be accounted; the fixed leased assets, the lower amount of the fair value of leased assets and the present value of the lowest lease payment shall be as the accounting value. Follow-up expenditures on fixed assets, including major repair expenses, expenses on updated improvement and other, To confirm compliance with the conditions of fixed assets, it shall be included in the cost fixed assets, the recognition of book value of replaced the part shall be terminated; If not meeting the conditions of confirming fixed assets, they should be included in the current period.

#### (2) Fixed assets depreciation method

In addition to the fixed assets which depreciation and impairment had already fully accounted and the lands which are separately accounted, the Group accounts depreciation on all fixed assets. The method of average number of years will be used when accounting depreciation which will be included in the costs and expenses of the relevant assets. The predicted net residual rate, classified depreciation years and depreciation rates are as follows:

Type	Expected useful life (Year)	Estimated residual value rate	Annual depreciation rate (%)
Real estate in Hongkong	20-50 years	0%	2%-5%
Real estate in China	5-14 years	10%	6%-18%
Machinery and equipment	5 years	10%	18%
Transportation equipment	4-5 years	10%	18%-22.5%
Office equipment and other	5 years	10%	18%

#### (3) Depreciation measuring method and depreciation reserves withdrawn method of fixed assets

At the end of each year, the Group shall recheck the predicted service life of fixed assets, the predicted net

residual value and depreciation method, if changes happen, then it shall be treated as accounting estimate.

#### (4) Other

At the end of each year, the Group shall recheck the predicted service life of fixed assets, the predicted net residual value and depreciation method, if changes happen, then it shall be treated as accounting estimate.

When the fixed assets were disposed, or expected to be used or the disposal can not have economic interests, the confirmation of the fixed assets shall be terminated. The income from the sale, transfer or damage of the fixed assets deducting the book value and related taxes shall be included in the current loss and gain.

### 14. Projects under construction

#### (1) Categories of projects under construction

The price of the construction project: determine the costs according to the actual expenditure on the project. Measure the price of the self-operated projects according to the direct materials, direct wages, direct construction costs; Measure the turnkey projects according to the price should be paid on the project; measure the project of equipment installation according to the value, of the equipment, installation costs, and the expenditures on the trial operation to determine the project costs. The costs of projects under construction also include the cost of borrowing to be capitalized and exchange gain and loss.

#### (2) Standard and timing for transferring of projects under construction to fixed assets

The time for the construction project converted to the fixed assets: the fixed assets of the company reached the predicted state, according to the budget of the project, construction cost or the actual cost of the project, transfer the fixed assets according to the predicted price, account the depreciation from the next month on. Upon finishing the procedures, make relevant adjustment.

### 15. Borrowing cost

#### (1) Principle of the recognition of capitalized borrowing costs

The assets which meet capitalization conditions, refer to the fixed assets, investment real estates and other inventories which are constructed for a long time (usually more than one year) to achieve the intended use or sale of state to.

#### (2) Temporarily suspension of capitalizing period

If meet the capitalization conditions or non-normal breaks occurred in the course of production and the break time is more than three months, then the capitalization of borrowing costs shall be suspended; when the acquisition or construction or production meet the conditions of capitalization and achieve the predicted use or sale state, Asset acquisition or production activities began.

### (3) Calculating of borrowing expense capitalizing

Borrowing costs include interest on borrowings, amortization of discount or premium, as well as the supporting costs and exchange difference due to foreign currency borrowing. The borrowing costs which can be directly attributed to capitalized condition, and taken place in the capital expenditure, borrowing costs have taken place, in order to meet the assets available for sale or purchase of the necessary state of construction or production activities, the capitalization begins; when the construction or purchase of the conditions of production in line with the capital assets reached the sale state, the capitalization should stop. And the rest borrowing costs should be recognized as expenses in the current period.

Borrowing costs include interest on borrowings, amortization of discount or premium, as well as the supporting costs and exchange difference due to foreign currency borrowing. The borrowing costs which can be directly attributed to capitalized condition, and taken place in the capital expenditure, borrowing costs have taken place, in order to meet the assets available for sale or purchase of the necessary state of construction or production activities, the capitalization begins; when the construction or purchase of the conditions of production in line with the capital assets reached the sale state, the capitalization should stop. And the rest borrowing costs should be recognized as expenses in the current period.

## 16.Intangible assets

### (1) Pricing of intangible assets

The intangible assets of the Group include land use rights and computer software. Including: For the intangible assets purchased, the actual purchase price was the actual cost; For the intangible assets invested by investors, The actual cost of intangible assets invested by investors, shall be determined according to the contract or agreement value, but if the contract or agreement values are not fair, the actual costs shall be determined according to the fair value.

### (2) Estimation of service life of intangible assets with limited service life

Since the date of selling land use rights, they are amortized according to the years sold; patent technology, non-patent technology and other intangible assets are amortized in accordance with the expected number of years, the benefited years specified in the contract and the effective length according to law. The amount to be amortized will be included in the related asset costs and current loss and gain according to the benefited targets.

The predicted service life of the intangible assets and amortization methods should be rechecked and adjusted at the end of each year. Recheck the intangible assets with uncertain service life in each accounting period should be rechecked, if there is evidence showing that the service life of the intangible asset is limited, then estimate its service life and amortized it within the predicted service life.

### (4) Provision for impairment of investment assets

Provision for impairment of investment assets Refer to 11. Long-term equity investment (4) - Methods of Impairment Testing and Provision for Impairment for the details of methods of impairment testing and provision

for impairment.

#### 17. Long-term amortization expenses

The long-term expenses of the Group to be amortized refer to all the expenses already paid but should be undertaken in the current period or in the coming period with amortization period more than 1 year (not including 1 year), the expenses will be amortized averagely in the benefit period. If the long-term prepaid expenses can not benefit from subsequent accounting period, then all amortization value of the project not amortized should be transferred to the current loss and gain.

#### 18. Predicted liabilities

##### (1) Recognition of Predicted liabilities

When the external security, commercial acceptance bill discount, pending litigation or arbitration, product quality assurance or business related matters subject to the following conditions at the same time, the Group will identify it as liabilities: the obligation is a present obligation of the Group; the enforcement of the obligation is likely to lead to the outflow of economic benefits; the amount of the obligation can be measured reliably.

##### (2) Accounting of Predicted liabilities

Predicted liabilities shall be conducted initial measurement according to the best estimates of related existing liabilities, and comprehensively consider risks, uncertainties and the time value of money and other factors relating to contingent events. Time value of money has the greatest influence, the best estimates shall be determined by future cash outflow. On the balance sheet, recheck the book value of predicted liabilities, adjust the book value to reflect the current best estimates if there are any changes.

#### 19. Revenues

##### (1) Recognition time for sales of goods

When the Group had transferred the ownership of the risks and rewards of the commodities to the buyer, the Group does not keep the management right relating to ownership and does not implement effective control on the commodities sold out, the income amount can be reliably measured, and the related economic benefit will possibly flow into the enterprise, and when the related costs may happen or had happened can be measured reliably, the realization of the commodity sold out should be confirmed.

##### (2) Incomes from transferring asset use right

The economic interests relating to transaction can flow into the company, and the relevant incomes and costs can be reliably measured, the sales income of transferring assets use right shall be confirmed.

## 20. Governmental subsidy

### (1) Categories

Government subsidies, when the Group can meet the conditions attached and can receive, shall be confirmed. If government subsidies are monetary assets, they shall be measured according to the amount received; the subsidies allocated according to rated standards, they shall be measured according to the amount receivable. If government subsidies are non-monetary assets, they shall be measured according to fair value; if the fair value can not be reliably measured, they shall be measured according to nominal amount (1 yuan).

### (2) Accounting treatment

The government subsidies relating to assets shall be recognized as deferred income, and be averagely distributed within the service life of relevant assets, and be included in the current loss and gain. If the government subsidies relating to income are used to compensate the related expenses and losses, they shall be confirmed as deferred income and be included in the current loss and gain in the period of confirming relevant expenses. If used to compensate the relevant expenses and losses happened, they shall be included in the current loss and gain.

## 21. Deferred income tax assets/Deferred income tax liability

### (1) Confirmation of deferred income tax assets

#### (1) Confirmation of deferred income tax assets

The Group shall determine the deferred income tax assets produced by the deductible temporary differences within the amount limit of payable taxes which are likely used to deduct the temporary differences. The book value of the recognized deferred income tax assets shall be deducted when the deferred income tax assets produced by the deductible temporary differences within the amount limit of payable taxes which are likely used to deduct the temporary differences. When enough payable tax can be obtained, the deducted amount shall be transferred back. On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured by the predicted application rate.

#### (2) The confirmation of deferred income tax liability

Deferred income tax assets and deferred income tax liabilities shall be confirmed according to the difference between the tax base of assets and liabilities and their book value.

## 22. Operational leasing and Financing leasing

### (1) Accounting of operational leasing

Operating lease refers to the other lease apart from financing lease. As the lessee, during the lease period, the Group included the related asset cost and current losses and gains by the straight-line method during the lease period. The rent of the Group will be confirmed as income during the lease period by the straight-line method.

## (2) Accounting treatment of financing leasing

Financing lease essentially refers to the lease that transferred all the risks and rewards relating to asset ownership. As the lessee, on the beginning date of lease, the Group took lower one in the cash of the fair value and the lowest lease payment as the book-keeping value of the fixed assets leased in by financing, and the lowest lease payment as the accounting value of the long-term payment, and the difference between the them will be recorded as financing costs not confirmed.

## 23. Other principal accounting policies, estimations and preparation method of financial statements

## 1) Goodwill

Goodwill refers to the difference of equity investment under the control of the same cost or merger of enterprises should enjoy more than the cost or a merger of the investment was the purchase of flats or net assets in order to obtain.

