



深圳中冠纺织印染股份有限公司
Shenzhen Victor Onward Textile Industrial Co., Ltd.

2013 Annual Report

February 2014

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 annual report.

Da Hua Certified Public Accountants (Special General Partnership) issued an unqualified auditor's report with highlighted paragraphs to the Company. The board of directors and the supervisory committee of the Company have explained relevant matters in detail. Investors are advised to read relevant statements.

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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

Indication of major risks

This Report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail. Please pay attention.

II. Basic Information of the Company

1. Company Information

Stock abbreviation	*ST Shen Victor Onward A,*ST Shen 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	中冠		
English name (If any)	Shenzhen Victor Onward Textile Industrial Co., Ltd		
English abbreviation (If any)	VICTOR ONWARD		
Legal Representative	Hu Yongfeng		
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. 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

3. Information disclosure and placed

Newspapers selected by the Company for information disclosure	Securities Times and Hongkong Commercial Daily.
Internet website designated by CSRC for publishing the Annual report of the Company	http://www.cninfo.com.cn
The place where the Annual report is prepared and placed	Room 1308, Hualiang Building, No.2008 Shennan Zhong Road, Shenzhen

4.Changes in Registration

	Date of Registration	Authority Registered with	Number of Business License of Enterprise as Legal Person	Taxation Registration No.:	Organization Code
Initial registration	April 1, 1984	Shenzhen	440301501131182	440301618801483	61880148-3
Registration at the end of the reporting period	November 9, 1991	Shenzhen	440301501131182	440301618801483	61880148-3
Changes in principal business activities since listing (if any)	No Changes				
Changes is the controlling shareholder in the past (is any)	No Changes				

V. Other Relevant Information

CPAs engaged

Name of the CPAs	Da Hua Certified Public Accountants(Special General Partnership)
Office address:	8/F, B Union Square , No.5022. Binhe Road, Futian District , Shenzhen
Names of the Certified Public Accountants as the signatories	Xu Haining, Yang Chunxiang

The sponsor performing persist ant supervision duties engaged by the Company in the reporting period.

Applicable Not applicable

The Financial advisor performing persist ant supervision duties engaged by the Company in the reporting period

Applicable Not applicable

III. Summary of Accounting Highlights and Business Highlights

I. Summary of accounting /Financial Data

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

	2013	2012	Changed over last year (%)	2011
Operating Gross income (RMB)	26,998,990.00	11,095,669.00	143.33%	9,850,484.00
Net profit attributable to the shareholders of the listed company (RMB)	8,214,810.00	-247,331.00	-3,421.38%	-17,361,593.00
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-5,711,308.00	300,041.00	-2,003.51%	-17,375,777.00
Cash flow generated by business operation, net (RMB)	1,708,608.00	-384,418.00	-544.47%	4,202,430.00
Basic earning per share(RMB/Share)	0.0486	-0.0015	-3,340%	-0.1
Diluted gains per share(RMB/Share)(RMB/Share)	0.0486	-0.0015	-3,340%	-0.1
Net asset earning ratio (%)	6.7%	-0.21%	6.91%	-12.93%
	End of 2013	End of 2012	Changed over last year (%)	End of 2011
Gross assets (RMB)	170,502,789.00	172,002,557.00	-0.87%	172,238,794.00
Shareholders' equity attributable to shareholders of the listed company (RMB)	126,320,072.00	118,852,391.00	6.28%	119,047,096.00

II. Items and amount of non-current gains and losses

Unit:RMB

Items	Amount (2013)	Amount (2012)	Amount(2011)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	13,906,305.00	5,174.00	-522.00	
Except the effective hedge business related to the normal operation		6,045.00	13,965.00	

business of the Company, the profit and loss in the changes of fair values caused by the holding of tradable financial assets and tradable financial liabilities as well as the investment returns in disposal of tradable financial assets, tradable financial liabilities and saleable financial assets				
Other non-operating income and expenditure beside for the above items	19,813.00	-558,591.00	741.00	
Total	13,926,118.00	-547,372.00	14,184.00	--

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. 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, the lawsuit has been made. Within this year, the company disposed all textile machinery and equipment, the company has not textile processing capacity. Although this year the company sold the property located in Kowloon, Hongkong But the rental income still a major part of the cash flows and the main part of the current main business income.

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. In order to have the caution of delisting risk revoked, the Company made all efforts to enhance operating efficiency and increase return through various measures and successfully reversed loss into profit in 2013.

II. Analysis on principal Business

1. General

In 2013, the textile, printing and dyeing business of the head office subsidiaries of the Company did not recover and continued to be suspended for rectification. The Company leased its idle properties and carried out domestic trade of textile products on a small scale, The disposal of real estate investment .

Progress of development strategy and operation plans in this period that are disclosed by the company in the previous annual reports.

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. The Company has finished disposing the fixed assets (machinery and equipment) and machine parts.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable Not applicable

2. Revenue

Notes:

Scope of key business :Production and sales of textile products, necessary raw materials, auxiliary materials, various fabrics and garments and provision of relevant services.

In 2013, the total income from main operation was RMB 26.99 million, including rent income was RMB 10.09 million , Textile trade income was RMB 1.29 million and disposal of real estate investment income was 15.61 million.

Is the income from sales in kind greater than the service income?

Yes No

Significant orders in hand

Applicable Not applicable

Significant change in or adjustment of the products or services in the reporting period:

Applicable Not applicable

Main customers

Total sales amount to top 5 customers (RMB)	24,266,117.00
Proportion of sales to top 5 customers in the annual sales(%)	89.87%

Information of the Company's top 5 customers

Applicable Not applicable

No	Name	Amount of sales	Proportion(%)
1	China Real Estate (HK) Group Co., Ltd.	15,611,945.00	57.82%
2	Shenzhen Jinrongyuan Development Co., Ltd.	5,851,500.00	21.67%
3	Zhejiang Helan Industry Co., Ltd.	1,292,308.00	4.79%
4	SCS Express International Limited	910,364.00	3.37%
5	Shenzhen Hebainian Investment Development Co., Ltd.	600,000.00	2.22%
Total	--	24,266,117.00	89.87%

3.Costs

Classification of Industry

Unit:RMB

Classification	Items	2013	2012	Increase/Decre
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of industry		Amount	Proportion in operation costs(5(Amount	Proportion in operation costs (%)	ase(%)
Textile Industry		1,282,051.00	13.55%	1,248,550.00	23.06%	-9.51%
Leasing Industry		4,602,706.00	48.65%	4,164,806.00	76.94%	-28.29%
Real estate Industry		3,576,246.00	37.8%			

Classification of products

Unit:RMB

Classification of products	Items	2013		2012		Increase/Decrease(%)
		Amount	Proportion in operation costs(%)	Amount	Proportion in operation costs(%)	
Sales of viscos staple fiber		1,282,051.00	13.55%	1,248,550.00	23.06%	-9.51%
Leasing		4,602,706.00	48.65%	4,164,806.00	76.94%	-28.29%
The disposal of real estate investment		3,576,246.00	37.8%			

Notes

The real estate for investment disposed of in the report period is the house property of Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, which is located at Room 1801-1804, Huachuang Center, 889 Chuang Sha Wan Road, Kowloon, Hong Kong.

Principal suppliers

Total sales volume of top 5 clients (RMB)	0.00
Percentage of total sales volume of top 5 clients in total annual sales volume (%)	0%

Information about the top 5 suppliers

Applicable Not applicable

3.Expenses

The financial expenses for 2013 were RMB247,455, which increased by RMB 691.629 and 155.71% over those for 2012 (RMB -444,174) mainly due to exchange gains and losses, Income tax were RMB 2,384,583, which increased by RMB -41,869 for 2012, The increase mainly due to the profits tax generated from the disposal of investment property real by Hongkong Victor Onward.

6.Cash Flow

Unit:RMB

Items	2013	2012	Increase/Decrease(%)
Subtotal of cash flow received from operation activities	12,450,237.00	13,498,118.00	-7.76%
Subtotal of cash flow paid for operating activities	10,741,629.00	13,882,536.00	-22.62%
Net cash flow arising from operating activities	1,708,608.00	-384,418.00	-544.47%
Subtotal of investment activity cash inflows	20,749,535.00	30,000.00	69,065.12%
Subtotal of investment activity cash outflows	36,411.00	690,127.00	-94.72%
Net cash flow arising from investment activities	20,713,124.00	-660,127.00	-3,237.75%
Subtotal of fund raising activity cash outflows	10,124,439.00	126,343.00	7,913.45%
Net cash flow arising from raising activities	-10,124,439.00	-126,343.00	7,913.45%
Net increase in cash and cash equivalents	11,275,648.00	-1,172,054.00	-1,062.04%

Notes to the year-on-year change of the relevant data by over 30%

√Applicable □Not applicable

Net cash flows from operating activities increased mainly because the payment of RMB 1.5 million for goods collected in the form of banker's acceptance bill in the previous year was encashed in the report year. The cash inflows from investing activities increased mainly due to inflow of RMB 15.61 million from the disposal of the house property located at Room 1801-1804, Huachuang Center, 889 Chuang Sha Wan Road, Kowloon, Hong Kong and inflow of RMB 5.13 million from the disposal of dyeing machines and equipment. Net cash flows from financing activities decreased mainly due to payment of loan principal of RMB 10 million to Union Group, a related party, which was borrowed in the previous year.

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

√Applicable □Not applicable

The reason for the big difference between the net cash flows of RMB 1,708,608 from operating activities in the report period and the net profit of RMB 8,214,810 for the report year for the shareholders of the Company is that the important sources of the net profit of the Company for the report year are the disposal of fixed assets (which generated net profit of RMB 1.9 million) and sales of real estate for investment (which generated net profit of RMB 9.65 million).

III. Composition of principal businesses

Unit:RMB

	Operating revenue	operating costs	Gross profit rate(%)	Increase/decrease of reverse in the same period of the previous year(%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Industry						
Textile Industry	1,292,308.00	1,282,051.00	0.79%	2.02%	2.68%	-0.65%
Lease Industry	10,094,737.00	4,602,706.00	54.4%	2.7%	10.51%	-3.23%
Real estate	15,611,945.00	3,576,246.00	77.09%			
Product						
viscose staple fiber	1,292,308.00	1,282,051.00	0.79%	2.02%	2.68%	-0.65%
Leasing	10,094,737.00	4,602,706.00	54.4%	2.7%	10.51%	-3.23%
The disposal of real estate investment	15,611,945.00	3,576,246.00	77.09%			
District						
Domestic	9,553,683.00	4,151,650.00	56.54%	0.75%	-2.58%	1.48%
Hong Kong	17,445,307.00	5,309,353.00	69.57%	981.17%	361.03%	40.94%

Under the circumstance that the statistic specifications for the Company's principal business data experienced adjustment in the reporting period, the principal business data upon adjustment of the statistic specifications at the end of the reporting period in the latest year.