The goodwill related to subsidiaries shall be individually listed in the consolidated financial statements, the goodwill related to joint companies and associated companies shall be included in the book value of long-term equity investments.

## 2) Employee's salary

During the accounting period, workers' salary shall be recognized as liability, and be included in relevant cost and expenses according to the beneficiary target of the service provided by workers, and shall be included in the relevant cost and expenses. The compensations for the cancelation of workers' labor relationship shall be included in the current loss and gain.

Including wages, bonuses, allowances and subsidies, welfares, social insurance and housing accumulation fund, union fee and workers' education fund, and other related expenses related to obtain services provided by employees.

If decide to relieve the labor relationships with employee before the employment contracts become mature, or encourage workers to voluntarily accept the compensation proposal due to redundancy, while the Group has have a formal plan for termination of labor relationship or have proposed the voluntary redundancy scheme which will be implemented, and the Group is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, the anticipated debts, confirmed to be caused by the compensation due to relieve of labor relationships with workers, shall be recorded into the profits and losses of the current period.

## 3) Accounting of income tax

The accounting of income tax of the Group shall use the method of debt of balance sheet. The income tax expenses include current income tax and deferred income tax. The current income tax and deferred income tax relating to the transactions and events directly included in shareholders equity shall be included in shareholders equity, except the book value of deferred income tax adjustment goodwill, the rest current income tax and deferred income tax or income shall be included in the current loss and gain.

Current income tax cost refers to the amount of payable income tax which shall be paid to tax department according to the current transactions and events determined according to tax provisions; deferred income tax refers to difference between deferred income tax balance sheet debt in accordance with the law shall be recognized deferred income tax assets and deferred income tax liabilities in the amount originally confirmed.

#### 4) Corporate consolidation

Corporate consolidation refers to two or more separate companies merge and form a transaction or event of report subject. The consolidation day or purchase day or the consolidation date of obtaining the assets or liabilities, shall be confirmed as the date of obtaining the control right of the party being merged or purchased.

The corporate consolidation under same control: the assets and liabilities obtained by the consolidation party in the merger shall be measured according to the book value of merged party on the consolidation day. The difference between the book value of net assets obtained by the consolidation party and the book value of the consolidation price paid, the capital public reserve shall be adjusted; if the capital public reserve is not enough to be deducted, the retained earnings shall be adjusted.

The corporate consolidation under different control: the consolidation cost is the fair value of equity stocks issued and the assets and debts paid to obtain the control right of the purchased party on the purchase day. The difference between the consolidation cost and fair value of recognizable net asset, shall be confirmed as goodwill; if the consolidation cost is smaller than the fair value of recognizable net asset of the purchased party, the difference shall be included in current loss and gain upon confirmation.

## (V) Taxation

### 1.Main categories and rates of taxes

Taxes	Tax references	Applicable tax rates
VAT	Income from sales of products and processing	17%
Business tax	Business income	5%
City maintenance and construction tax	Turnover tax	7%
Enterprise income tax	Amount of income taxable	25%
Education surtax	Turnover tax	3%
Local surcharge for Education	Turnover tax	2%

Income tax rate applicable to branches and factories.

The interest rate of corporate income tax of the company and subsidiaries in China mainland is 25%, according to the State Council on December 26, 2007, of the [2007] No. 39 Notice on the Implementation of Enterprise Income Tax Preferential Policies for the Transition, the enterprise income tax rate of the Company and the subsidiaries in China mainland gradually transited from 15% to 25%, the company implement the transition rate of 25% in 2013 the interest rate of the income from Hong Kong of the subsidiaries in Hong Kong is 17%.

## 3.Other

The subsidiaries of the company in Hong Kong do not need to pay the domestic tax.

**(VI) Enterprise consolidation and combined financial statements****1. Subsidiary****(1) Subsidiary obtained through establishment or investment**

Unit: RMB

Full name of subsidiary	Subsidiary type	Registration place	Business	Registered capital	Business scope	Actual capital amounts of the end	Other projects balance essentially from net investment to subsidiary	Holding proportion (%)	Proportion of voting rights (%)	Whether consolidation of report form	Interest of minority shareholder	Amount used to write down lost minority shareholder interest	After wrote down current period loss of minority shareholders over equity beginning share of minority shareholders in the subsidiary from the parent company's share ,Balance of Owner's equity
Hong Kong Victor Onward	Limited Company	Hong Kong	Trade	2,400,002 (HKD)	Purchase of raw materials,		0.00	100%	100%	Yes	0.00	0.00	0.00



Co.Ltd					marketi ng of printed and dyed woven fabrics, investm ent and holding business								
Shenzho ng Compan y	Limited Compan y	Hong Kong	Trade	1,000,0 00 (HKD )	Sales of Corduro y, dyed cloth and printed cloth		0.00	100%	100%	Yes	0.00	0.00	0.00
Nanhua Compan y	Limited Compan y	Shenzhe n	Product ion	85,494, 700 (HKD )	Producti on and sales of printed cloth and dyed cloth		0.00	69.44%	69.44%	Yes	0.00	0.00	0.00
Xinye Compan y	Limited Compan y	Hong Kong	Trade	10,000 (HKD )	Sales of printed cloth and dyed cloth		0.00	100%	100%	Yes	0.00	0.00	0.00
Shenzh en East Asia Co	Limited Compan y	Shenzhe n	Trade	3,000,0 00	Textilet, Printing and dyeing industry and Raw material s ,Machi nery equipme	1,530,0 00.00	0.00	51%	51%	Yes	-1,373,5 14.00	0.00	0.00

					nt and other fabrics									
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Other statements on Subsidiaries obtained through incorporation or investment:

1.The Company invested HKD 2,400,002 in 1984 to establish Hongkong Victor Onward Company In Hongkong.

2.Shenghong Company Was established in November 9, 1993, registered capital 1 million HKD, Hongkong Victor Onward Holding 100% equity.

3.Nanhua Company was established in July 21 1988, registered capital 85.49 million HKD, By June 30, 2013 the shareholding structure as follows:

Name of investor	Year-beginning amount	Proportion %	Year-end amount	Proportion%
Shenye Union (Hongkong) Co.,Ltd.	26,127,180.32	30.56%	26,127,180.32	30.56%
The Company	46,868,194.54	54.82%	46,868,194.54	54.82%
Hong Kong Victor Onward Company	12,499,325.14	14.62%	12,499,325.14	14.62%
Total	85,494,700.00	100.00%	85,494,700.00	100.00%

4.Xingye Company invested HKD 10,000 to establish industry Company in Hongkong in December 1996. Nanhua Company holding's 100% of the equity.

5.Shenzhen East Asia Company was established in February 28, 2007, registered capital 3 million yuan, the company invested 1.53 million yuan , holding 51% equity , Nanjiang East ASIA Textile Co., Ltd. Invested 1.47 million yuan , holding 49% equity.

## 2. Foreign currency translation

The spot exchange rate of HKD to RMB WAS 0.81090 at year beginning , and the spot exchange rate at year endwas0.79655 the approximate exchange rate of the sot exchange rate uses the current average exchange rate 0.80373.

### (VII) . Notes to the major items of consolidated financial statement

#### (I) Monetary Capital

Unit: RMB

Items	Year-end balance			Year-beginning balance		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB

Cash	--	--	107,169.00	--	--	66,684.00
RMB	--	--	102,239.00	--	--	62,790.00
HKD	6,189.00	0.79655	4,930.00	4,802.00	0.8109	3,894.00
Bank deposit	--	--	47,992,355.00	--	--	51,492,804.00
RMB	--	--	21,352,709.00	--	--	25,739,776.00
HKD	32,112,956.00	0.79655	25,579,575.00	30,435,747.00	0.8109	24,680,347.00
USD	171,569.00	6.1787	1,060,071.00	170,660.00	6.29%	1,072,681.00
Other monetary capital	--	--	668,943.00	--	--	667,774.00
RMB	--	--	668,943.00	--	--	667,774.00
Total	--	--	48,768,467.00	--	--	52,227,262.00

Notes of Monetary fund has not these conditions such as usage limitation for mortgage, pledge or frozen fund, stored overseas, with potential recovery risk.

## 2. Bill receivable

### (1) Classification bill receivable

Unit: RMB

Classification	Year-end balance	Year-beginning balance
Bank acceptance	0.00	1,500,000.00
Total	0.00	1,500,000.00

## 3. Interest receivable

### (1) Interest receivable

Unit :RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
Fixed deposit interest	38,414.00	0.00	38,414.00	0.00
Total	38,414.00		38,414.00	

## 4. Account receivable

### 1. Classification account receivables.

Unit :RMB

Classification	Amount in year-end	Amount in year- begin
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	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Receivables with major individual amount and bad debt provision provided individually	3,715,397.00	29.48%	2,970,685.00	79.96%	3,715,397.00	29.48%	2,970,685.00	79.96%
Receivables provided bad debt provision in groups								
Account receivable with minor individual amount but bad debt provision is provided	8,888,114.00	70.52%	8,888,114.00	100%	8,888,114.00	70.52%	8,888,114.00	100%
Total	12,603,511.00	--	11,858,799.00	--	12,603,511.00	--	11,858,799.00	--

Category explanation of accounts receivable:

Receivable accounts with large amount individually and bad debt provisions were provided

Applicable  not applicable

Unit:RMB

Description	Book balance	Bad debt provision	Rate(%)	Reason to provide
Hong Kong Victor Onward Co., Ltd.	1,606,281.00	861,569.00	53.64%	Aging long
Carnival Index International Ltd	1,098,820.00	1,098,820.00	100%	Aging long
TAI YANG ENTERPRISE CO.,LTD	1,010,296.00	1,010,296.00	100%	Aging long
Total	3,715,397.00	2,970,685.00	--	--

Account receivable on which bad debt provisions are provided on age basis in the group

Applicable  Not applicable

Receivable account in Group on which bad debt provisions were provided on percentage basis:

Applicable  Not applicable

Receivable accounts on which bad debt provisions are provided by other ways in the Group:

Applicable  Not applicable

Receivable accounts with minor amount but were provided had debt provisions individually at end of period.

Applicable  Not applicable

Unit: RMB

Description Of account receivables	Book balance	Amount of bad debt	rate	Reason
VEGA GARMENT CO.,Ltd.	768,189.00	768,189.00	100%	Aging long
Fly Dragon International	573,677.00	573,677.00	100%	Aging long
Grateful Textiles Co.,Ltd.	566,801.00	566,801.00	100%	Aging long
World Fabrica (Int'l) Ltd.	465,241.00	465,241.00	100%	Aging long
Shenzhen Fangzhou Textiles Co., Ltd.	446,352.00	446,352.00	100%	Aging long
Ezhou Xiangya Clothing Co., Ltd.	351,500.00	351,500.00	100%	Aging long
Tak Shing Buying Office Ltd.	333,584.00	333,584.00	100%	Aging long
Starline Textile Co.,Ltd.	332,316.00	332,316.00	100%	Aging long
Shenye Union (HK) Co., Ltd.	299,428.00	299,428.00	100%	Aging long
Panther Fabric Ltd.	295,161.00	295,161.00	100%	Aging long
Changshu Zhongjiang Clothing Import & Export Co., Ltd.	270,134.00	270,134.00	100%	Aging long
Victor Onward Textile(HK)Co., Ltd.	245,621.00	245,621.00	100%	Aging long
Nissho Iwai HK Co., Ltd.	215,282.00	215,282.00	100%	Aging long
Unimix Ltd.	192,939.00	192,939.00	100%	Aging long
Tai Hing Linings Co., Ltd	191,342.00	191,342.00	100%	Aging long
Human Changpuan Garment	185,981.00	185,981.00	100%	Aging long
Ningbo Youngor Fukurmura Uniforms Co., Ltd.	172,910.00	172,910.00	100%	Aging long
Win favour envelopment ltd.	146,636.00	146,636.00	100%	Aging long
Speedy Textiles Co.,	146,538.00	146,538.00	100%	Aging long
Lin Feng Textile Co.,	135,719.00	135,719.00	100%	Aging long
Lin Feng Textile Co.,	135,719.00	135,719.00	100%	Aging long
Jicheng Cotton Co., Ltd.	131,987.00	131,987.00	100%	Aging long

Millionaire(HK)Weaving Ltd.	124,280.00	124,280.00	100%	Aging long
Leader Day Ltd.	121,960.00	121,960.00	100%	Aging long
Tex Mate Fabrics (HK)	110,051.00	110,051.00	100%	Aging long
New Design Textiles Ltd.	109,205.00	109,205.00	100%	Aging long
Deep Success Industrial Ltd.	102,631.00	102,631.00	100%	Aging long
Wynvaye Industrial Co.,	101,055.00	101,055.00	100%	Aging long
ACTSUNLTD.	89,635.00	89,635.00	100%	Aging long
Quanzhou Ldeal Bird Garment Co., Ltd.	80,518.00	80,518.00	100%	Aging long
Tamurakoma Co Ltd.	77,847.00	77,847.00	100%	Aging long
International Textiles Co.,	65,477.00	65,477.00	100%	Aging long
Shenzhen Hongtian Cloth Trade Co., Ltd.	59,395.00	59,395.00	100%	Aging long
Ho Cheong Textiles Ltd.	54,620.00	54,620.00	100%	Aging long
Origin Textiles Co Ltd.	54,169.00	54,169.00	100%	Aging long
Wing Fook Piecegoods Co.,Ltd.	50,401.00	50,401.00	100%	Aging long
Wing Shum Piecesgoods Co., Ltd.	49,917.00	49,917.00	100%	Aging long
Gold Eagle Textiles Limited	47,600.00	47,600.00	100%	Aging long
Tangshan Lifeng Clothing Co., Ltd.	45,761.00	45,761.00	100%	Aging long
Charman Trading Co	43,863.00	43,863.00	100%	Aging long
Other	896,672.00	896,672.00	100%	Aging long
Total	8,888,114.00	8,888,114.00	--	--

## (2) The front 5 units' information of account receivable

Unit : RMB

Name	Relation with the Company	Amount	Ages	Portion in total receivables (%)
Victor Onward Textile (HK) Co., Ltd.	Non-Related parties	1,606,281.00	Over 3 years	12.74%

Carnival Index International Ltd	Non-Related parties	1,098,820.00	Over 3 years	8.72%
TAI YANG ENTERPRISE CO.,LTD.	Non-Related parties	1,010,296.00	Over 3 years	8.02%
VEGA GARMENT CO.,LTD	Non-Related parties	770,071.00	Over 3 years	6.11%
Fly Dragon International	Non-Related parties	573,677.00	Over 3 years	4.55%
Total	--	5,059,145.00	--	40.14%

## (3) Account receivable from Related parties

Unit: RMB

Name	Relation with the company	Amount	Portion in total receivables account(%)
Shenye Union (HK) Co., Ltd.	The related parties controlled the same Actual controller	299,428.00	2.38%
Total	--	299,428.00	2.38%

## 5. Other receivable

## 1.Type analyses:

Unit: RMB

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other receivables with major individual amount and had debt provision provided individually	3,368,370.00	71.4%	3,368,370.00	100%	3,368,370.00	72.62%	3,368,370.00	100%
Other receivables provided bad debt provision in groups								
Account age group	339,073.00	7.19%	0.00	0%	260,005.00	5.6%	0.00	0%
Subtotal of group	339,073.00	7.19%	0.00	0%	260,005.00	5.6%	0.00	0%
Other account receivable with minor individual amount but bad debt provision is provided	1,010,019.00	21.41%	1,010,019.00	100%	1,010,019.00	21.78%	1,010,019.00	100%
Total	4,717,462.00	--	4,378,389.00	--	4,638,394.00	--	4,378,389.00	--

Category explanation of other accounts receivable:

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

Applicable  Not applicable

Unit: RMB

Decription	Book balance	Amount of bad debts	Rate (%)	Reason
Nanjing East Asia	1,313,370.00	1,313,370.00	100%	Aging long
CCB.Guangdong Shunde Branch	1,080,000.00	1,080,000.00	100%	Aging long
Changzhou Dongfeng Textile Printing & dyeing Equipment Co., Ltd.	975,000.00	975,000.00	100%	Aging long
Total	3,368,370.00	3,368,370.00	--	--

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis:

Applicable  Not applicable

Other receivable account in Group on which bad debt provisions were provided on percentage basis:

Applicable  Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio:

Applicable  Not applicable

Other receivable accounts with minor amount but were provided had debt provisions individually at end of period.

Applicable  Not applicable

Unit: RMB

Content	Book balance	Bad debt Provision	Rate (%)	Reason
HongKong Victor Onward	694,122.00	694,122.00	100%	Aging long
Shanghai Huayinke Trade Industry Co., Ltd.	180,000.00	180,000.00	100%	Aging long
Shenzhen Environmental Management System Certification Center	35,000.00	35,000.00	100%	Aging long
Shenzhen Design Institute of Ministry of Machinery Industry Shanghai Branch	30,000.00	30,000.00	100%	Aging long
Other	70,897.00	70,897.00	100%	Aging long
Total	1,010,019.00	1,010,019.00	--	--



## (2) The front 5 units' information of other account receivable

Unit: RMB

Name	Relation with the company	Amount	Ages	Portion in total other receivables(%)
Nanjing East Asia	Non-Related parties	1,313,370.00	Over 3 years	27.84%
CCB.Guangdong Shunde Branch	Non-Related parties	1,080,000.00	Over 3 years	22.89%
Changzhou Dongfeng Textile Printing & dyeing Equipment Co., Ltd.	Non-Related parties	975,000.00	Over 3 years	20.67%
HongKong Victor Onward	Non-Related parties	694,122.00	Over 3 years	14.71%
Shanghai Huayinke Trade Industry Co., Ltd.	Non-Related parties	180,000.00	Over 3 years	3.82%
Total	--	4,242,492.00	--	89.93%

## 6.Prepayments

## (1) Prepayments age :

Unit:RMB

Age	End of term		Beginning of term	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	15,867.00	100%	175,734.00	99.6%
1-2 years			442.00	0.25%
2-3 years			267.00	0.15%
Total	15,867.00	--	176,443.00	--

Notes to age of payment in advance::

## (2) The front 5 units' information of Prepayments

Unit: RMB

Unit name	Relation with the company	Amount	Time	Reason of not clearing
Insurance	Non-Related parties	9,418.00		Not settlement

Repair fee	Non-Related parties	4,012.00		Not settlement
Vehicle license fees	Non-Related parties	1,418.00		Not settlement
Other	Non-Related parties	1,019.00		Not settlement
Total	--	15,867.00	--	--

Notes

## (3) Statements on prepayments

Name	Amount at period-end			Amount at period-beginning		
	Former currency	Converting rate	RMB	Former currency	Converting rate	RMB
HKD	19,919	0.79655	15,867	217,589	0.8109	176,443
Total			15,867			176,443

## 7. Inventory

## (1) Inventory types

Unit: RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	2,030,715.00	1,929,179.00	101,536.00	2,030,715.00	1,929,179.00	101,536.00
Stock goods	635,960.00	635,960.00	0.00	635,960.00	635,960.00	0.00
Total	2,666,675.00	2,565,139.00	101,536.00	2,666,675.00	2,565,139.00	101,536.00

## (2) Inventory Impairment provision

Unit: RMB

Type	Book balance at year beginning	Amount accounted in current period	Amount Decreased in current period		Book balance at period end
			Transferred back	Reselling	
Raw materials	1,929,179.00				1,929,179.00
Stock goods	635,960.00				635,960.00
Total	2,565,139.00				2,565,139.00

## (3) Condition of inventory value decline

Items	Base of stock value decline	Reason of issuing back to stock value decline plan of this period	Proportion of issuing back amount to the stock balance at this period

## Statement on inventories:

The Company has been out of production, the closing inventories shall be written down after deducting the full amount provisions except the preservation materials .