Applicable Not applicable

IV. Analysis on Assets and Liabilities

1. Significant Change in assets

Unit:RMB

	End of 2013		End of 2012		Proportion increase/decrease (%)	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		

Monetary capital	63,502,910.00	37.24%	52,227,262.00	30.36%	6.88%	The main reason for increase is the profit from the disposal of real estate for investment by Hong Kong Victor Onward
Accounts receivable			744,712.00	0.43%	-0.43%	Full amount provision for bad debts in respect of accounts receivable
Inventories			101,536.00	0.06%	-0.06%	Full amount provision for impairment in respect of inventories
Real estate for investment	23,458,153.00	13.76%	31,041,484.00	18.05%	-4.29%	Disposal of real estate for investment by Hong Kong Victor Onward
Long-term equity investment	66,931,685.00	39.26%	65,784,312.00	38.25%	1.01%	Hangzhou Bay Venture Company made profit
Fixed assets	7,191,205.00	4.22%	12,416,459.00	7.22%	-3%	Disposal of machinery and equipment

2. Significant Change in Liabilities

Unit:RMB

	2013		2012		Proportion increase/decrease (%)	Notes to the significant change
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Long-term loan	1,101,349.00	0.65%	1,033,936.00	0.6%	0.05%	For the reason of interest
Advance receipts	1,076,531.00	0.63%	2,778,488.00	1.62%	-0.98%	Advance receipts decreased because the advance receipts from disposal of machinery and equipment were carried forward after completion of transactions in the report year.
Remuneration payable to staff and workers	1,109,352.00	0.65%	766,680.00	0.45%	0.2%	Remuneration payable to staff and workers increased because the remuneration payable to the board of directors was not paid yet at the end of the year.
Taxes and levies payable	4,250,191.00	2.49%	1,622,074.00	0.94%	1.55%	Taxes and levies payable increased due to provision for profit tax in respect of the disposal of real estate for investment in Hong Kong in the report year.
Other payables	21,762,365.00	12.76%	32,227,317.00	18.74%	-5.97%	Other payables decreased due to repayment of loans to related companies in the report year.

3.Assets and liabilities Measured with Fair value

Unit:RMB

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Amount at year end
Financial assets							
3.Financial assets available for sales	751,542.00		-168,600.00				582,942.00
Subtotal of Financial assets	751,542.00		-168,600.00				582,942.00
Aforementioned total	751,542.00		-168,600.00				582,942.00
Financial liabilities	0.00						0.00

Did great change take place in measurement of the principal assets in the reporting period ?

 Yes No

V. Analysis on core Competitiveness

N/A

VI. Analysis on investment Status

1. External Equity investment

(1) External investment

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

2. Analysis on principal subsidiaries and Mutual Shareholding Companies

Particulars about the principal subsidiaries and Mutual 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)	121,632,880.00	50,734,564.00	17,445,307.00	11,913,267.00	9,530,660.00
Nanhua Company	Subsidiary	Textile industry	Textile Printing and dyeing	85,494,700 (HKD)	29,250,478.00	-17,259,520.00	6,486,700.00	502,352.00	490,235.00
Zhejiang Union Hangzhou Bay Chuangye Co., Ltd.	Shareholding companies	Real estate Industry	Real estate Development	247,476,832.6	1,414,590,802.00	305,663,374.00	55,875,550.00	5,072,925.00	3,399,130.00

Particulars about the principal subsidiaries and Mutual holding companies

Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd., a subsidiary of the Company, entered into real estate purchase and sale contract with China Real Estate (Hong Kong) Group Co., Ltd., a related party, on December 6, 2013. The real estate is located at Room 1801-1804, Huachuang Center, 889 Chuang Sha Wan Road, Kowloon, Hong Kong. This transaction involved amount of HKD 19.55 million (equivalent to RMB 15.61 million), which contributed net profit of RMB 9.65 million to the Company in 2013. It is an important asset transaction that helped the Company successfully turned losses into profits in 2013.

Acquirement and disposal of subsidiaries in the Reporting period

 Applicable Not applicable

VII. Prediction of business performance for January -March 2014.

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	Same period of	Increase or decrease%
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	report period			the previous year				
Estimated amount of accumulative net profit(RMB'0000)	-200	--	0	-266	--	-24.81%	--	0%
Basic earnings per shares (Yuan/share)	-0.011	--	0	-0.016	--	-31.25%	--	0%
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 2014 to March 2014 is estimated to be loss and about RMB -2 million to RMB 0.							

VIII. Special purpose principal under the control of the Company

N/A

IX. Development prospect

Controlling shareholder of the Company and the management of the company attaches great importance to the company's continued operational problems, through a variety of ways, including saling the assets and business of the company or its subsidiaries, joint venture or expand an existing business, aiming to improve the company asset quality, iprofitability, and enhance capacity for sustainable development .

X. Explanation of the Board of Directions Concerning the “ non-standard audit report” issued by the CPAs firm for the reporting period.

1. Basic information

Da Hua Certified Public Accountants(Special General Partnership) issued unqualified auditor's report with paragraph of emphasized matters for the Company's financial statements for 2013 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., Shenzhen Victor Onward Textile Industrial Co., Ltd. had disclosed its improvement measures in Note 11of Financial Statement,but its sustainable operation ability is still uncertain.

2. Basic opinions of certified public accountants on such matter:

Da Hua Certified Public Accountants(Special General Partnership) accepted entrustment, completed the audit of the financial statements of the Company for 2013 and issued unqualified auditor's report with paragraph of emphasized matters for the Company's financial statements for 2013. 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.

3.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.

4. 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, According to the relevant regulations including Stock Listing Rules of Shenzhen Stock Exchange, on April 24, 2013 on the Shenzhen Stock Exchange implemented the "delisting risk warning" to the company stock trading.

5.The possibility of eliminating this matter and its influence:

In order to have the caution of delisting risk revoked, the Company made all efforts to enhance operating efficiency and increase return through various measures and successfully reversed loss into profit in 2013.

6.The concrete measures of eliminating this matter and its influence

Controlling shareholder of the Company and the management of the company attaches great importance to the company's continued operational problems, through a variety of ways, including selling the assets and business of the company or its subsidiaries, joint venture or expand an existing business, aiming to improve the company asset quality, profitability, and enhance capacity for sustainable development .

XI. Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

N/A

XII. Explain retrospective restatement due to correction of significant accounting errors in the reporting period.

N/A

XIII. Explain change of the consolidation scope as compared with the financial reporting of last year.

N/A

XIV. Dividend Distribution Preparation**Implementation or adjustment of the Company's profit Distribution policy, Especially Cash Dividend Distribution Policy in the Reporting Period.**

√Applicable □ Not applicable

The Company's profit distribution policy, based primarily on the 4th meeting of the sixth board of directors of the Company considered and approved the "Articles of Association" in the relevant provisions on the Company's Profit Distribution Policy and Planning for Return to Shareholders in the Next Three Years (2012-2014), The revised profit distribution policy defined dividend distribution standards and proportion was clear, improved the Company's decision making and supervision mechanism for profit distribution and ensured return to shareholders.. independent directors conducted effective supervision of the profit distribution plan of the Company and expressed independent opinions. Minority shareholders have adequate opportunity to express their views and aspirations, Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on August 16, 2012. for the Articles of Association of the Company concerning profit distribution.

Special cash dividend policy description	
Whether meets the requirements of the provisions of the articles of association or shareholders' meeting resolutions:	Compliance with regulations and requirements
Whether dividends standard and proportion are clear	Dividends standard and proportion are clear
Whether decision making and supervision mechanism for profit distribution are completed	Decision making and supervision mechanism for profit distribution are completed
Whether independent directors perform their duties responsibly and play its due role:	Independent directors implemented the status of the company's profit distribution plan for the effective oversight and independent opinion
whether the Minority shareholders have adequate opportunity to express their views and aspirations and Their legitimate rights and interests have been fully protected	Minority shareholders have adequate opportunity to express their views and aspirations, Their legitimate rights and interests have been fully protected
Whether the Cash dividend policy to adjust or change the conditions and procedures are compliant and transparent	In 2013, there are no cash dividend policy adjustments and changes..

Notice: During the reporting period the company should disclose the profit distribution policy, especially cash dividend policy formulation, implementation or adjustments, explain the requirements of the provisions of the articles of association or shareholders' meeting resolutions, whether the Minority shareholders legitimate rights and interests have been fully protected, whether the Independent directors implemented opinions, Whether

dividends standard and proportion are clear, and Whether the Cash dividend policy to adjust or change the conditions and procedures are compliant and transparent.

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

The company's annual profit distribution for 2011.

As audited by Shinewing Certified Public Accountants, the total profit of the Company for 2011 is RMB-17,466,414 , After deduction of minority gains and losses of RMB-61,919 and income tax expenses of -42,902, net profit is RMB-17,361,593,the total year-end undistributed profit is - RMB -116,026,610. The Company is neither to distribute profit nor to capitalize capital surplus for the current year.

The company's annual profit distribution for 2012.

1 As audited by Da Hua Certified Public Accountants(Special General Partnership) , the total profit of the Company for 2012 is RMB-289,200 , After deduction of minority gains and losses of RMB 0 and income tax expenses of -41,869, net profit is RMB-247,331,the total year-end undistributed profit is - RMB-116,273,941. The Company is neither to distribute profit nor to capitalize capital surplus for the current year.

Profit distribution preplan for 2013:

1 As audited by Da Hua Certified Public Accountants(Special General Partnership) , the total profit of the Company for 2013 is RMB10,234,487 , After deduction of minority gains and losses of RMB-364,906 and income tax expenses of 2,384,583, net profit is RMB8,214,810,the total year-end undistributed profit is RMB-108,059,131. The Company is neither to distribute profit nor to capitalize capital surplus for the current year.

2. According to the decisions of the 12th meeting of the sixth board of directors of the Company held on February 26, 2014, the Company will neither distribute profit nor capitalize capital surplus for 2013 and will use the profit to make up the losses of the previous year.

The above profit distribution preplan is to be submitted to 2013 annual shareholders' general meeting for examination.

3.. The reason for no profit distribution for 2013, use of profit and relevant plan

At present, the Company has no main operation and only leases some factory buildings. As of the end of the report period, the profit available for distribution to shareholders was still negative. After the discussion in Board of directors meeting, the Company will neither distribute profit nor capitalize capital surplus for 2013 and will use the profit to make up the losses of the previous year.

4.. The independent opinions expressed by the independent directors of the Company on the profit distribution preplan made by the board of directors for 2013

In the opinion of the independent directors, the Profit Distribution Preplan for 2013 examined and adopted at the board meeting of the Company was made based on fully considering the current conditions of the Company, complied with the Company's actual conditions and contributed to the Company's normal operation and the safeguarding of shareholders' long-term interest. It also completely complied with relevant provisions of the Articles of Association of the Company and Accounting Regulations for Business Enterprises. The profit distribution preplan of the Company for 2013 was approved. It was also approved to submit this preplan to 2013 annual shareholders' general meeting of the Company for examination.

Dividend distribution of the latest three years

Unit: RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements
2013		8,214,810.00	
2012		-247,331.00	
2011		-17,361,593.00	

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

XV.Preplan for profit distribution and transferring capital reserve into share capital for the report period

Cash dividend policy:
Notes
According to the decisions of the 12th meeting of the sixth board of directors of the Company held on February 26, 2014, the Company will neither distribute profit nor capitalize capital surplus for 2013 and will use the profit to make up the losses of the previous year. It was also approved to submit this preplan to 2013 annual shareholders' general meeting of the Company for examination.

XVI. Social responsibility

(I) Protecting shareholders' rights and interests

1. The company established a standardized corporate governance structure, the effective implementation and monitoring of the operating mechanism to ensure that the company operates in accordance with law, standardized operation and promote common development with all stakeholders. Concerned about public welfare and environmental protection issues, and maximize shareholders' equity, the pursuit of economic efficiency into account social, practicing corporate social responsibility.
2. The Company perfected the mechanism for shareholders' general meeting, standardized the procedure of convening and holding shareholders' general meeting and its agenda and ensured middle and small shareholders' right of knowing facts about the Company, participation and voting.

(II) Safeguarding employees' rights and interests

1. The Company implemented the system of all employees signing labor contracts according to relevant provisions of Labor Law and Labor Contract Law and formulated and unceasingly perfected the regulations on safeguarding employees' rights and interests. It has sound remuneration appraisal system so as to ensure reasonable allocation of remuneration to employees.
2. Despite current production suspense, the Company has always adhered to the work policy of "safety first", regularly organized employees to study and unceasingly improved all safety systems to earnestly safeguard employees' rights and interests.

Whether the listed company and its subsidiaries belong to the heavy polluting industries regulated by the state environmental protection department.

Yes No

Whether the listed company and its subsidiary exist the major social security issues.

Yes No

Whether has been punished during the report period.