## 8. Disposable financial asset

## (1) Sellable financial assets

Unit: RMB

Items	Fair value at end of term	Fair value at beginning of term
Available-for-sale equity instruments	564,228.00	751,542.00
Total	564,228.00	751,542.00

The amount of investment held to mature recategorized to sellable financial assets was RMB 0 , Account for 0% of total investment held to mature.

## Statement on sellable financial assets:

The equity tools for sale are the shares held by the subsidiary of the company Hong Kong Victor Onward because they are not to be cashed in a short term.

## 9. Investment to joint venture and Affiliated Enterprises

Unit: RMB

Name	Company shareholding percentage (%)	Company vote right percentage in the invested unittion of units (%)	Ending total assets	Ending total liabilities	Ending net assets	Total business revenues at this period	Current net profit
I. Joint venture							

II. Affiliated enterprise							
Zhejiang Union Hangzhou Bay Chuangye Co., Ltd.	25%	25%	1,503,943,957. 00	1,201,964,045. 00	301,979,912.00	22,742,368.00	-284,333.00

Statements on material diversity in accounting policies, estimations adopted by the Company and the affiliates:

**10. Long term share equity investment.**

## (1) Details of long-term equity investment

Unit: RMB

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Zhejiang Union Hangzhou Bay Chuangye Co., Ltd.	Equity method	58,588,403.00	65,784,312.00	71,698.00	65,712,614.00	25%	25%	N/A	0.00	0.00	0.00
Total	--	58,588,403.00	65,784,312.00	71,698.00	65,712,614.00	--	--	--	0.00	0.00	0.00

## 11. Investment real estate

## (1) Measured by the cost of investment in real estate

Unit: RMB

Items	Book amount at year beginning	Increase at this period	Decrease at this period	Book balance in year -end
I. Total original price	96,920,525.00	222,397.00	611,470.00	96,531,452.00
I. House, Building	96,920,525.00	222,397.00	611,470.00	96,531,452.00
II. Total accumulated depreciation	65,879,041.00	1,163,607.00		67,042,648.00

accumulated amortization				
1.House, Building	65,879,041.00	1,163,607.00		67,042,648.00
III. Total book value of investment real estate	31,041,484.00	-941,210.00	611,470.00	29,488,804.00
1.House, Building	31,041,484.00			29,488,804.00
IV. Total of accumulated provision for devaluation of investment real estate	0.00			
1.House, Building	0.00			
V. Total book value of investment real estate	31,041,484.00	-941,210.00	611,470.00	29,488,804.00
1.House, Building	31,041,484.00			29,488,804.00

Unit: RMB

	This period
Current amount of depreciation and amortization	1,163,607.00
Investment real estate in this period the amount of impairment	0.00

## 12. Fixed assets

## (1) Fixed assets

Unit: RMB

Items	Book amount at year beginning	Increase at this period	Decrease at this period	Book balance in year -end
1.Total of Original price of fixed assets	161,276,810.00	7,644.00	866,087.00	160,418,367.00
Including : House and building	47,973,327.00			47,973,327.00
Machine equipment	99,308,680.00			99,308,680.00
Transporation Equipment	4,870,110.00		542,659.00	4,327,451.00

Electricity equipment and other	9,124,693.00		7,644.00	323,428.00	8,808,909.00
--	Book balance at year beginning	Current term new extra	Current term provision	Decrease at this period	Book balance in year -end
II. Total of Accumulated depreciation	111,245,417.00		121,945.00	767,965.00	110,599,397.00
Including : House and building	26,436,963.00		55,614.00		26,492,577.00
Machine equipment	75,000,283.00				75,000,283.00
Transporation Equipment	3,864,419.00		57,407.00	488,635.00	3,433,191.00
Electricity equipment and other	5,943,752.00		8,924.00	279,330.00	5,673,346.00
--	Book balance in year-begin		--		Balance in year-end
III. Total book value of Fixed assets	50,031,393.00		--		49,818,970.00
Including : House and building	21,536,364.00		--		21,480,750.00
Machine equipment	24,308,397.00		--		24,308,397.00
Transporation Equipment	1,005,691.00		--		894,260.00
Electricity equipment and other	3,180,941.00		--		3,135,563.00
IV. Total of Devalued Provision	37,614,934.00		--		37,614,934.00
Including : House and building	15,466,004.00		--		15,466,004.00
Machine equipment	19,407,245.00		--		19,407,245.00
Transporation Equipment	50,276.00		--		50,276.00
Electricity equipment and other	2,691,409.00		--		2,691,409.00
V. Total book value of Fixed assets	12,416,459.00		--		12,204,036.00
Including : House and building	6,070,360.00		--		6,014,746.00
Machine equipment	4,901,152.00		--		4,901,152.00
Transporation Equipment	955,415.00		--		843,984.00
Electricity equipment and	489,532.00		--		444,154.00

other			
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Current depreciation is RMB121,945.00 . The issue of fixed assets transferred from construction in progress original price is RMB 0.

(2) Fixed assets temporarily in idle status

Unit: RMB

Items	Original book value	Accumulated depreciation	Impairment provision	Net book value	Notes
House and building	44,541,973.00	25,173,561.00	15,466,005.00	3,902,407.00	
Machine equipment	98,998,752.00	74,858,652.00	19,471,657.00	4,668,443.00	
Transporation Equipment	2,979,438.00	2,681,462.00		297,976.00	
Electricity equipment and other	7,543,601.00	4,839,872.00	2,504,293.00	199,436.00	
Total	154,063,764.00	107,553,547.00	37,441,955.00	9,068,262.00	

### 13. Intangible assets

(1) Intangible assets

Unit : RMB

Items	Book Balance in year-begin	Increase at this period	Decrease at this period	Book Balance in year-end
I. Total original price	13,023,720.00			13,023,720.00
Land Use right	12,356,137.00			12,356,137.00
Software	667,583.00			667,583.00
II. Total amount of accumulated	10,935,796.00	20,153.00		10,955,949.00
Land Use right	10,495,373.00	20,153.00		10,515,526.00
Software	440,423.00			440,423.00
III. Book value of intangible assets	2,087,924.00	-20,153.00		2,067,771.00
Land Use right	1,860,764.00			1,860,764.00
Software	227,160.00			227,160.00



IV.Total value of provision for impairment	227,160.00			227,160.00
Land Use right				
Software	227,160.00			227,160.00
V. Total Book value of intangible assets	1,860,764.00	-20,153.00		1,840,611.00
Land Use right	1,860,764.00	-20,153.00		1,840,611.00
Software				

The amortization amount is RMB 20,153.00.

#### 14. Goodwill

Unit: RMB

Name of the investee or the matter of forming Goodwill	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Ending devalue provision
For the goodwill formed from holding shares of Nanhua Company,	5,099,624.00	0.00	0.00	5,099,624.00	0.00
Total	5,099,624.00	0.00	0.00	5,099,624.00	0.00

Statement of basis for impairment testing and provision of goodwill:

Nanhua Company has suspended production and maintained daily operation by renting houses. Although the net assets of Nanhua Company are negative, Nanhua Company has large area of land and house properties in the urban area of Shenzhen, whose fair value is much higher than its book value. In the opinion of the Company, the impairment of the goodwill formed by this investment has not occurred.

#### 15. Deferred income tax assets and deferred income tax liability

##### 1. Confirmed the deferred income tax assets and deferred income tax liability

Unit:RMB

Recognized deferred income tax assets and deferred income tax liabilities

Items	Year-end balance	Year-beginning balance
Deferred income tax assets:		
Deferred income tax liability:		
Assessed tax-free periods of time caused by differences in income	753,092.00	766,660.00

Subtotal	753,092.00	766,660.00
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Unit: RMB

Items	At end of term	At beginning of term
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Deductible losses of the un-recognized deferred income tax asset will expire in the following years

Unit:RMB

Year	At end of term	At beginning of term	Notes
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Details of taxable differences and deductible differences

Unit:RMB

Items	Amount of temporary differences	
	At end of term	At beginning of term
Differences in taxable items		
Deductible difference project		

(2) Deferred income tax assets and liabilities are presented as net amount after neutralization

Statement on deferred income tax assets and liabilities:

Unit: RMB

Items	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period
Deferred income tax liability:	753,092.00		766,660.00	

Details of taxable differences and deductible differences

Unit: RMB

Items	Offsetting Amounts of This Period
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Details of taxable differences and deductible differences

16. Provision for depreciation of assets

Unit : RMB

Items	Book balance at the	Increase in this	Decreased in this period	Balance in
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	beginning of term	period	Switch back	Switch cancellation	year-end
I.Provision for bad debts	16,237,188.00				16,237,188.00
2 Inventory impairment provision	2,565,139.00				2,565,139.00
5. Long-term equity investment impairment provision		0.00			0.00
7.Fixed asset impairment provision	0.00				
12. Intangible asset impairment provision	37,614,934.00				37,614,934.00
13. Goodwill impairment provision	227,160.00				227,160.00
Total					0.00
合计	56,644,421.00				56,644,421.00

Notes

## 17. Account payable

## (1) Account payable

Unit : RMB

Items	Balance in year-end	Balance in year-begin
Over 1 year	3,214,947.00	3,239,571.00
Total	3,214,947.00	3,239,571.00

(2)There was account payable due from shareholders with more than 5% (including 5%) of the voting shares of the company

Unit : RMB

Name	Balance in year-end	Balance in year-begin
Total	0.00	0.00

(3)The description of large-sum accounts payable with the age over 1 year:

Accounts payable with age over one year included a number of accounts, without single significant amount of accounts payable.

## 18. Advance account

## 1. Advance account

Unit: RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	5,050,000.00	
Over 1 year	2,777,624.00	2,778,488.00
Total	7,827,624.00	2,778,488.00

## 19. Payable Employee wage

Unit: RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	618,755.00	1,325,422.00	1,325,422.00	618,755.00
2. Employee welfare		26,500.00	26,500.00	
3. Social insurance premiums		138,532.00	138,532.00	
Medical insurance		35,067.00	35,067.00	
Basic old-age insurance premiums		93,036.00	93,036.00	
Unemployment insurance		3,955.00	3,955.00	
Work injury insurance		3,216.00	3,216.00	
Maternity insurance		3,258.00	3,258.00	
IV. Public reserves for housing		37,102.00	37,102.00	
VI. Other	147,925.00	9,599.00		157,524.00
Total	766,680.00	1,537,155.00	1,527,556.00	776,279.00

The amounts of arrears of staff salary and welfare payable are RMB 0.00.

The amounts of trade union funds and staff education expenses are RMB35,692.00, the amounts of non-monetary benefits are RMB 0.00, and the compensations for the lifting of labor relations is RMB 0.00

The expected release time and amount of staff salary and welfare payable are arranged in the beginning of next year.

## 20. Tax Payable

Unit: RMB

Items	At end of term	At beginning of term
VAT	-139,455.00	-139,455.00

Business Tax	142,648.00	147,341.00
Enterprise Income tax	1,204,210.00	1,204,210.00
House property Tax	187,320.00	187,320.00
Stamp Tax	222,658.00	222,658.00
Education subjoin		
Local education surcharges		
Total	1,617,381.00	1,622,074.00

Statement on tax payable: Please provide the calculating processes then taxable income is balanced between branch companies or factories as approved by the tax bureau.

## 21.Dividend payable

Unit: RMB

Name	At end of term	At beginning of term	Reason of overdue for one year
State Development & Investment Co., Ltd*2	243,189.00	243,189.00	Capital tense
CITIC Group*2	243,189.00	243,189.00	Capital tense
Shenzhen Nanyou (Group) Company*2	121,595.00	121,595.00	Capital tense
Shenye Union (Hongkong) Co., Ltd.	121,595.00	121,595.00	Capital tense
HongKong Victor Onward	486,378.00	486,378.00	Capital tense
Total	1,215,946.00	1,215,946.00	--

Notes

\*1 The above payable dividends were the payable dividends of Nanhua Company, a subsidiary of the company, the change in balance mainly due to the change of exchange rate. Because Nanhuan Company's capital was more tension and the shareholders did not ask for the fund, the payable dividends have not been paid. The payable dividends reduced at the end of the period mainly due to the change of exchange rate.

\*2 The above three companies are the former shareholders of Nanhuan Company, the subsidiary of the company.

## 22. Other payable

### (1) Other payable

Unit: RMB

Name	Balance in year-end	Balance in year-begin
Within 1 year	1,239,791.00	1,490,185.00
Over 1 year	21,437,132.00	30,737,132.00

Total	22,676,923.00	32,227,317.00
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## (2) Statement on large amount other payable accounts due for over one year

Other payables which are longer than one year mainly were the loans borrowed by Nanhuan Company the subsidiary of the company from related companies, which have not been paid because of capital tension.

## (3) Statement on large amount other payable accounts

Items	Amount	Age	Content
Room 760 Cargo Floor ( #HKS PINNERS-760)	151,345	1-2 years	Property deposit
State Development & Investment Co., Ltd	3,000,000	Over 3 years	Current account and interest
Jinrongyuan Company	1,100,000	Over 2-3 years	Workshop deposit
Shenzhen Union Real estate Group Co.,Ltd	700,734	Over 3 years	Current account
Union Development Group	15,104,652	Over 1-3 years	Loan and interest
Total	20,056,731		

## 23. Other current liabilities

Unit: RMB

Items	Year-end balance	Year-Beginning balance
Audit fees	3,770,917.00	1,395,917.00
Securities Management	746.00	746.00
Sewage charges	62,600.00	62,600.00
Land use fees	88,000.00	88,000.00
Total	3,922,263.00	1,547,263.00

Statement of other current liabilities:

## 24. Long-term borrowing

## (1) Long-term loans classifications

Unit: RMB

Items	Year-end balance	Year-Beginning balance
borrowing by pledge	953,576.00	1,033,936.00
Total	953,576.00	1,033,936.00

Statement on long-term borrowings.

The borrowing was the installment payment for the housing in Hongkong bought by the subsidiary of the Company Xingye Company, the mortgage article was the house purchased. The installment payment was HKD 2,366,000, which was paid in 240 months, as of June 30, 2013, Principal amount of HKD 1,197,132 (RMB 953,576).

## 25. Long-term payable

### (1) Top 5 long-term payable

Unit: RMB

Name	Term	Initial amount	Interest rate (%)	Interest payable	End balance	Condition
Assess the value of assets	Unlimited duration	8,488,953.00			8,338,729.00	

### (2) Details of finance leasing payments in long-term payable

Unit: RMB

Name	End of term		Beginning of term	
	Foreign currency	RMB	Foreign currency	RMB
Total	0.00	0.00	0.00	0.00

Guarantee provided by the 3<sup>rd</sup> party for the leasing finance is amounted to RMB0.

### Statement on long-term payables:

When the Company was reorganized into a joint stock company, it obtained the special approval of People's Bank of China for vesting the appraisal increment from the revaluation of the assets of Hong Kong Victor Onward in the original shareholders of the Company before reorganization. Such assets were appraised on January 31, 1992. An increment of around HKD 14,754,000 was generated from the assets appraisal and entered the long-term account payable. Part of it has been used to set off the bad debts of around HKD 4,285,000 incurred before listing. The original shareholders of the Company before the reorganization agreed not to require reimbursement of such increment in cash. It will be used to set off the price at which they will subscribe for shares of the Company in the future. The increase of long-term accounts payable in the report year was caused by change in exchange rate.

## 26. Other Non-current liabilities

Unit: RMB

Items	Year-end balance	Year-beginning balance
ERP Information construction	228,216.00	228,216.00
Technology subsidies	608,576.00	608,576.00
Total	836,792.00	836,792.00

Statement on other non-current liabilities, including asset-related and income-related government subsidy and closing balances:

The above funds were the special subsidies received from Shenzhen Department of Finance in 2004 for the digital jet printing projects and for the construction of enterprise information. The deal must be accepted by the Financial Bureau before accounting, so it was suspended. The reduction was due to the change in exchange rates.

## 27. Stock capital

Unit: RMB

	Balance Year-beginning	Increase/decrease this time (+, -)					Balance year-end
		Issuing of new share	Bonus shares	Transferred from reserves	Other	Subtotal	
Total of capital shares	169,142,356.00						169,142,356.00

Statement of change in capital shares. Name of CPA and number of verification report shall be provided if capital increasing or decreasing occurred in the report period; as for shareholding limited companies incorporated for less than three years, only net assets is required for the years prior to incorporation; for shareholding limited companies reformed from limited companies shall provide the capital verification at incorporation.

## 28. Capital reserves

Unit: RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	29,718,829.00			29,718,829.00
Other	10,071,955.00		126,556.00	9,945,399.00
Total	39,790,784.00		126,556.00	39,664,228.00

Statement on capital reserves:

## 29. Surplus reserve

Unit : RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	26,704,791.00			26,704,791.00



Total	26,704,791.00		26,704,791.00
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Statement on surplus reserves. Please state the related resolutions of the Board on capitalizing of reserves, making up losses, and dividends:

### 30. Retained profits

Unit: RMB

Items	Amount	Extraction or distribution of the proportion
After adjustments: Retained profits at the period beginning	-116,273,941.00	--
Add: Net profit belonging to the owner of the parent company	-4,123,606.00	--
Retained profits at the period end	-120,397,547.00	--

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on *Enterprise Accounting Standards* and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

Statement on retained profit: for companies issued their securities for the first time, if the accumulated profit before the issuing is shared by the new and existing shareholders as approved by the shareholders' meeting, shall be described particularly; if the accumulated profit before the issuing is shared only by existing shareholders as approved by the shareholders' meeting, the Company shall provide the details of dividend payable to the existing shareholders as audited by CPA.

### 31. Business income, Business cost

#### (1) Operating income and operating cost

Unit : RMB

Items	Amount of current period	Amount of previous period
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Income from Business income	4,990,626.00	5,019,787.00
Business cost	2,073,313.00	2,199,834.00

## (2) Main business (Industry)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rent	4,990,626.00	2,073,313.00	5,019,787.00	2,199,834.00
Total	4,990,626.00	2,073,313.00	5,019,787.00	2,199,834.00

## (3) Main business (Production)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rent	4,990,626.00	2,073,313.00	5,019,787.00	2,199,834.00
Total	4,990,626.00	2,073,313.00	5,019,787.00	2,199,834.00

## (4) Main Business (Area)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
China	4,119,034.00	1,498,006.00	4,162,475.00	1,630,336.00
Hong Kong	871,592.00	575,307.00	857,312.00	569,498.00
Total	4,990,626.00	2,073,313.00	5,019,787.00	2,199,834.00

## (5) Total income and the ratio of operating income from top five clients

Unit: RMB

Name	Business Income	Proportion(%)
Shenzhen Jinrongyuan	2,890,500.00	57.92%
SCSExpress International Limited	458,126.00	9.18%

Shenzhen Hebainian Investment Development Co., Ltd.	300,000.00	6.01%
Shenzhen Nanshan Saint Laurent Wedding Photography	264,600.00	5.3%
Jishunda Motor vehicle driver training Center	72,000.00	1.44%
Total	3,985,226.00	79.85%

Notes

## 32. Business tax and subjion

Unit : RMB

Items	Report period	Same period of the previous year	Standard
Business tax	205,952.00	141,785.00	5%
Urban construction tax	14,417.00	9,925.00	7%
Education surcharge	6,178.00	4,254.00	3%
Local Education surcharge	4,119.00	2,835.00	2%
Total	230,666.00	158,799.00	--

Notes

## 33. Investment income

## (1) Investment income

Unit: RMB

Items	Amount of current period	Amount of previous period
Incomes from disposal of long-term equity investment	-71,083.00	417,624.00
Investment income from financial assets sales		11,022.00
Total	-71,083.00	428,646.00

## (2) long-term equity investment incomes confirmed by equity method include:

Unit: RMB

Name	Amount of current period	Amount of previous period	Reason to increase or decrease

Hangzhou Bay Company	-71,083.00	417,624.00	
Total	-71,083.00	417,624.00	--

Statement on investment gains, please state whether or not there are material constrains on retrieving of investment gains.