Yes No

XVII.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
January 9, 2013	BOD office of the Company	By phone	Individual	Investor	Inquiry about the possibility of the conversion of the Company's B shares into H shares
May 30,2013	BOD office of the Company	By phone	Individual	Investor	Inquiry about the date of shareholders' general meeting of the Company
July 30,2013	BOD office of the Company	By phone	Individual	Investor	Inquire about the possibility of the Company's loss reversal at the end of the year
December 27, 2013	BOD office of the Company	By phone	Individual	Investor	Inquiry about the time of disclosure of the annual report of the Company

V. Important Events

I. Major lawsuits and Arbitration affairs

√ Applicable □ Not applicable

Basic information of lawsuits(Arbitration)	Amount involved (RMB'0000)	Whether comes to accrual liability or not	Progress of lawsuits(arbitration)	Trial results and influence	Judgment enforcement situation	Disclosure date	Index of disclosure
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	4,792	No	The case hasn't yet been tried			June 16,2012	Announcement No. 2012-0614) Securities Times , Hong Kong Commercial Daily and www.cninfo.com.cn

<p>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 June 14, 2012. The Defendant Nanjing East Asia Textile Printing and Dyeing Co., Ltd. made objection to the jurisdiction of this case during the period of defence submission. The court formed a collegial bench and conducted examination according to law. On December 24, 2013, Jiangsu Higher People's Court issued Civil Ruling Paper to reject the objection made by Nanjing East Asia Textile Printing and Dyeing Co., Ltd. about the jurisdiction. ((2013) SSWXCZ No. 0001 Civil Ruling Paper of Jiangsu Higher People's Court Civil Ruling Paper)</p>							
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II. Query from media

Applicable Not applicable

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

III. Bankruptcy or Reorganization Related Events

N/A.

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	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 Relation with the 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

)							
China Real Estate (Hongkong) Group Co., Ltd.	Room 1801-18, Huachuang Center, No.889, Cheung Sha Wan Road, Kowloon, Hongkong.	December 6, 2013	1,561	965	Turnaround	12.95%	Evaluation	Yes	The related parties controlled the same Actual controller	Yes	Yes	December 31, 2013	http://www.cninfo.com.cn/finalpage/2013-12-31/63434860.PDF
Wuxi Guokang Printing & Dyeing Machine Plant, Guangzhou Yongjun Investment Co., Ltd., Yingde Jifeng Dyeing & Weaving Co., Ltd.	Fixed Assets (Machinery and Equipment) and Part	June 30, 2013	675	190	Ppofit increased	24.22%	Agreement	No		Yes	Yes	June 4, 2013	http://www.cninfo.com.cn/finalpage/2013-06-04/62551854.PDF

V. Implementation of the Company's Equity Incentive plan and its influences

N/A.

VI. Material related transactions

1. Other material related transactions

The house property of Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, which is located at Room 1801-1804, Huachuang Center, 889 Chuang Sha Wan Road, Kowloon, Hong Kong, was sold to China Real Estate (Hong Kong) Group Co., Ltd., a related party, in the form of agreed assignment and at the price of HKD 19.55 million (equivalent to RMB 15.50 million) appraised by Loyalty Surveyors Co., Ltd., a Hong Kong appraisal agency, and Shenzhen Tianjian Guozhonglian Assets Appraisal & Land and Real Estate Valuation Co., Ltd.

Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on November 6, 2013 (Announcement No. 0650)

On December 6, 2013, Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd. and China Real Estate (Hong Kong) Group Co., Ltd. entered into purchase and sale contract and completed the transaction in the witness of the lawyers of both parties. The payment for the house property has been fully received.

Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on December 31, 2013 (Announcement No. 0651)

The purchase and sale contract has been registered and filed with Hong Kong Government Land Registry and the real estate transaction has been fully completed.

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
Related Transaction Announcement of Shenzhen Victor Onward Textile Industrial Co., Ltd.	October 11, 2013	(http://www.cninfo.com.cn)
Announcement on the progress of the real estate transaction	December 31, 2013	(http://www.cninfo.com.cn)
	February 14, 2014	(http://www.cninfo.com.cn)

VII. Important contracts and implementation

1. Other related transaction

On December 6, 2013, Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd. and China Real Estate (Hong Kong) Group Co., Ltd. entered into purchase and completed the sale contract in the witness of the lawyers of both parties. This transaction involved amount of HKD 19.55 million (equivalent to RMB 15.61 million). The payment for the property has been fully received. The contract has been recorded in Hong Kong Land Registry registration, thus the real estate transactions have been completed.

VIII. Implementation of Commitments

1. 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	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 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	June 3, 2009	In effect	Under Fulfillment

		the provisions of the relevant business principles of Shenzhen Stock Exchange.			
Commitment in the acquisition report or the report on equity changes	Not applicable				
Commitments made in Material assets Reorganization	Not applicable				
Commitments made in issuing	Not applicable				
Other commitments offered to the company's minority shareholders	Not applicable				
Whether the commitments fulfilled in a timely manner	Yes				
The specific reason for the unfinished commitments and the next step (If any)	Not applicable				

2. There existed profit anticipation for the Company's assets or projects while the reporting period was still within the duration of the profit anticipation. The Company made explanation on whether the assets or projects reached the anticipated profit and the cause

Profit-predicted assets or name of project	Predicted starting time	Predicted ending time	Predicted result in the reporting period(RMB '0000)	Actual result in the reporting period (RMB '0000)	Cause of failure to realize the predicted result(if applicable)	Predicted disclosure date	Predicted disclosure index

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Da Hua Certified Public Accountants(Special General Partnership)
Remuneration for domestic accounting firm (RMB'0000)	30
Continuous life of auditing service for domestic accounting firm	1
Name of domestic CPA	Xu Haining, Yang Chunxiang

Has the CPAs been changed in the current period

Yes No

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing

Yes No

In the report year, the Company engaged Da Hua Certified Public Accountants (special general partnership) as the auditing body for internal control for 2013 and paid it remuneration of RMB 0.15 million.

X. Explanation of the Supervisory Committee and Independent Directors (If applicable) on the Qualified Auditor's Report Issued by the CPAs.

Da Hua Certified Public Accountants(Special General Partnership) issued unqualified auditor's report with highlighted paragraphs for the financial statements of the Company for 2013. The board of directors of the Company made a special statement on the matters involved in the Unqualified Auditor's Report of the Company for 2013 with Highlighted Paragraphs. The independent directors of the Company expressed independent opinions on this. The supervisory committee of the Company held the opinion that this statement matched its actual conditions and agreed to opinions of the board of directors of the Company.

XI. Punishment and Rectification

Name	Type	Reasons	Type of investigation and penalty	Conclusion(if applicable)	Disclosure date	Index of disclosure

Notes

Applicable Not applicable

About directors, supervisors, senior executives or shareholders holding over 5% of the Company's total shares suspected of being involved in trading of the Company's shares against the regulations and recovery of the profit obtained by such persons suspected of being involved in trading of the Company's shares against the regulations as disclosed by the Company.

Applicable Not applicable

XII. Situation of being confronted of suspension or termination of listing upon disclosure of the Annual report

N/A.

XIII. Notes to other significant Events

1. 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>

2. 1. Announcement of Shenzhen Victor Onward Textile Industrial Co., Ltd. on Assignment of Partial Equity of A Joint Venture Named Zhejiang Union Hangzhou Bay Ventures Co., Ltd. by A Wholly-owned Subsidiary Named Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd and relevant announcements disclosed on Securities Times, Hong Kong Commercial Daily and

www.cninfo.com.cn on June 18, 2013 (Announcement No. 0639).

3. Related Transaction Announcement of Shenzhen Victor Onward Textile Industrial Co., Ltd.

Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on October 11, 2013. (Announcement No. 0644)

4. Announcement of resolutions of the 10th Meeting of the Sixth board of Directors of Shenzhen Victor Onward Textile Industrial Co., Ltd.

Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on October 11, 2013. (Announcement No. 0645)

5. The Company entered into transaction contract with Wuxi Guokang Printing and Dyeing Machinery Plant, Guangzhou Yongjunye Investment Co., Ltd. and Yingde Jifeng Dyeing and Weaving Co., Ltd. in respect of disposal of fixed assets (machinery and equipment) and parts. The said asset sale was voted through at the seventh meeting of the sixth board of directors of the Company.

Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on June 4, 2013. (Announcement No. 0634), At the end of the report year, relevant transaction was completed. RMB 6.75 million was collected in total and net profit of RMB 1.90 million from the disposal was made.

6. During the reporting period, the company has not the relevant issues of promises required in “Guideline No. 4 on Supervision and Administration of Listed Companies – The Commitment and Performance of The Listed Company and its Actual Controller, Shareholders, Affiliated Party and Offeror” or overdue unfulfilled commitments.

XIV. Significant events of subsidiaries

The house property of Victor Onward Printing and Dyeing (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, which is located at Room 1801-1804, Huachuang Center, 889 Chuang Sha Wan Road, Kowloon, Hong Kong, was sold to China Real Estate (Hong Kong) Group Co., Ltd., a related party, in the form of agreed assignment and at the price of HKD 19.55 million (equivalent to RMB 15.50 million) appraised by Loyalty Surveyors Co., Ltd., a Hong Kong appraisal agency, and Shenzhen Tianjian Guozhonglian Assets Appraisal & Land and Real Estate Valuation Co., Ltd.

(Refer to Announcement that disclosed on Securities Times ,Hong Kong Commercial Daily and www.cninfo.com.cn respectively on November 6, 2013, October 31, 2013 and February 14, 2014. (Announcement No. 2013-0650,2013-0651 and 2013-0654)

XV. Issuing of Company Bonds

N/A.

VI. Change of share capital and shareholding of Principal Shareholders

(I).Changes in share capital

Unit:Shares

	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%
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%

	56							56
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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

II. Issuing and listing

1.. Change of asset and liability structure caused by change of total capital shares and structure

N/A.

2. About the existing employees' shares

Date of issuing the employees' shares	Issuing price of the employees' shares (RMB)	Issuing quantity of the employees' shares(shares)
Notes to the existing employees' shares	N/A	

III. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

Unit: Shares

Total shareholder at period-end	9,164	Total shareholders at the end of the 5 th day from the date of disclosing the annual report	9,088					
Particular about shares held by top ten shareholders								
Shareholder name	Properties of shareholder	Share proportion %	Quantity at the end of the reporting period	Increase/d ecrease in the reporting period	Number of the restricted shares held	Number of the Non-restricted shares held	Pledging or freezing	
							Status of the shares	Quantity
Union Holdings	Domestic Non-	25.51%	43,141,030	0	0	43,141,030		

Co., Ltd.	State-owned legal person		2			2	
STYLE-SUCCESS LIMITED	Foreign legal person	14.46%	24,466,029	0		24,466,029	
Rich Crown Investment Co., Ltd.	Foreign legal person	3.62%	6,114,556	0		6,114,556	
Union Development Group Co., Ltd.	Domestic Non-State-owned legal person	3.36%	5,681,089	-140,000		5,681,089	
Liuzhou Jiali Real estate Development Co., Ltd.	Domestic Non-legal person State-owned legal person	2.54%	4,300,000	+80,000		4,300,000	
Shenzhen Textile (Group) Holdings Ltd	State-owned Legal person	2.21%	3,744,594	-5,488,800		3,744,594	
Zeng Ying	Domestic Natural person	1.21%	2,049,600	+10,000		2,049,600	
Liuzhou Ruiheng Mechatronics Co., Ltd.	Domestic Non-State-owned legal person	1.01%	1,700,000	-10,000		1,700,000	
Shing Ying Chieh	Foreign Natural person	0.54%	909,962	-625,000		909,962	
Nie Zongdao	Domestic Natural person	0.51%	854,350			854,350	
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) See Notes 3)			N/A				
Explanation on associated relationship among the aforesaid shareholders			The controlling shareholder of the above-mentioned largest shareholder Shenzhen Union Holdings Ltd. and third 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 exchange	24,466,029
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.	4,300,000	RMB Common shares	4,300,000
Shenzhen Textile (Group) Holdings Ltd	3,744,594	RMB Common shares	3,744,594
Zeng Ying	2,049,600	Foreign shares placed in domestic exchange	2,049,600
Liuzhou Ruiheng Mechatronics Co., Ltd.	1,700,000	RMB Common shares	1,700,000
Shing Ying Chieh	909,962	Foreign shares placed in domestic exchange	909,962
Nie Zongdao	854,350	RMB Common shares	854,350
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 Notes 4)	N/A		