#### 34. Non-operating income

##### (1) Non-operating income

Unit: RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss
Total income from liquidation of non-current assets	3,929.00	5,174.00	3,929.00
Including: Income from liquidation of fixed asset	3,929.00	5,174.00	3,929.00
Other		24,389.00	
Total	3,929.00	29,563.00	3,929.00

#### 35. Non-Operation expense

Unit: RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss
Total Disposal of loss of non-current assets	19,043.00	0.00	19,043.00
Including: Disposal of net loss of fixed assets	19,043.00		19,043.00
Legal cost	2,400,000.00	2,981,415.00	2,400,000.00
Fine expenses		600.00	
Total	2,419,043.00	2,982,015.00	2,419,043.00

Notes

#### 36. Calculation of Basic earnings per share and Diluted earnings per share

Items	No	Current term	Same period of last term
Net profit attributable to shareholders of parent company	1	-4,123,606	-4,187,136
Non-recurring gain/loss attributable of the parent company	2	-2,415,114	-2,941,430

Net profit attributable to common share holders of the Company after deducting of non-recurring gain/loss	3=1-2	-1, 708, 492	-1, 245, 706
Total shares at the beginning of the year	4	169, 142, 356	169, 142, 356
Additional share capital transferred from public reserve or additional shares from shares dividend distribution ( I )	5		
Additional shares from issuing new shares or debt-converted shares ( II )	6		
Accumulative months of the additional share commencing from the next moth till the end of the year	7		
Decreased shares due to repurchase	8		
The number of months since the next month of share decreasing to the end of report term	9		
Amount of shares reduced	10		
Number of months in the report term	11		
Weighted average of common shares issued outside	$12=4+5+6\times7\div11$ $-8\times9\div11-10$	169, 142, 356	169, 142, 356
Basic earning pershare ( I )	$13=1\div12$	-0. 02	-0. 02
Basic earning pershare ( II )	$14=3\div12$	-0. 01	-0. 01
Diluting potential common share interests recognized as expenses	15		
Transformation fees	16		
Income tax rate	17	25%	25%
Amount of shares increased by transforming or exercising of company bond, subscription certificate, or share option	18		
Diluted earning per share ( I )	$19=[1+(15-16)\times(1-17)]\div(12+18)$	-0. 02	-0. 02
Diluted earning per share ( II )	$19=[3+(15-16)\times(1-17)]\div(12+18)$	-0. 01	-0. 01

## 37. Other comprehensive income

Unit: RMB

Items	Amount of current period	Amount of previous period
1.Loss amount produced by sellable financial assets	-126,556.00	-80,951.00
Subtotal	-126,556.00	-80,951.00
4. Translating difference in foreign currency financial reports	-482,695.00	-38,246.00
Subtotal	-482,695.00	-38,246.00
Total	-609,251.00	-119,197.00

Notes

### 38. Supplement Information for cash flow statement

#### (1) Supplement Information for cash flow statement

Unit :RMB

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	-4,123,606.00	-4,187,136.00
Depreciation of fixed assets, oil and gas assets and consumable biological assets	121,945.00	1,423,030.00
Amortization of intangible assets	20,153.00	20,152.00
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	15,114.00	-5,174.00
Loss of fair value fluctuation on assets		-13,510.00
Financial cost	273,998.00	-47,525.00
Loss on investment	71,083.00	-428,646.00
Decease of operating receivables	1,619,922.00	350,288.00
Increased of operating Payable	3,950,831.00	3,100,318.00
Other		-45,808.00
Net cash flows arising from operating activities	1,949,440.00	165,989.00
II. Significant investment and financing activities that without cash flows:	--	--
III. Net increase of cash and cash equivalents	--	--
Ending balance of cash	48,768,467.00	53,666,428.00

Less: Beginning balance of cash	52,227,262.00	53,399,316.00
<b>Net increase of cash and cash equivalents</b>	<b>-3,458,795.00</b>	<b>267,112.00</b>

## (2) Composition of cash and cash equivalents

Unit : RMB

Items	Amount of current period	Amount of previous period
I. Cash	48,768,467.00	52,227,262.00
Of which: Cash in stock	107,169.00	66,684.00
Bank savings could be used at any time	47,992,355.00	51,492,804.00
Other monetary capital could be used at any time	668,943.00	667,774.00
III. Balance of cash and cash equivalents at the period end	48,768,467.00	52,227,262.00

Notes

## (VIII) Related parties and related-party transactions

## 1. Parent company information of the enterprise

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio	The ultimate controlling party of the Company	Organization Code
Union Holdings	Controlling Shareholder	Issue company	11/F, Union Bulding, Shennan Zhong Road, Shenzhen	Dong Binggen	Production and sale of clothing and textiles and real estate Developin	1,123,887,712	25.51%	25.51%	Union Group	192471500
Union Group	Actual controller	Limited liability Company	Union Bulding, Shennan Zhong Road,	Dong Binggen	Import & export business processing	90,606,000	3.36%	3.36%	Union Group	190337957

			Shenzhen		with materials” and processing with imported materials					
--	--	--	----------	--	--	--	--	--	--	--

## Notes

Union Group holds 31.32% of equity capital of Union Holdings, it controls Union Holdings, and Union Holdings is a controlling shareholder of the company, thus Union Group is the actual controller of the company

## The registered capital of the parent company and its changes

Parent Company	Amount at year beginning	Increase in the current period	Decrease in the current period	Amount at year end
Union Group	90,606,000			90,606,000
Union Holding	1,123,887,712			1,123,887,712

## Shares or equity held by the parent company and changes

Parent Company	Held share amount		Held share proportion (%)	
	Amount at year end	Amount at year beginning	Proportion at year end %	Proportion at year beginning %
Union Group				
Union Holding	5,681,089	5,821,089	3.36	3.44
	43,141,032	43,141,032	25.51	25.51

## 2.Particulars of the subsidiaries

Unit :RMB

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The subsidiaries of the Company's shareholding ratio	The subsidiaries of the Company's vote ratio	Organization Code
HongKong Victor Onward	Controlled subsidiaries	Limited Liability Company	Hongkong		Trade	2,400,002 (HKD)	100%	100%	
Nanhua	Controlled	Limited	Shenzhen	Hu	Product	85,494,700	69.44%	69.44%	618836600



Company	subsidiaries	Liability Company		Yongfeng		(HKD)			
Shenzhen East Asia Company	Controlled subsidiaries	Limited Liability Company	Shenzhen	Sun Zhiping	Trade	3,000,000	51%	51%	799228355

### 3. Information of Joint venture and Affiliated company

Unit: RMB

Name	Type	Registered address	Legal representative	Nature	Registered capital (RMB'000)	Held Share proportion(%)	Voting proportion(%)	Related parties	Orgabuzatui b code
I. Joint enterprise									
II. Affiliated enterprise									
Zhejiang Union Hangzhou Bay	Limited Liability Company	Hangzhou	Dong Binggen	Real estate Exploiters, Basis construction Management and Property Management	247,476,832.6	25%	25%	Affiliated enterprise	757230553

### 4. Other Related parties information of the enterprise

Other Related parties name	Relation of other Related parties with the company	Organization code
Shenye Union (HK) Co., Ltd.	The related parties controlled the same Actual controller	
Shenzhen Union Property Group Co., Ltd.	The related parties controlled the same Actual controller	192199105

Notes

## 5. Related transactions.

## (1) Related leasing

The Company is the lender

Unit: RMB

Name of the owner	Name of the tenant	Category of asset for rent	Starting date	Stop date	Pricing basis	Rental recognized in the period
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The Company is the undertaker

Unit: RMB

Name of the owner	Name of the tenant	Category of asset for rent	Starting date	Stop date	Pricing basis	Rental recognized in the period
Union Group	The Company	House	November 1, 2012	October 31, 2014	Lease Contract	41,760.00

Notes

In the report year, the Company leased Room 1307 and 1308 of Union Building owned by Union Group. In November 2012, The term of tenancy is from November 1, 2012 to October 31, 2014. The monthly rent is RMB 6960. The rent was determined according to market price.

## 6. Payables and receivables of the related party

Listed company related party fund

Unit: RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shenye Union (HK) Co., Ltd.	299,428.00	299,428.00	299,428.00	299,428.00

The listed company Payables of the related party

Unit : RMB

Name	Related party	Amount at year end	Amount at year beginning
Other payable	Union Development Group	15,104,652.00	24,748,412.00

Other payable	Shenzhen Union Property Group Co., Ltd.	700,734.00	700,734.00
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**(IX) Subsequent events****1. Liabilities formed from pending lawsuit and mediation and its financial impact**

On June 4, 2012, The company has instituted court action against below three companies at Jiangsu Province Higher People's Court, and asked to terminate the contracts and agreements signed with Nanjing East Asia Textile Printing & Dyeing Co., Ltd., Nanjing East Asia Investment & Development Group Limited and Hong Kong Yiuchun Limited, who shall pay RMB47,922,902.92 to the company for the pecuniary loss of implicative compensation and undertake the costs of litigation. As of June 30, 2013, Jiangsu Higher People's Court did not give a judgement. Currently it is unable to determine the financial impact.