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

Yes No

2. Information about the controlling shareholder of the Company

Corporation

Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Institution code	Registered capital	Main business
Shenzhen Union Holdings Co., Ltd.	Dong Binggen	September 11, 1989	19247150-0	RMB 1123.8877 million	Production of and dealing in various fabrics, garments chemical fibers and textile equipment, domestic commerce, material supply and marketing (excluding monopolized commodities), management of self-owned properties, processing with imported materials and designs, internal introduction and foreign cooperation, assembling with imported spare parts and cooperation in compensation trade. real estate development and sales within the scope of land use right legally obtained, property management and lease services and sales of automobiles (not including Limit term) .
Operating results, financial position, cash	At the end of September 2013, the total assets and net profit of Union Holdings Co., Ltd. were RMB 4309.12 million and RMB 63.25 million respectively. The company				

flow and future development strategy	will develop real estate business as its main operation as ever.
Equity of other domestic/foreign listed company controlled by actual controller in reporting period	N/A

Change of the actual controller in the reporting period

Applicable Not applicable

3. Information about the controlling shareholder of the Company

Corporation

Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Institution code	Registered capital	Main business
Union Development Group Co., Ltd.	Dong Binggen	August 23, 1983	19033795-7	RMB 90.61million	Production and sales of chemical, textile and garment products (the license of product site is subject to separate application), import and export business, contracting of project construction, import and export of necessary engineering equipment and materials, export of labor, external investment, technical consulting services, real estate development and sales within the scope of land use right legally obtained, property management and

					lease services and sales of automobiles (including cars).
Operating results, financial position, cash flow and future development strategy	At the end of 2012, the total assets, shareholders' equity, Shareholders' equity attributable to shareholders of the parent company and net profit of Union Developing Group Co., Ltd. were RMB7907.77 million, RMB 3384.88 million, 1476.29 million and RMB 70.79 million respectively. The future development strategy is to become an excellent operator of city compound development.				
Equity of other domestic/foreign listed company controlled by actual controller in reporting period	Union Holdings Co., Ltd. (000036) Quantity of shares held 352.0493 million, Shareholding ratio 31.32%.				

Change of the actual controller in the reporting period

Applicable Not applicable

Particulars about the actual controller of the Company

Union Group Co., Ltd. holds 31.32% equity capital of China Union Holding Ltd. and has controlling relationship with China Union Holding Ltd. which is the controlling shareholder of the company. Thus, Hualian Development Group Co., Ltd. is the actual controller of the company. At present, the Company only has the largest shareholder but no actual controller. Regarding actual controller, Union Group makes the following statement:

(1) Brief introduction of Union Group

Union Group was jointly sponsored and established by 21 corporate shareholders including Ministry of Textile Industry and textile departments or bureaus of 18 provinces or cities in August 1983. Registered capital: RMB 90.61 million. By taking the policy advantages of Shenzhen Special Zone, Union Group, as a model enterprise in Chinese textile industry, is specially engaged in investment and operation in textile industry and import and export of Textile products, which is directly under Ministry of Textile Industry.

Throughout the years, due to constant reform of economic management system and quick development of socialist market economy, the Group has experienced management mechanism's adjustment and equity structure change for many times. In 1993 when the State Council carried out structural reform, Ministry of Textile Industry was dissolved and China Textile Federation was established. The Group's relationship of subordination continued. After China Textile Federation was dissolved in 1998, the Group was put under the supervision of Central Enterprise Industrial Committee. In 2003, State-owned Assets Supervision and Administration Commission of the State Council was established. In April 2005, The Group became one of the enterprises under its supervision. State-owned Assets Supervision and Administration Commission of the State Council transferred 12.09% state-owned equity of Union Group to OCT Group Company and authorized OCT Group Company to perform the

capital contributor's responsibilities on behalf of 12.09% state-owned equity. OCT Group Company became the largest shareholder of Union Group.

Union Group has been engaged in textile and garment industry for long term. Due to fierce market competition, state-owned capital has left or is leaving textile and garment industry. The provincial management mechanism to which the Group's shareholders are subject has also undergone great change. From 2004, some shareholders of the Group as promoters began to assign shares of Union Group in succession according to the change of situation and their own conditions. Some private enterprises became the shareholders of Union Group. By November 2005, Hangzhou Jinjiang Group Co., Ltd. acquired 20.89% equity of Union Group and became the largest shareholder. OCT Group became the second largest shareholder.

(1) At present, Union Group has 16 corporate shareholders. The particulars are as follows:

No.	Name of shareholder	Amount of capital contribution (RMB'0000)	Proportion of capital contribution (%)	Remarks
1	Hangzhou Jinjiang Group Co., Ltd.	1,892.8120	20.8896	Private
2	OCT Group	1,094.9500	12.0842	State-owned
3	Henan Fuxin Investment Co., Ltd.	984.2567	10.8600	Private
4	Changan International Trust Co., Ltd	926.0019	10.2196	State-owned
5	Shandong Textile Industrial Association	569.9196	6.2898	State-owned
6	Hebei National assets Holding Co., Ltd.	531.4800	5.8655	State-owned
7	Zhejiang Zhengcai Trade Co., Ltd	530.0000	5.8492	Private
8	Heilongjiang Textile Industry Association	500.0000	5.5181	State-owned
9	Sichuan Shulian Co., Ltd.	329.0240	3.6312	Private
10	Hubei Textile Industry Association Secretariat	300.0000	3.3108	State-owned
11	Jiangsu Textile (Group) Co., Ltd.	288.6723	3.1859	State-owned
12	Liaoning Textile Industry Association	286.4400	3.1612	State-owned
13	Shenzhen Textile (Group) Holdings Ltd	260.0000	2.8694	State-owned
14	Xinjiang Uygur Autonomous Region Textile Industry Association	236.4600	2.6096	State-owned
15	Beijing Textile Holdings Co., Ltd.	215.8400	2.3820	State-owned
16	China Textile Machinery (Group) Co., Ltd.	115.1435	1.2707	State-owned
	Total	9061.00	100.00	

As of the day of issuing this report, Union Group has 16 shareholders in total, which are all corporate shareholders. 12 shareholders are state-owned enterprises or enterprises with government background, which collectively hold 58.77% equity of Union Group. 4 shareholders are private enterprises, which collectively hold 41.23% equity of Union Group.

(2) Composition of board members of Union Group

According to the Articles of Association of Union Group, the directors shall be appointed by the corporate shareholders that contribute capital of more than RMB 5 million (not including RMB 5 million) and be elected by the shareholders' meeting. The board of directors shall be composed of 7 to 11 members. The current sixth board of directors was elected in May 2012.. It has 7 members, including 5 members coming from corporate shareholders, 1 member jointly recommended by shareholders and 1 independent director. The particulars are as follows:

No	Name of shareholder	Directors appointed	Remarks
1	Hangzhou Jinjiang Group Co., Ltd.	1 person/Dou Baibing	
2	OCT Group	1 person /Wang Xiaowen	
3	Shandong Textile Industrial Association	1 person/Xia Zhilin	
4	Hebei National assets Holding Co., Ltd.	1 person /Zhuang Zhiming	
5	Zhejiang Zhengcai Trade Co., Ltd	1 person/Zhang Sijie	
6		Dong Binggen	Common recommended
7		Long Xingping	Independent Director

(3) Description of the actual controllers

Union Group has been a standardized limited liability company since its establishment. Despite decentralized equity and large number of shareholders, the department in charge of industry and state asset management department has been incontrovertible direct administrator because they were all state-owned shareholders and engaged in the same industry before 2004. Private capital has entered since 2004 and its proportion has been unceasingly enlarged. The largest shareholder turned from national administrative department into a state-owned enterprise, which was then replaced by a private enterprise. The actual controller

of Union Group gradually changed. The concrete process of change is as follows:

(1) After the establishment of Union Group and before State-owned Assets Commission under the State Council transferred 12.09% equity held by it to OCT Group, the relationship of subordination of Union Group was definite. State administrative agencies (Ministry of Textile Industry, China Textile Federation, industrial commission of national enterprise and State-owned Assets Commission under the State Council) exercised management rights. Relevant national departments were responsible for the establishment of board of directors, appointment of management, audit and supervision.

(2) From April 2005, OCT Group became the largest shareholder of Union Group. The management methods adopted when State-owned Assets Commission under the State Council conducted supervision were still adopted in some aspects. For examples, Union Group regularly submitted financial data to state assets management department and accepted the economy audit by the supervisory committee under the State Council. The financial statements of OCT Group consolidated those of Union Group. However, changes started in some aspects. The establishment of board of directors and the appointment of management were carried out completely according to the Articles of Association of Union Group. The shareholders' general meeting and the board of directors independently exercised the powers assigned by laws and regulations. The reelection of board of directors and the appointment of management were no longer reported to relevant department for examination and approval.

(3) In 2005, Hangzhou Jinjiang Group held 20.89% equity of Union Group through acquisition and became the largest shareholder of Union Group by replacing OCT Group. Hangzhou Jinjiang Group and OCT Group respectively appointed one of 8 members of the fifth board of directors reelected in that year.

(4) In 2007, Union Group did not submit various financial data to OCT Group and state-owned regulatory authority. The statements of OCT Group did not consolidate those of Union Group. State assets supervision organ did not conduct regular economy audit of Union Group either.

(5) Though private enterprise Hangzhou Jinjiang Group is the largest shareholder, only one of 1 member of the board of directors comes from it and it has no substantial influence on important decisions of Union Group. Meanwhile, Hangzhou Jinjiang Group neither participated in the daily management and operation of Union Group, nor required submission of daily financial statements, nor consolidated financial statements nor sent personnel to conduct economy audit

(6) From the fifth board of directors, Dong Binggen was jointly recommended by all shareholders to enter the board of directors and was elected as board chairman. He does not represent any shareholder. Instead, he is responsible for all shareholders.

Based on the above facts, Union Group holds the opinion that Union Group, as a limited liability company with a history of 31 years, has formed a standardized mode of operation according to law and business management during change of equity and its corporate governance structure has been increasingly stable and mature. The shareholders' meeting is the highest power organ of the Company. The board of directors is responsible to the shareholders' meeting and exercises the right to make decisions on important matters of Union Group according to the articles of association. The management is responsible for daily operation management of Union Group. At present, Union Group does not have administrative department or unit in charge. The largest shareholder only holds 20.89% equity of Union Group. No shareholder has absolute control over or absolute influence on the shareholders' meeting and board of directors of Union Group and is daily operation. The mutual restriction between shareholders of Group is quite apparent. Therefore, Union Group only has the largest shareholder and does not have actual controller at present.

The particulars of the shareholders holding more than 10% of total shares on the level of final control

Yes No

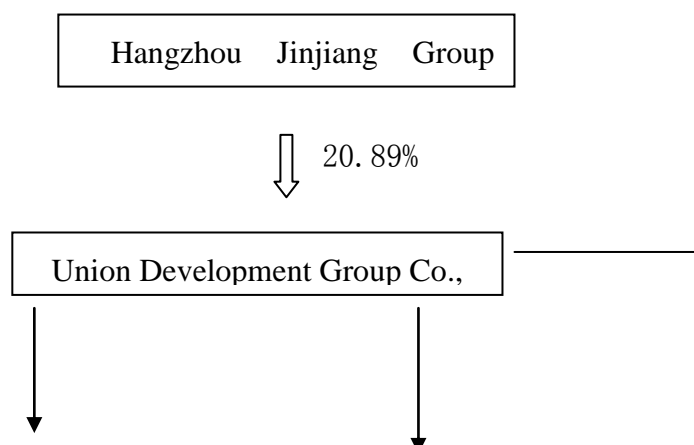
Corporate shareholders:

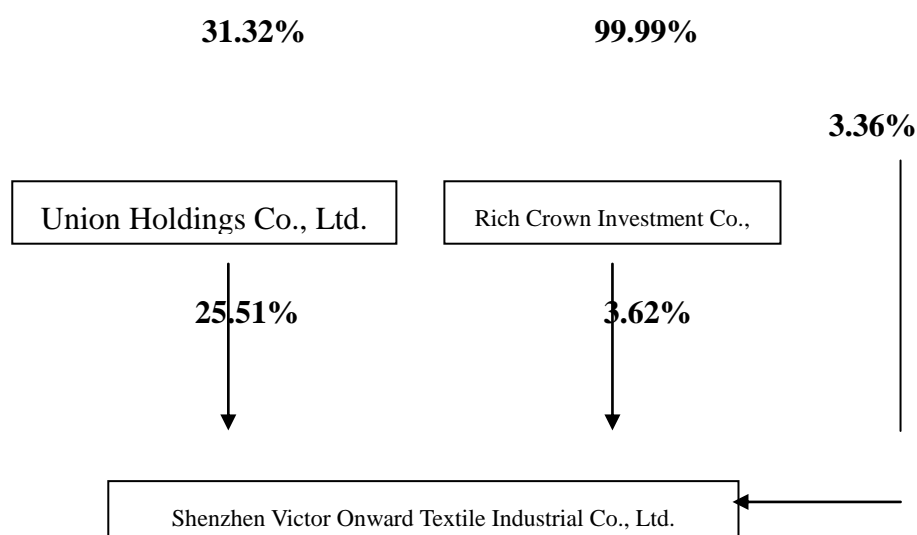
Name of shareholder on the level of final control	Legal representative/Leader	Date of incorporation	Organization code	Registered Capital	Main business
Hangzhou Jinjiang Group Co., Ltd.	Dou Zhenggang	March 17, 1993	14375868-7	99000	Licensed business: Coal wholesale. General business: wholesale and retail of paper, paper products and raw materials, general merchandises, electrical wires and cables, communication equipment, building materials, decorative materials, hardware and electrical appliances, electronic products, chemical products and raw materials (except chemical hazardous articles and poisonous chemicals), metal material and plastic products; export and import business, all lawful businesses not subject to examination and approval, including the business scope of branches.
OCT Group	Ren Kelei	June 6, 1986	190346175	630000	Key business: Export of textile products and light industrial products and business of commodities and mechanical equipment of the first category for self use in the special

					zone approved by competent department of special zone, import of industrial products (subject to (92) Wai Jing Mao Guan Ti Shen Zheng Zi No. A19024 Document issued by Economic and Trade Ministry), compensation trade, investment in industries, tourism, real estate, commerce and trade, finance and insurance, packaging, decoration and printing industries, domestic sales of commodities produced for export and imported commodities, tourism, warehouse lease, culture and art business, donation, bonded warehouse for automobiles, convention and exhibition services (the businesses subject to permit can be operated only after the obtainment of relevant permits) and sales of automobiles (including cars).
Henan Fuxin Investment Co., Ltd.	Yan Sanyin	March 4, 2011	56984136-5	1100	Investment in industries
Changan International Trust Co., Ltd.	Gao Chengcheng	December 28, 1999	22060745-3	125888	Fund trust, personal estate trust, real estate trust, securities trust, trust of other properties or property rights, doing investment fund businesses as a sponsor of investment funds or fund management companies, reorganization, takeover and merger of enterprise assets, project financing, money management for enterprises, financial consultation, securities underwriting approved by relevant department of the State Council, intermediary services, consultation and credit inquiry, trusted safekeeping and safety-deposit box business, application of inherent properties by means of deposit with banks, due from banks, loan, lease and investment, providing guarantee to others with inherent properties, and other businesses stipulated in laws and regulations or approved by China Banking Industry Regulatory Commission.
Operating results,	1.As of December 31, 2013, the total assets and net assets of Hangzhou Jinjiang Group Co., Ltd. were respectively RMB 40.439 billion and RMB 14.92 billion. Its operating income and net profit for 2013				

financial position, cash flow and future development strategy	<p>were respectively RMB 24.988 billion million and RMB 0.591 billion.</p> <p>2. . As of December 31, 2013, the total assets and net assets of OCT Group . were respectively RMB 104.5 billion and RMB 33 billion. Its operating income and net profit for 2013 were respectively RMB48.2 billion and RMB 4.8 billion.</p> <p>3. As of December 31, 2013, the total assets and net assets of Henan Fuxin Investment Co., Ltd. were respectively RMB 42.50 million and RMB 11.93 million. Its operating income and net profit for 2013 were respectively RMB 0 million and RMB 0.53 million.</p> <p>4.. As of December 31, 2013, the total assets and net assets of Changan International Trust Co., Ltd. were respectively RMB 4.003 billion and RMB 3.095 billion. Its operating income and net profit for 2013 were respectively RMB 2.329 billion million and RMB 0.944 billion.</p> <p>The above-mentioned shareholders on the level of control have no control relationship with the Company and its actual controller Union Group. There is a difference between their business operations and strategic positioning. There is no substantial influence on the development of the Company.</p>
The equity of other domestic and foreign listed companies controlled by the shareholders on the level of final control in the report period	Not applicable

Block Diagram of the ownership and control relations between the company and the actual controller





The actual controller controls the company by means of trust or managing the assets in other way

Applicable Not applicable

4.Other corporate shareholder holding over 10% of the Company's shares

Corporate shareholder	Legal represent actives/Leader	Date of incorporation	Organization code	Registered capital	Principal businesses or management activities
Style-Success Ltd.	Miss Amy Wang	November 4, 1999			Investment

IV. Share Acquisition plan proposed or implemented by the Company's Shareholder and its concerted actor in the reporting period

Name of the shareholder/concerted actor	Quantity of the shares to be acquired	Proportion of the shares to be acquired (%)	Quantity of shares actually acquired	Proportion of the shares actually acquired (%)	Date of initial disclosure of the shares to be acquired	Date of disclosing the end of implementation of the share acquisition plan
N/A						

Notice to other conditions

N/A

VII. Information about Directors, Supervisors and Senior Executives

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

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Number of shares acquired at end of the reporting period(shares)	Volume of shares acquired during the reporting period (shares)	Volume of shares sold during the reporting period(shares)	Number of shares held at end of the reporting period(shares)
Hu Yongfeng	Board chairman	In office	Male	51	October 18,2011	October 18, 2014	0	0	0	0
Ding Yue	Vice Board chairman	In office	Male	55	October 18,2011	October 18, 2014	0	0	0	0
Shu Yibo	Vice Board chairman	In office	Female	41	October 18,2011	October 18, 2014	0	0	0	0
Zhang Mei	Director	In office	Female	38	October 18,2011	October 18, 2014	0	0	0	0
Feng Junbin	Director	In office	Male	51	October 18,2011	October 18, 2014	0	0	0	0
Zhang Jinliang	Director	In office	Male	51	October 18,2011	October 18, 2014	0	0	0	0
Jin Ligang	Independent director	In office	Male	54	October 18,2011	October 18, 2014	0	0	0	0
Shen Songqin	Independent director	In office	Male	56	October 18,2011	October 18, 2014	0	0	0	0
Chen Jinmei	Independent director	In office	Female	61	August 31, 2012	October 18,2014	0	0	0	0
Dong Binggen	Chairman of the supervisory committee	In office	Male	64	October 18,2011	October 18, 2014	0	0	0	0
Huang Xiaoping	Supervisor	In office	Female	56	October 18,2011	October 18, 2014	0	0	0	0
Pan Weichao	Supervisor	In office	Male	62	October 18,2011	October 18, 2014	0	0	0	0
Zhang	Deputy	In office	Male	51	October	October	0	0	0	0

Jinliang	general Manager, Board secretary				18,2011	18, 2014				
Ren Changzhe ng	Manager of Finance Dept	In office	Male	38	October 18,2011	October 18, 2014	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0

II. Posts holding

Work Experience in the past five years of Directors, supervisors and senior Executives in Current office

Board chairman:

Hu Yongfeng, male, was born in July 1962, with bachelor degree, Senior Engineer, graduated from Southeast Textile Technology Institute in 1983. He has ever taken the post of section chief of state textile headquarters general office, He now serves as Vice President of Union Development Group Co., Ltd. and Vice chairman of the Board of Union Holdings Co., Ltd., He served as chairman of the Board of the Company from Oct., 2000 till now. He served as General manager of the Company since April 2008.

Vice Chairman of the Board :

Ding Yue, male, was born in March 1958, with bachelor degree, Senior Economist, graduated from Lanzhou University in 1983. He took the turns of deputy section chief of personnel labor department of Textile Technology Department, section chief of personnel labor department of textile headquarters, deputy director of personnel labor department of textile headquarters and concurrently director of talents exchange center of Textile Headquarters and chairman of the Board of Union Holdings Co., Ltd., He now serves as Vice President of Union Development Group Co., Ltd. and convener of the supervisory committee of Union Holdings Co., Ltd., He served as director of the Company from June 2002 till now. He served as Vice Chairman board of the Company since April 2008.

Vice Chairman of the Board :

Shu Yibo, Female, was born in February 1972, who is studying for EMBA, ever took the post of Manager of Sale of Manqi Industry Co., Ltd., Director of Manqi Investment Development Co., Ltd.. He is now in charge of Chairman of the board, General Manager of Manqi Industry Co., Ltd., Chairman of board of Manqi Investment Development Co., Ltd. She served as director of the Company since April 18, 2008, He served as Vice Chairman of board of the Company since July 2008.

Director:

Zhang Mei, Female, was born in February 1975, is a certified public accountant with Master's degree, She once worked at Financial Division of China Garment Corporation. she now serves as Deputy manager of Finance Dept of Union Development Group Co., Ltd, She served as Director of the Company since April 2008.

Feng Junbin, male, was born in July 1962, is a junior college graduate. He has served successively as special enterprise controller of Dapu Financial Bureau of Guangdong Province, deputy division chief of Fengshun Financial Bureau and director of Audit Dept, Manager of Management Dept, He now serves as Deputy General Manager, Supervisor of Shenzhen Textile (Holdings) Co., Ltd. He now serves as Deputy General Manager of Shenzhen Textile (Holdings) Co., Ltd, He served as director of the Company April 2008.

Zhang Jinliang, male, was born in May 1962, Senior Accountant, a senior accountant with bachelor degree, was

born in May 1962. He ever took the post of senior section chief of Shenyang Dispatch and Shenzhen Dispatch of Audit Administration, manager of operation department of Shenzhen Property Union Holdings Co., Ltd., deputy director and director of auditing office of Union Development Group Co., Ltd., deputy general manager of Shenzhen Union Holdings Co., Ltd. and general manager of Yuyao Union Textile Co., Ltd., and he held the position of deputy general manager of the Company since December 2004, He served as Board secretary of the company since December 27, 2010, He served as Director of the Company since October 2011.

Independent directors:

Jin Ligang, male, was born in August 1959, graduated from Beijing Foreign Trade College in 1980. From 1981 to 1983, he majored in international economy at Rome LUISS Private University. He once worked at North America and Oceania Department of Third Bureau of Ministry of Foreign Trade and Economic Cooperation, who was in charge of U.S.-related affairs. He has served as assistant of board chairman and president and office director of West Europe China Trade Center (Hamburg, West Germany), deputy chief and chief of America and Oceania Department of Ministry of Foreign Trade and Economic Cooperation, business counselor of Economic and Commercial Department of Embassy in U.S. and business counselor of Economic and Business Office of Consulate General in New York in succession. He now serves as board chairman of American Stone Bridge International Company and director of Beijing Decision Making & Consultation Center.. He served as Independent directors of the company since April 2008.