**(X) . Commitment events.****1.Importance commitment events**

The external investment contracts and the related financial expenditures which have signed or not yet completely fulfilled.

By June 30, 2013, The Group still has the major external investments RMB 30 million which have signed but still not paid, as follows:

Name of investment projects	Contractual investment amount	Prepaid investment amount	Unpaid investment amount	Expected investment period	Remarks
Invest Nanjing East Asia Textile Co., Ltd with machinery and equipments	300 million	-	30million	Termination	In lawsuit

**2.The big contract which has been signed or is ready to be carried out**

By June 30,2013, The Group still has big contract which has been signed but not paid, a total of RMB 1.71 million, as follows:

Name of investment projects	Contractual investment amount	Prepaid investment amount	Unpaid investment amount	Expected investment period	Remarks
Elocation of production equipments as a whole		855,000	855,000	Termination	Termination due to the impact of litigation

Except for the events described above, As of June 30, 2013, the Group has no other significant commitment events.

## 2. Information guaranteed at the former period.

Failed to fulfill.

**(XI) . Post-balance-sheet events**

## 1. Statement on material post-balance-sheet events

The group has no statement on material post-balance-sheet events.

**(XII) . Other Important events**

## 1. Leasing

Type	Year-end balance	Year-beginning balance
<b>Cost</b>		<b>96,920,525</b>
House, Building	96,531,452.00	96,920,525
Accumulated amortization		<b>65,879,041</b>
House, Building	67,042,648.00	65,879,041
Impairment provision		
House, Building		
Book value	29,488,804.00	<b>31,041,484</b>
House, Building	29,488,804.00	31,041,484

**2.Items related to measurement of fair value**

Unit:RMB

Items	Amount at the beginning of period	Gains and losses from change of fair value in current period	Accumulative change of fair value accounted for as rights and interests	Provision for impairment made in current period	Aamount at the end of period
<b>Financial assets</b>					
3.Trading financial assets	751,542.00		-187,314.00		564,228.00
Total	751,542.00		-187,314.00		564,228.00
Financial liability	0.00				0.00

**3.Foreign financial assets and foreign financial liability**

Unit:RMB

Items	Amount at the beginning of period	Gains and losses from change of fair value in current period	Accumulative change of fair value accounted for as right and interests	Provision for impairment made in current period	Amount at the end of period
Financial assets					
4.Trading financial assets	751,542.00		-187,314.00		564,228.00
Subtotal of financial assets	751,542.00		-187,314.00		564,228.00
Financial liability	0.00				0.00

#### 4.Other

Except that Shenzhen East Asia Victor Onward Textile Printing and Dyeing Co., Ltd. is still operating normally, other 5 subsidiaries controlled by the Company have stopped operation or are maintaining daily operation by house property lease. It plans to invest in Nanjing East Asia Textile Printing and Dyeing Co., Ltd. with part of machinery and equipment in 2007, Due to the reason on the side of the other party of joint venture and change of industry prospect. This investment plan is being discontinued at present.

Up to the present, the project has been delayed for 6 years. The difficulties for joint venture projects have constantly increased. To solve the problem of idling of equipment, invigorate relevant assets and facilitate the Company's subsequent development, On June 4, 2012, The company has instituted court action against below three companies at Jiangsu Province Higher People's Court, and asked to terminate the contracts and agreements signed with Nanjing East Asia Textile Printing & Dyeing Co., Ltd., Nanjing East Asia Investment & Development Group Co., Ltd. and Hong Kong Yaojunxing Co., Ltd., who shall pay RMB47,922,902.92 to the company for the pecuniary loss of implicative compensation and undertake the costs of litigation. As of June 30,2013, Jiangsu Higher People's Court did not give a judgement.

(XIII) ..Notes s of main items in financial reports of parent company

#### 1.Account receivable

(1) Account receivable

Unit: RMB

Type	Year-end balance				Year-beginning balance			
	Book Balance		Provision for bad debts		Book Balance		Provision for bad debts	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Account receivable with	3,504,328.00	30.52	3,504,328.00	100%	3,504,328.00	30.52%	3,504,328.00	100%

significant specific amount that were provisioned had debt preparation separately		%						
Receivables provided bad debt provision in groups								
Account receivable with minor individual amount but bad debt provision is provided	7,976,100.00	69.48%	7,976,100.00	100%	7,976,100.00	69.48%	7,976,100.00	100%
Total	11,480,428.00	--	11,480,428.00	--	11,480,428.00	--	11,480,428.00	--

Remarks on categories of receivable accounts:

Receivable accounts with large amount individually and bad debt provisions were provided

Applicable  Not applicable

Unit: RMB

Description of receivable accounts	Book balance	Bad debt provision	Proportion	Reason
Carnival Index International Ltd	1,098,820.00	1,098,820.00	100%	Aging long
TAI YANG ENTERPRISE CO.,LTD.	1,010,296.00	1,010,296.00	100%	Aging long
Shengzhong Company	1,395,212.00	1,395,212.00	100%	The company insolvent, to be cancelled
Total	3,504,328.00	3,504,328.00	--	--

Using age methods to provision for bad debts of account receivable in group:

Applicable  not Applicable

Using percentage balance method of provision for bad debts of account receivable in group:

Applicable  not Applicable

Using other methods to provision for bad debts of account receivable in group:

Applicable  not Applicable

Receivable accounts with minor amount but on which bad debt provisions are provided individually at end of period

Applicable  not Applicable

Unit: RMB

Name	Book balance	Bad debts	Provision proportion%	Reason of provision
Fly Dragon International	573,677.00	573,677.00	100%	Aging long
Grateful Textiles Co.,Ltd	566,801.00	566,801.00	100%	Aging long
World Fabrica (Int'l) Ltd	465,241.00	465,241.00	100%	Aging long
Shenzhen Fangzhou Textile Co., Ltd.	446,352.00	446,352.00	100%	Aging long

Ezhou Xiangya Garments Co., Ltd.	351,500.00	351,500.00	100%	Aging long
Tak Shing Buying Office Led	333,584.00	333,584.00	100%	Aging long
Starline Textile CO.Ltd.	332,316.00	332,316.00	100%	Aging long
Shenye Union (HK) Co.,Ltd.	299,428.00	299,428.00	100%	Aging long
Panther Fabric Ltd.	295,161.00	295,161.00	100%	Aging long
Changshu Zhongjiang Garments Import & Export Co., Ltd.	270,134.00	270,134.00	100%	Aging long
Victor Onward Textile(HK)Co., Ltd.	245,621.00	245,621.00	100%	Aging long
Nissho Iwai HK Corp Ltd.	215,282.00	215,282.00	100%	Aging long
Unimix Ltd.	192,939.00	192,939.00	100%	Aging long
Tai Hing Linings Co Ltd	191,342.00	191,342.00	100%	Aging long
Human Changpuan Garment	185,981.00	185,981.00	100%	Aging long
Ningbo Youngor Fukurmura Uniforms Co., Ltd.	172,910.00	172,910.00	100%	Aging long
Win favour envelopment ltd	146,636.00	146,636.00	100%	Aging long
Speedy Textiles Co	146,538.00	146,538.00	100%	Aging long
Other	2,544,657.00	2,544,657.00	100%	Aging long
Total	7,976,100.00	7,976,100.00	--	--

## (2) The front 5 units' information of the account receivable

Unit : RMB

Name	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Carnival Index International Ltd	Non-related parties	1,098,820.00	Over 3 years	9.57%
TAI YANG ENTERPRISE CO.,LTD.	Non-related parties	1,010,296.00	Over 3 years	8.8%
Shengzhong Company	Subsidiary	1,395,212.00	Over 3 years	12.15%

Fly Dragon International	Non-related parties	573,677.00	Over 3 years	5%
Grateful Textiles Co.,Ltd	Non-related parties	566,801.00	Over 3 years	4.94%
Total	--	4,644,806.00	--	40.46%

## (3) Account receivable from Related parties

Unit: RMB

Unit name	Relation with the company	Amount	Percentage of account receivable
Shengzhong Company	Subsidiary	1,395,212.00	12.15%
Shenzhen East Asia	Subsidiary	51,871.00	0.45%
Shenye Union (HK) Co., Ltd.	The related parties controlled the same Actual controller	299,428.00	2.61%
Total	--	1,746,511.00	15.21%

## 2. Other receivable

## (1) Other receivable

Unit: RMB

Classification	Year-end balance				Year-beginning			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other Receivables with major individual amount and bad debt provision provided individually	86,596,952.00	98.74%	3,881,950.00	4.48%	76,596,952.00	98.64%	3,881,950.00	5.07%
Other Receivables provided bad debt provision in groups								
Deposit group	159,784.00	0.18%			103,784.00	0.13%		
Subtotal of group	159,784.00	0.18%			103,784.00	0.13%		
Other Account receivable with minor individual amount but bad debt provision is provided	950,112.00	1.08%	950,112.00	100%	950,112.00	1.22%	950,112.00	100%
Total	87,706,848.00	--	4,832,062.00	--	77,650,848.00	--	4,832,062.00	--

Statement on Other receivable:



Other Receivable accounts with large amount individually and bad debt provisions were provided