Shen Songqin, male, was born in January 1957, has doctor's degree. In 1980, he graduated from Hangzhou University and worked there after graduation. He studied for Master's degree at Hangzhou University from 1985 and obtained the degree of master of Arts in 1988. He studied for doctor's degree from 1995 and obtained the degree of doctor of literature in 1998. His dissertation was appraised "Excellent Dissertation for Doctor's Degree in China in 2000". He now is a professor, doctor tutor and deputy dean of Chinese Language Department of Zhejiang University. In 2006, he was appraised as Qianjiang Scholar of Zhejiang Province (specially engaged professor). In 2007, he was appraised as Middle-aged/Young Expert with Outstanding Contribution in Zhejiang Province". He served as independent director of the Company since April 2008.

Chen Jinmei, female, born in June 1952, is a senior accountant of professor level with master's degree. She studied in Hangzhou Electronic Industry College, Party School of Zhejiang Provincial Party Committee, Macao Science and Technology University and Zhejiang University in succession. She once served as director general and secretary of Party committee of Financial Bureau and Local Taxation Bureau of Hangzhou, a member of Hangzhou municipal Party committee and a NPC deputy of Hangzhou and Zhejiang Province. She has now retired. She served as Independent director of the Company since August 2012.

Ms. Chen Jinmei is appointed as an independent director of the company and resigned from the Board of Directors for her personal reasons on January 21, 2014. Her resignation application will be effective after a new independent director elected by the shareholders' meeting of the company replaces her. During this transitional phase, Ms. Chen will continue to assume responsibility as an independent director.

Supervisors:

Dong Binggen, male, was born in July 1949, an engineer, with bachelor degree, graduated from East China Textile Technology Institute in 1977. He ever took the post of deputy president of Zhejiang Silk Technology Institute, general manager of China Clothes Headquarters and board chairperson of China Clothes Association, etc.; he is now in charge of secretary of Party Committee, chairman of the board and general manager of Shenzhen Union Development Group Co., Ltd. and chairman of the Board of Shenzhen Union Holdings Co., Ltd., He served as Chairman and held the position of Chairman of the Supervisory Committee of the Company from June 2002 till

now.

Huang Xiaoping, female, Was born in January 1957, an Economist, is a junior college graduate, once served as policewoman of Public Security Bureau of Dan County, Hainan, chief staff and deputy director of office, deputy chief and chief of Personnel & Labor Division and office director of China Garment Industry Corporation, vice chairman of China Garment Association.. She now serves as deputy secretary of Party committee and secretary of discipline committee of Union Development Group Co., Ltd. Co., Ltd. she served as Supervisor of the company since April 2008.

Pan Weichao, male, Was born in August 1951, is a junior college graduate., has worked at the Company since April 1984. He has served successively as vice chairman of labor union, Manager of General Affairs Dept. and chairman of labor union. He now serves as Manager of affairs Dept of the Company, he has served as employee-representing supervisor of the Company Since April 2008.

Secretary of the Board of Directors:

Zhang Jinliang (Refer to Director column for details)

Manager of Finance Dept:

Ren Changzheng, male, was born in August 1975, In 1997,he graduated from Guizhou Finance University, once worked at Financial Division of Guizhou Yunman Aircraft Factory and Planning and Finance Division of Union Development Group Co., Ltd. He now serves as Manager of Finance Dept of the Company.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Dong Binggen	Union Development Group Co., Ltd.	Secretary of Party committee, chairman of board of directors and President	May 18, 2012	May 17, 2015	Yes
Dong Binggen	Union Holdings Co., Ltd.	Board chairman	June 21, 2013	June 20, 2016	No
Ding Yue	Union Development Group Co., Ltd.	Vice President	May 28, 2012	May 17, 2015	Yes
Ding Yue	Union Holdings Co., Ltd.	Convener of the Supervisor	June 21, 2013	June 20, 2016	No

		y Committee			
Hu Yongfeng	Union Development Group Co., Ltd.	Vice President	May 18, 2012	May 17, 2015	Yes
Hu Yongfeng	Union Holdings Co., Ltd.	Vice Board chairman	June 21, 2013	June 20, 2016	No
Huang Xiaoping	Union Development Group Co., Ltd.	Secretary of Party committee, secretary of discipline committee	October 1, 2008		Yes
Huang Xiaoping	Union Holdings Co., Ltd.	Director	June 21, 2013	June 20, 2016	No
Zhang Mei	Union Development Group Co., Ltd.	Manager of Finance Dept.	February 1, 2011		Yes
Zhang Mei	Union Holdings Co., Ltd.	Director	June 21, 2013	June 20, 2016	No
Feng Junbin	Shenzhen Textile(Holding) Co., Ltd.	Deputy general manager	August 17, 2013	August 16, 2016	Yes
Notes	N/A				

Offices taken in other organizations

√ Applicable Not applicable

Name	Name of other units	Position	Office term start from	Office term ended	Whether receiving remuneration from other units or not
Shu Yibo	Manqi Investment Development Co., Ltd	Board chairman	July 1, 2002		Yes
Jin Ligang	STONEBRIDGE Enterprise Consultant (Beijing) Co., Ltd.	Board chairman	January 1, 2008		Yes
Shen Songqin	Hangzhou Normal University	President	June 1, 2009		Yes
Notes	N/A				

III. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors ,

supervisors and senior executives

The remuneration appraisal committee of the board of directors of the Company proposed remuneration standards according to the responsibilities, work scope and importance of directors, supervisors and senior executives, the earnings of the Company for the current year and the remuneration level of relevant post and submitted it to the board of directors for approval. After approval, the remuneration was paid on monthly basis. The remuneration of independent directors is subject to approval by the shareholders' meeting.

Remuneration to directors, supervisors and senior executives in the reporting period

Unit: RMB'0000

Name	Positions	Sex	Age	Office status	Total remuneration received from the Company	Total remuneration received from the shareholder	Remuneration actually receives at the end of the reporting period
Hu Yongfeng	Board chairman/General Manager	Male	51	In Office	38		38
Ding Yue	Vice Board chairman	Male	55	In Office	0		
Shu Yibo	Vice Board chairman	Female	41	In Office	0		
Zhang Mei	Director	Female	38	In Office	0		
Feng Junbin	Director	Male	51	In Office	0		
Zhang Jinliang	Director , Deputy GM	Male	51	In Office	0		
Jin Ligang	Independent director	Male	54	In Office	5		5
She Songqin	Independent director	Male	56	In Office	5		5
Chen Jinmei	Independent director	Female	61	In Office	5		5
Dong Binggang	Chairman of the supervisory committee	Male	64	In Office	0		
Huang	Supervisor	Female	56	In Office	0		

Xiaoping							
Pan Weichao	Supervisor	Male	62	In Office	9		9
Zhang Jinliang	Board secretary	Male	51	In Office	23		23
Ren Changzheng	Manager of Finance Dept	Male	38	In Office	15		15
Total	--	--	--	--	100	0	100

Incentive equity to directors, supervisors or/and senior executives in the reporting period

Applicable Not applicable

IV. Retirement and dismissal of Directors, Supervisors and senior Executives

Names	Titles	Types	Date	Causes
Chen Jinmei	Independent director	Dismission	January 21, 2014	Ms. Chen Jinmei resigned from the Board of Directors for her personal reasons, Her resignation application will be effective after a new independent director elected by the shareholders' meeting of the company replaces her. During this transitional phase.

V. Change of the Core Team of Technology of Key technical personnel (Other than director, supervisor or senior executive) in the Reporting Period

There is no change of the Core Team of Technology of Key technical personnel (Other than director, supervisor or senior executive) in the Reporting Period

VI. Particulars about employees.

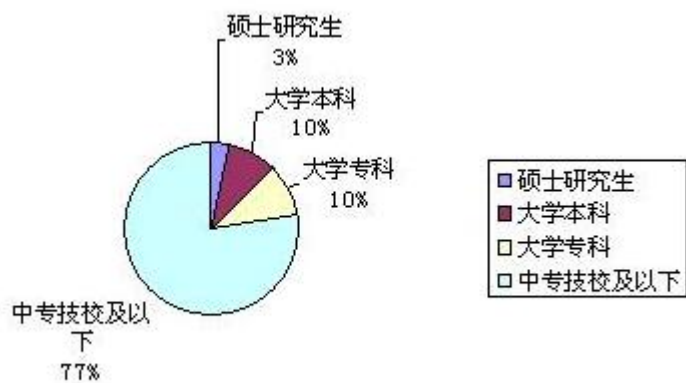
Classified	Divided by function	Number of persons	Proportion
Classified according ty professions	Financial	5	16%
	Administrative	4	13%
	Logistics	22	71%
	Total	31	100%
Classified according by education background	Postgraduate or above	1	3%
	Universities	3	10%
	Colleges	3	10%
	Mid-school or below	24	77%
	Total	31	100%

As of December 31, 2013, The Company should bear expenses for 1 retired employees.

(1) The figure of professional composition



(1) The figure of education background of the professional composition



VIII. Administrative structure

I. General situation

The company's governance meets the requirements of regular documents on the governance of the listed companies issued by China Securities Regulatory Commission.

During the reporting period, The company has strictly abided by the relevant laws, rules and regulations requested on "Corporate Law", "Securities Law", "Listing Rules of Shenzhen Stock Exchange" and "Governance Rules of Listed Companies" and by China Securities Regulatory Commission, established and perfected the internal control management system, and constantly made the deep improvement of the corporate governance activities to further standardize the company operations and improve the management level. The company's governance meets the basic requirements of regular documents on the governance of the listed companies issued by China Securities Regulatory Commission.

(1).. Shareholders and shareholders' general meeting: The Company convened and held shareholders' general meeting strictly according to the requirements of Opinions on Standardization of Shareholders' General Meeting of Listed Companies, formulated Rules of Procedure of Shareholders' General Meeting, ensured all shareholders, especially medium and small shareholders, enjoy equal position and can fully exercise their own rights.

(2).. Relationship between the controlling shareholder and the Company: The acts of the controlling shareholder of the Company were standardized. It did not exceed the authority of the shareholders' general meeting to directly or indirectly intervene with the decision-making and operating activities of the Company. The Company is independent from its controlling shareholder in respect of personnel, assets, finance, organ and business. The board of directors, the supervisory committee and internal organ of the Company are able to operate independently.

3. The Directors and The Board of Directors: the Board of Directors includes four special committees, such as Audit Committee, Nomination Committee, Strategy Committee and Remuneration and Appraisal Committee, which has provided a favorable support to the company for the decision-making related issues. Each special committee has operated according to their work responsibilities and procedure rules, made research and examination for the relative business and major issues of the company, and expressed the professional opinions in the Board of Directors to offer support and advice for the scientific decision-making of the Board and ensure the Board's work more scientific and efficient. Also, the organization of the Board of Directors is in line with the requirement of laws and regulations, and the independent directors play an important role in the corporate decision-making. So, the company attaches importance to the function of the independent directors. In the company's management, the independent directors make careful review and express the independent views for the financial audit, the affiliated transactions and other issues.

(4).Supervisors and the supervisory committee: The number and composition of the Supervisory Committee of the Company complied with the requirements of laws and regulations. The Supervisory Committee of the Company formulated the Rules of Procedure of the Supervisory

Committee. The supervisors of the Company were able to perform their duties seriously, take the attitude of being responsible for all shareholders and supervise the legality and regulation conformity of the Company's finance and the duty performance of the directors, managers and other senior executives of the Company.

5. The Company and The Affiliated Party: the affiliated transactions between the company and the affiliated party are strictly managed and the audit of the affiliated transactions is performed in accordance with the relevant procedures. Also, the affiliated transactions are in compliance with the laws and regulations, and there not exist the issues that the major shareholders make use of the affiliated transactions to occupy the funds of the listed company.

(6)Information disclosure and transparency: The Company designated the secretary to the board of directors to be responsible for information disclosure, Regulations on Management of Information Disclosure, Regulations on Management of External Information Users and reception of shareholder and consultation. In the report period, the Company was able to truly, accurately, completely and timely disclose relevant information according to the provisions of laws, regulations and the Articles of Association of the Company. The Company will continue to operate in a standardized way strictly according to the requirements of relevant laws and regulations including the Company Law, further perfect company administration structure and establish and improve various regulations in light of the gap with the requirements of Standards of Administration of Listed Companies, ensure the maximization of shareholders' interests and safeguard the lawful rights and interests of all shareholders.

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.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

Yes No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

Implementation of the Campaign of Corporate Governance and Preparation and Implementation of the Registration Management System for insiders

In the Report period, The company has not found the situation that the relevant personnel is engaged in the insider transaction by using the insider information and suggest others to conduct the transaction with the insider information, there is no the situation that the insider information is disclosed, and not exists the situation that the company shall be taken a crackdown and ordered for rectification by the regulatory department because of the implementation of the Registration System on Learners of Insider Information or the suspicion of insider transaction.

II. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Meeting Date	Description of proposals	Resolution	Disclosure date	Disclosure index
2012 Shareholders' general meeting	June 26, 2013	(1) The Work Report of the Board of Directors for 2012; (2) The Work Report of the supervisory Committee for 2012; (3)、Annual Report for 2012 and its summary; (4) The Preplan for Profit Distribution for 2012;(5) The Proposal for Retaining Certified Public Accountants in 2013.	Adoption	June 27, 2013	Announcement No. 2013-0640) Securities Times , Hong Kong Commercial Daily and www.cninfo.com.cn on June 27, 2013.

2. Provisional Shareholders' Meetings

Sessions	Meeting Date	Description of proposals	Resolution	Disclosure date	Disclosure index
The first provisional shareholders' General meeting in 2013	November 5, 2013	Proposal on real estate for sale	Adoption	November 6, 2013	Announcement No. 2013-0650) Securities Times , Hong Kong Commercial Daily and www.cninfo.com.cn on November 6, 2013.

III. Duty performance of independent Directors

1. Attendance of Board Meetings and General Meetings

Independent Directors' Attendance at Board Meetings						
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)
Chen Jinmei	6	1	5	0	0	No
Jin Ligang	6	1	5	0	0	No
Shen Songqin	6	1	5	0	0	No
Number of general meetings attended by independent directors as non-voting delegates		2				

Notes to failure to personally attend Board Meetings Successively Twice

N/A

2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes No

Independent directors proposed no objection against the relevant matters in the reporting period.

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

Yes No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

In the report period, the independent directors of the Company attended the meetings of the board of directors and all special committees on time, expressed independent opinions on the proposals of the board of directors. They gave many opinions and suggestions during meetings and adjournment and the Company adopted all of them.

IV. Duty Performance of Special Committees under the Board of Directors in the Reporting Period

The board of directors of the Company has special committees including audit committee, remuneration and appraisal committee, strategy committee and nomination committee. According to the scope of authority specified in the working rules for them, the committees conducted study and put forward opinions and suggestions for

reference by the board of directors for decision making.

According to relevant regulations of CSRC, the audit committee of the board of directors of the Company did the following work during the preparation of the annual report of the Company for 2013:

1. On November 18, 2013, the Audit Committee and the management of the company and the certified accountants for annual audit (CPAs) of Dahua Accounting Office Ltd. (special general partner) held the first meeting on the audit work of the year 2013 annual financial report. The members of the Audit Committee and the management of the company made the detailed introduction of the basic situation of the company to the CPAs.
2. On January 3, 2014, the Audit Committee of the company examined the audit work plans of the year 2013 annual financial report, heard the audit schedule and progress made by the accountants for annual audit, and agreed to the audit work of the 2013 annual financial report proposed by Accounting Office.
3. On January 9, 2013, the Audit Committee under the Board of Directors reviewed the year 2013 annual financial accounting statements offered by the company, and made the following comments: the year 2013 annual financial accounting statements basically reflected the assets condition and operation performance, the Audit Committee agreed to conduct the audit work of annual financial report on this basis, and advised the Finance Department to actively cooperate and coordinate this audit work, in order to strengthen communication and contact and timely reflect some issues in the process of audit and the advancement of audit work to the Audit Committee.
4. On January 27, 2014, the Audit Committee under the Board of Directors and the certificated accountants of annual audit held a conference call. CPAs described the audit conditions on the phone, and the members of the Audit Committee believed that the views of CPAs on all major matters were basically reflect the company's financial condition on December 31, 2013 and the business performance and cash flows of the year 2013 truly and fairly. So, they didn't make objection to the preliminary results of the certificated accountants of annual audit.
5. On February 26, 2014, the Audit Committee under the Board of Directors examined the company's 2013 annual audit report issued by Dahua Accounting Office Ltd. (special general partner), and the Audit Committee agreed to the audit results on the year 2013 annual accounting statements by Dahua Accounting Office Ltd. (special general partner) and agreed to submit the financial audit report to the Board of Directors to examine. For the summary report of the year 2013 annual audit work issued by Dahua Accounting Office Ltd. (special general partner), the Audit Committee believed that Dahua Accounting Office Ltd. (special general partner) has strictly followed the provisions of auditing regulations and standards to develop and complete the company's 2013 annual audit work with the sufficient auditing time, high professional quality and strong performance ability and sense of risk, the issued audit report fully reflected the company's financial condition, business performance and cash flows of the year 2013, and its audit conclusion truly reflected the actual situation of the company.

The Duty Performance of the Remuneration Committee under the Board of Directors of the Company: the Remuneration Committee under the Board of Directors has reviewed the remuneration of the directors, the supervisors and the senior management members of the company which was disclosed in 2013 according to the provisions of the "Detailed Work Rules of the Remuneration and Appraisal Committee under the Board of Directors", and believed that the remuneration of the directors, the supervisors and the senior management members disclosed in year 2013 annual report of the company has been strictly implemented as per the relevant provisions.

V. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting

period

Yes No

The supervisory Committee has no objection against any matters under supervision in the reporting period

VI. Independence and Completeness in business, personnel , assets, organization and finance

The Company is independent from its controlling shareholder in respect of personnel, assets, finance, organization and business. The particulars are as follows:

1. Business: The Company has complete business and the ability of independent operation. It is completely independent from its controlling shareholder in respect of business.
2. Personnel: The Company is independent in respect of labor, personnel and wage management. Senior executives received remuneration from the Company, who neither held position at nor received remuneration from the controlling shareholder.
3. Assets: The Company has complete assets. Its property rights are definite and not related to its controlling shareholder and other shareholders.
4. Organization: The Company established an organizational structure that is completely independent of its controlling shareholder. The board of directors, the supervisory committee and internal organs of the Company are able to operate independently.
5. Finance: The Company has independent finance. It set up independent finance department and established independent financial accounting system. It has standardized and independent financial and accounting system and financial control system applicable to branches and subsidiaries. The Company independently pays taxes according to law. It opened accounts with banks independently. The Company and its controlling shareholder do not use the same bank account.

VII. Horizontal Competitions

1. There not exists the inter-industry competition between the company and the controlling shareholder & its other controlled enterprises..
2. There not exists the inter-industry operation between the company and the subordinate enterprise of actual controller.
3. Currently, the main affiliated transaction between the company and the actual controller is house tenancy, and the affiliated transaction follows the fair principle of the market. So, there is no the situation that the authenticity of the company's operation results is affected.

VIII. Assessment and incentive Mechanism for Senior executives

We appraise the performance of executives according to relevant index and criterions, the results of performance appraisal are recorded in the archives of executives, and are linked to the compensations and hiring of executives.

IX. Internal Control

I. Internal control Construction

The company has abided by the requirements of regular documents such as “Corporate Law” and “Internal Control Guideline in Listed Companies”, established and improved the corporate governance structure, perfected the internal control system, and met all the provisions of the relevant rules and regulations. Also, the company has strictly implemented the relevant systems on the internal control, promoted the normative operations and healthy development of the company, protected the legitimate rights and interests of investors, guaranteed the company’s assets security and accelerated the stable, healthy and sustainable development for the company. For the details about the self-evaluation of internal control of the company during the reporting period, please see the “Annual Self-evaluation Report of Internal Control in 2013”.

II. Statement of the Board of directors on the Responsibility of internal control

The Internal control is implemented by the Board of Directors, the Supervisory Committee, Management and all employees of the company aiming at the achievement of control target processes. The Board of Directors complies with the national laws and regulations and the requirements of securities regulatory authorities to constantly improve all the rules and regulations of the company’s internal control, promote the establishment, perfection and effective operation of the company’s internal control, and assume important responsibility for the integrity and rationality of all construction of internal control system. Also, the company senior managers bear the primary responsibility for the implementation of the internal control system.

III. Basis for establishment of internal control of the Financial Report

The company, regarding the related laws and regulations of “Accounting Law of the People’s Republic of China”, “Fundamental Norms for Enterprise Internal Control” and “Application Guidelines of Enterprise Internal Control (No.14) — Financial Report” as the basis of establishment of the internal control of financial report for the company, implements the internal control for the standardization of preparing the financial report, submitting and analysis of use of control processes, improvement the authorization and approval system on all aspects of financial report, establishment of daily information verification system, full use of accounting information technology, accounting treatment of determination of the major issues, verification of debt of inventory assets, establishment and implementation of calculation and budget and other key aspects, in order to ensure the legality, compliance, trueness and integrity.

IV. Self-assessment report of the internal control

About the significant Defects of the internal control found in the internal control self-assessment report in the reporting period	
No significant defect of internal control was found in the reporting period	
Date of disclosing the internal control self-assessment report, full text	February 28, 2014

Index of disclosing the internal control self-assessment report, full text	Refer to Announcement that disclosed on www.cninfo.com.cn on February 28, 2014.
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V. Internal control audit report

Applicable Not applicable

Review opinions in the internal control audit report	
We believe that, Shenzhen Victor Onward Textile Industrial Co., Ltd. maintained efficient internal control of financial reports in all significant aspects according to “ Basic Standards of Corporate Internal Control” and relevant regulations on December 31, 2013.	
Date of disclosing the internal control audit report, full text	February 28, 2014
Index of disclosing the internal control audit report, full text	Refer to Announcement that disclosed on www.cninfo.com.cn on February 28, 2014.

Has the CPAs issued a qualified auditor’s report of internal control .

Yes No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

VI. Establishment and implementation of the Responsibility investigation system for serious Errors in the Annual Report

In the report period, The company examine itself according to “Responsibility Claim System on Significant Error in Information Disclosure of Annual Report”, there are no the occurrence of serious accounting errors correction, grave omission of information supplements.

X. Financial Report

I. Audit report

Type of audit opinion	Issued unqualified auditor's report with paragraph of emphasized matters
Date for signing the auditor's report	February 26, 2014
Name of audit firm	Da Hua Certified Public Accountants(Special General Partnership)
Document No. of the auditor's report	Dahuashenzi[2014]No.001429
Name	Xu Haining , Yang Chunxiang

Auditors' Report

Dahuashenzi[2014]No.001429

To All shareholders of Shenzhen Victor onward Textile Industrial Co., Ltd.:

We audited accompanying financial statements of Shenzhen Victor Onward Textile Industrial Co., Ltd . (hereinafter referred to as "the Company"), including Consolidation and parent Company balance sheet on December 31, 2013, Consolidation and parent Company profit statement, Consolidation and parent Company cash flow statement for the year 2013 and Consolidation and parent Company statement of change in shareholders' equity and the notes to financial statements.