Applicable  not Applicable

Unit: RMB

Description of other receivable accounts	Book balance	Bad debt provision	Proportion	Reason
Victor Onward Textile (HK) Co., Ltd.	59,715,002.00			
Nanhua Company	23,000,000.00			
Nanjing East Asia	1,313,410.00	1,313,410.00	100%	Aging long
CCB.Guangdong Shunde branch	1,080,000.00	1,080,000.00	100%	Aging long
Changzhou Dongfeng Textile Printing & dyeing Equipment Co., Ltd.	975,000.00	975,000.00	100%	Aging long
Shenzhen East Asia	513,540.00	513,540.00	100%	The company insolvent, to be canceled
Total	86,596,952.00	3,881,950.00	--	--

Using age methods to provision for bad debts of other account receivable in group:

Applicable  not Applicable

Using percentage balance method of provision for bad debts of account receivable in group:

Applicable  not Applicable

Using other methods to provision for bad debts of account receivable in group:

Applicable  not Applicable

Receivable accounts with minor amount but on which bad debt provisions are provided individually at end of period

Applicable  not Applicable

Unit: RMB

Name	Book balance	Bad debts	Provision proportion%	Reason of provision
Victor Onward Textile (HK) Co., Ltd.	694,122.00	694,122.00	100%	Aging long
Shanghai Huayinke Trade Industry Co., Ltd.	180,000.00	180,000.00	100%	Aging long
Shenzhen Environmental Management System	35,000.00	35,000.00	100%	Aging long

Certification Center				
Shenzhen Design Institute of Ministry of Machinery Industry Shanghai Branch	30,000.00	30,000.00	100%	Aging long
Other	10,990.00	10,990.00	100%	Aging long
Total	950,112.00	950,112.00	--	--

## (2) The front 5 units' information of Other account receivable

Unit: RMB

Name	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Victor Onward Textile (HK) Co., Ltd.	Subsidiary	59,715,002.00	Over 3 years	68.08%
Nanhua Company	Subsidiary	23,000,000.00	Over 3 years	26.22%
Nanjing East Asia	Non-Related parties	1,313,410.00	Over 3 years	1.5%
CCB.Guangdong Shunde Branch	Non-Related parties	1,080,000.00	Over 3 years	1.23%
Changzhou Dongfeng Textile Printing & dyeing Equipment Co., Ltd.	Non-Related parties	975,000.00	Over 3 years	1.11%
Total	--	86,083,412.00	--	98.14%

## (3) The accounts receivable from the Related parties

Unit: RMB

Name	Relation with the Company	Amount	Proportion(%)
Victor Onward Textile (HK) Co., Ltd.	Subsidiary	59,715,002.00	68.08%
Nanhua Company	Subsidiary	23,000,000.00	26.22%
Shenzhen East Asia	Subsidiary	513,540.00	0.59%
Total	--	83,228,542.00	94.89%

## 3. Long-term stocks equity investment

Unit : RMB

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between sharehold	Devalue	Current devalue	Cash bonus
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								ing proportio n and voting right proportio n in investee			
Victor Onward Textile(H K) Co., Ltd.	Cost method	2,411,282 .00	21,214,21 2.00		21,214,21 2.00	100%	100%		0.00	0.00	0.00
Nanhua Company	Cost method	23,082,83 1.00	15,574,74 1.00		15,574,74 1.00	54.82%	54.82%		0.00	0.00	0.00
Shenzhen East Asia	Cost method	1,530,000 .00	1,252,900 .00		1,252,900 .00	51%	51%		1,252,900 .00	0.00	0.00
Total	--	27,024,11 3.00	38,041,85 3.00	0.00	38,041,85 3.00	--	--	--	1,252,900 .00	0.00	0.00

Notes

## 4. Business income and Business cost

## (1) Business income

Unit: RMB

Items	Amount of current period	Amount of previous period
Income from Business income	908,470.00	741,567.00
Total	908,470.00	741,567.00
Business cost	168,586.00	239,378.00

## (2) Main business (Industry)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rent	908,470.00	168,586.00	741,567.00	239,378.00
Total	908,470.00	168,586.00	741,567.00	239,378.00

## (3) Main business (Production)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rent	908,470.00	168,586.00	741,567.00	239,378.00
Total	908,470.00	168,586.00	741,567.00	239,378.00

## (4) Total income and the ratio of operating income from top five clients

Unit:RMB

Name	Business Income	Proportion(%)
Shenzhen Nanshan Saint Laurent Wedding Photography	252,000.00	33.98%
Jishunda Automobile drier training Company	72,000.00	9.71%
Chen Shen	45,000.00	6.07%
Shenzhen Taihe Machine Equipment Co., Ltd.	31,200.00	4.21%
Diweini	19,200.00	2.59%
Total	419,400.00	56.56%

Notes

## 5. Investment income

## (1) Income from investment

Unit: RMB

Items	Amount of current period	Amount of previous period
Hold the investment income during from available-for-sale financial assets		11,022.00
Total	0.00	11,022.00

## 6. Supplement information of Consolidated Flow Statement

Unit: RMB

Items	Amount of current period	Amount of previous period
1. Adjusting net profit to net cash flow in operating activities:	--	--
Net profit	-3,659,586.00	-4,745,041.00

Depreciation of fixed assets, oil and gas assets and consumable biological assets	26,927.00	168,586.00
Amortization of intangible assets	20,153.00	20,152.00
The losses on the disposal of fixed assets, intangible assets and other long-term assets	4,927.00	-5,174.00
Loss of fair value fluctuation on assets		13,510.00
Financial cost	-770,606.00	-633,443.00
Loss on investment		-11,022.00
Decrease of operating receivable	-293,735.00	231,272.00
Increase of operating receivables	5,013,292.00	2,458,441.00
Other		622,625.00
Net cash flows arising from operating activities	341,372.00	-1,880,095.00
II. Significant investment and financing activities that without cash flows	--	--
III. Net increase of cash and cash equivalents	--	--
Ending balance of cash	12,706,881.00	19,654,909.00
Less: Beginning balance of cash equivalents	17,293,509.00	21,483,163.00
Net increase of cash and cash equivalents	-4,586,628.00	-1,828,254.00

#### (XIV) . Supplement information

##### 1. Particulars about current non-recurring gains and loss

Unit:RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-15,114.00	
Other non-operating income and expenditure beside for the above items	-2,400,000.00	
Total	-2,415,114.00	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable  Not applicable

## 2.The differences between domestic and international accounting standards

1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Unit:RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-4,123,606.00	-4,187,136.00	114,119,534.00	118,852,391.00
Items and amount adjusted according to IAS				
Switch back the part of Hong Kong house property assessment in accordance with IAS	267,910.00	55,329.00	-4,729,270.00	-5,298,751.00
Pursuant to overseas accounting standards	-3,855,696.00	-4,131,807.00	109,390,264.00	113,553,640.00

2. Difference in Net profit and net Assets in the Financial Report as Disclosed Respectively according to the Accounting standards Outside Mainland China and the Chinese Accounting Standards.

Unit:RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-4,123,606.00	-4,187,136.00	114,119,534.00	118,852,391.00
Items and amount adjusted according to IAS				
Switch back the part of Hong Kong house property assessment in accordance with IAS	267,910.00	55,329.00	-4,729,270.00	-5,298,751.00
Pursuant to overseas accounting standards	-3,855,696.00	-4,131,807.00	109,390,264.00	113,553,640.00

## 3. Note to the Difference in the Accounting Data based on the Accounting Standards of CAS and IAS.

The influence of appreciation through appraisal of workshop and 2 parking spaces in Hong Kong in 1992.

## 3 Return on net assets and earnings per share

Unit :RMB

Profit of the report period	Return on net assets . Weighted ( % )	Earnings per share ( RMB )	
		Basic earnings per share	Diluted gains per share
Net profit attributable to the Common stock shareholders of Company.	-3.53%	-0.02	-0.02
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-1.46%	-0.01	-0.01

## 4. The explanation of abnormal circumstance and reasons of items in major accounting statement.

Items	Amount at the period end	Amount in year-begin	Chaged ( % )	Remark
Bills receivable		1,500,000	-100.00%	The payment for goods settled by means of bills in the previous year was recovered in current period
Payment in advance	15,867	176,443	-91.01%	Increase due to uncompleted prepayment of decoration expenses by Victor Onward Hong Kong, a subsidiary of the Company, in the report year.
Interests receivable		38,414	-100.00%	Inter-period interest was received in current period
Other receivable	339,073	260,005	30.41%	Increase of deposit accounts receivable
Financial assets	564,228	751,542	-24.92%	Influence of change in market price
Advance collections	7,827,624	2,778,488	181.72%	Increase of proceeds from disposal of waste fixed assets
Other payables	22,676,923	32,227,317	-29.63%	Payment of loan principal of RMB 10 million to Union Group
Other current liabilities	3,922,263	1,547,263	153.50%	Provision for professional service fee of RMB 2.40 million

  

Items	Amount at the period end	Amount in year-begin	Chaged ( % )	Remark
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Business tax and surtax	230,666	158,799	45.26%	Actual influence of taxes and levies on house rent income
Financial expreases	273,998	-47,525	-676.53%	Exchange rate influence
Income from change in fair value		-13,510	-100.00%	There were tradable financial assets in previous period. There were no such assets in current period.
Investment income	-71,083	428,646	-116.58%	Influenced by the change in gains and losses of affiliated companies
Non-operating income	3,929	29,563	-86.71%	Influence of other factors



## IX. Documents available for inspection

1.The Semi-Annual report 2013

2. Financial statement of the Company with signature and seal from the person in charge of the Company, person in charge of the accounting works and person in charge of accounting;

3.Originals text of all documents of the Company as well as manuscript of the announcement that disclosed on website appointed by CSRC.

4. The articles of Association.

English translation for reference Only Should there be any discrepancy between the two versions, the Chinese version shall prevail.

The Board of Directors of Shenzhen Victor Onward Textile Industrial Co., Ltd.

August 20, 2013