I. Management's responsibility for the financial statements

The Management is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Accounting Standard for Business Enterprises and China Accounting System For Business Enterprises. These responsibilities include: (i) designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;(ii) selecting and applying appropriate accounting policies; (iii) and making accounting estimates that are reasonable in the circumstances.

II. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to

whether the financial statements free from material misstatement.

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

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

III. Auditing opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

IV. Matters emphasized

We remind the users of financial statements to pay attention to the fact that the Company stopped production and dismissed most of workers since March 2007. And most subsidiaries of the company had stopped production and it maintained daily operation by house leasing. Shenzhen Victor Onward Textile Industrial Co., Ltd. had disclosed its improvement measures in Note 11of Financial Statement, but its sustainable operation ability is still uncertain. This paragraph does not affect audit opinions that have been given.

Da Hua Certified Public Accountants(Special General
Partnership)

C.P.A: Xu Haining

Beijing China

C.P.A: Yang Chunxiang

February 26, 2014

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

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	63,502,910.00	52,227,262.00
Settlement provision		
Outgoing call loan		
Trading financial assets		
Bill receivable	1,500,000.00	1,500,000.00
Account receivable		744,712.00
Prepayments	25,192.00	176,443.00
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	79,340.00	38,414.00
Dividend receivable		
Other account receivable	311,279.00	260,005.00
Repurchasing of financial assets		
Inventories		101,536.00
Non-current asset due in 1 year		
Other current asset		
Total of current assets	65,418,721.00	55,048,372.00
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset	582,942.00	751,542.00
Expired investment in possess		
Long-term receivable		
Long term share equity investment	66,931,685.00	65,784,312.00

Property investment	23,458,153.00	31,041,484.00
Fixed assets	7,191,205.00	12,416,459.00
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1,820,459.00	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	105,084,068.00	116,954,185.00
Total of assets	170,502,789.00	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	3,186,939.00	3,239,571.00
Advance payment	1,076,531.00	2,778,488.00
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	1,109,352.00	766,680.00
Tax payable	4,250,191.00	1,622,074.00
Interest payable		
Dividend payable	1,215,946.00	1,215,946.00
Other account payable	22,663,345.00	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	1,547,263.00	1,547,263.00
Total of current liability	35,049,567.00	43,397,339.00
Non-current liabilities:		
Long-term loan	1,101,349.00	1,033,936.00
Bond payable		
Long-term payable	8,230,694.00	8,488,953.00
Special payable		
Expected liabilities		
Differed income tax liability	702,735.00	766,660.00
Other non-current liabilities	836,792.00	836,792.00
Total of non-current liabilities	10,871,570.00	11,126,341.00
Total of liability	45,921,137.00	54,523,680.00
Owners' equity		
Share capital	169,142,356.00	169,142,356.00
Capital reserves	39,645,048.00	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	-108,059,131.00	-116,273,941.00
Different of foreign currency translation	-1,112,992.00	-511,599.00
Total of owner's equity belong to the parent company	126,320,072.00	118,852,391.00
Minority shareholders' equity	-1,738,420.00	-1,373,514.00
Total of owners' equity	124,581,652.00	117,478,877.00
Total of liabilities and owners' equity	170,502,789.00	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 Changzhengi

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	10,557,501.00	17,293,509.00
Trading financial assets		
Bill receivable	1,500,000.00	1,500,000.00
Account receivable		
Prepayments		
Interest receivable		
Dividend receivable		
Other account receivable	80,967,376.00	72,818,786.00
Inventories		101,536.00
Non-current asset due in 1 year		
Other current asset		
Total of current assets	93,024,877.00	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	4,723,575.00	5,060,748.00
Fixed assets	4,384,712.00	9,145,661.00
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1,820,459.00	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	47,717,699.00	52,856,126.00
Total of assets	140,742,576.00	144,569,957.00
Current liabilities		
Short-term loans		
Trade off financial liabilities		
Bill payable		
Account payable	113,344.00	113,344.00
Advance payment	302,540.00	2,002,540.00
Employees' wage payable	677,181.00	735,970.00
Tax payable	767,076.00	573,074.00
Interest payable		
Dividend payable		
Other account payable	1,158,902.00	884,092.00
Non-current liability due in 1 year		
Other current liability	1,547,263.00	1,547,263.00
Total of current liability	4,566,306.00	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	9,583,236.00	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	-91,500,667.00	-88,963,263.00
Different of foreign currency translation	-4,398,234.00	-4,398,234.00
Total of owners' equity	131,159,340.00	133,696,744.00
Total of liabilities and owners' equity	140,742,576.00	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 Changzhengi

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	26,998,990.00	11,095,669.00
Incl: Business income	26,998,990.00	11,095,669.00
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	19,403,168.00	13,388,125.00
Incl: Business cost	9,461,003.00	5,413,356.00
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	597,749.00	487,000.00
Sales expense	300,128.00	295,678.00
Administrative expense	8,073,279.00	7,567,920.00
Financial expenses	247,455.00	-444,174.00
Asset impairment loss	723,554.00	68,345.00
Add: Gains from change of fair value (“-”for loss)		-25,480.00
Investment gain (“-”for loss)	849,782.00	2,582,153.00
Incl: investment gains from affiliates	849,782.00	2,576,108.00
Gains from currency exchange (“-”for loss)		
III. Operational profit (“-”for loss)	8,445,604.00	264,217.00
Add: Non-business income	1,923,105.00	29,498.00
Less: Non business expenses	134,222.00	582,915.00
Incl : Loss from disposal of non-current assets	32,666.00	
IV.Total profit(“-”for loss)	10,234,487.00	-289,200.00
Less: Income tax expenses	2,384,583.00	-41,869.00
V. Net profit (“-”for net loss)	7,849,904.00	-247,331.00
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	8,214,810.00	-247,331.00
Minority shareholders' equity	-364,906.00	
VI. Earnings per share:	--	--
(I) Basic earnings per share	0.0486	-0.0015
(II)Diluted earnings per share	0.0486	-0.0015
VII. Other comprehensive income	-747,129.00	52,626.00
VIII. Total comprehensive income	7,102,775.00	-194,705.00
Total comprehensive income attributable to the owner of the parent company	7,467,681.00	-194,705.00
Total comprehensive income attributable minority shareholders	-364,906.00	

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	3,067,093.00	2,834,664.00
Less: Business cost	1,619,224.00	1,585,723.00
Business tax and surcharge	205,239.00	143,998.00
Sales expense		
Administrative expense	5,680,368.00	5,266,633.00
Financial expenses	-80,168.00	-2,253,351.00
Asset impairment loss	-21,157.00	61,132.00
Add: Gains from change of for value (“-”for loss)		-25,480.00
Investment gain (“-”for loss)		6,045.00
Incl: investment gains from affiliates		
II. Operational profit (“-”for loss)	-4,336,413.00	-1,988,906.00
Add: Non-business income	1,907,472.00	5,174.00
Less: Non- business expenses	108,463.00	582,915.00
Incl: Loss from disposal of non-current assets		
III.Total profit(“-”for loss)	-2,537,404.00	-2,566,647.00
Less: Income tax expenses		
IV. Net profit (“-”for net loss)	-2,537,404.00	-2,566,647.00
V. Earnings per share:	--	--
(I) Basic earnings per share	-0.015	-0.0152
(II)Diluted earnings per share	0.015	-0.0152
VI. Other comprehensive income		-2,267.00

VII. Total comprehensive income	-2,537,404.00	-2,568,914.00
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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 Changzhengi

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	11,387,046.00	9,739,794.00
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	1,063,191.00	3,758,324.00
Sub-total of cash inflow	12,450,237.00	13,498,118.00
Cash paid for purchasing of merchandise and services	1,500,000.00	1,460,804.00
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	3,429,791.00	3,953,848.00
Taxes paid	2,044,981.00	2,149,524.00
Other cash paid for business activities	3,766,857.00	6,318,360.00
Sub-total of cash outflow from business activities	10,741,629.00	13,882,536.00
Cash flow generated by business operation, net	1,708,608.00	-384,418.00
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	20,749,535.00	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	20,749,535.00	30,000.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	36,411.00	690,127.00
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	36,411.00	690,127.00
Net cash flow generated by investment	20,713,124.00	-660,127.00
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	10,094,025.00	126,343.00
Cash paid as dividend, profit, or interests	30,414.00	
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	10,124,439.00	126,343.00
Net cash flow generated by	-10,124,439.00	-126,343.00

financing		
IV. Influence of exchange rate alternation on cash and cash equivalents	-1,021,645.00	-1,166.00
V.Net increase of cash and cash equivalents	11,275,648.00	-1,172,054.00
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	63,502,910.00	52,227,262.00

Legal representative : Hu Yongfengn

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

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

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
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	3,067,093.00	1,567,887.00
Tax returned		
Other cash received from business operation	2,375,794.00	2,466,260.00
Sub-total of cash inflow	5,442,887.00	4,034,147.00
Cash paid for purchasing of merchandise and services	1,500,000.00	1,460,804.00
Cash paid to staffs or paid for staffs	2,379,494.00	2,557,382.00
Taxes paid	953,849.00	905,283.00
Other cash paid for business activities	12,497,027.00	3,330,336.00

Sub-total of cash outflow from business activities	17,330,370.00	8,253,805.00
Cash flow generated by business operation, net	-11,887,483.00	-4,219,658.00
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	5,152,000.00	
Net cash received from disposal of subsidiaries or other operational units		30,000.00
Other cash receivable for investment activities		
Sub-total of cash inflow due to investment activities	5,152,000.00	30,000.00
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	5,152,000.00	30,000.00
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		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities		
Net cash flow generated by financing		
IV. Influence of exchange rate alternation on cash and cash equivalents	-525.00	4.00
V.Net increase of cash and cash equivalents	-6,736,008.00	-4,189,654.00
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	10,557,501.00	17,293,509.00

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 reserve	Less: Shares	Special ized	Surplu s	Comm on risk	Attribu table	Other		

		s	in stock	reserve	reserve s	provisi on	profit			
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		-145,736.00					8,214,810.00	-601,393.00	-364,906.00	7,102,775.00
(I) Net profit							8,214,810.00		-364,906.00	7,849,904.00
(II) Other misc.income		-145,736.00						-601,393.00		-747,129.00
Total of (I) and (II)		-145,736.00					8,214,810.00	-601,393.00	-364,906.00	7,102,775.00
(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	39,645,048.00			26,704,791.00		-108,059,131.00	-1,112,992.00	-1,738,420.00	124,581,652.00

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	Surplu s reserves	Comm on risk provisi on	Attribu table 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
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							-2,537,404.00	-2,537,404.00
(I) Net profit							-2,537,404.00	-2,537,404.00
(II) Other misc. income								
Subtotal of (I) and (II)							-2,537,404.00	-2,537,404.00
(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		-95,898,901.00	131,159,340.00

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
(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

1. History

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.

2. 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 December 31, 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 43, 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 December 31, 2013, Victor Onward printing and dyeing (Hong Kong) Co., Ltd. (hereinafter referred to as "Hong Kong Victor Onward"), Shengzhong Industrial Co., Ltd. (hereinafter referred to as "Shengzhong") ,Shenzhen East Asia Victor onward Holding (hereinafter referred to as "East Asia Company), Shenzhen Nanhua Printing and Dyeing (hereinafter referred to as "Nanhua Company") as well as its wholly-funded subsidiary Nanhua Xingye Co., Ltd (hereinafter referred to as "Nanhua Xingye") are all subsidiaries of the Company.

Registered address: 26 Kuipeng Road, Kuiyong Town, Longgang District, Shenzhen

Legal Representative: Hu Yongfeng

2.Business nature

The Company engages in textile printing & Dyeing industry .

3.Business scope:

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.

IV.Principal accounting policies, accounting estimates and early errors

1.Basis for the preparation of financial statements

The preparation of financial statements of the company based on continuous operation. Base on actual transactions and events occurring, according to the ministry of finance issued "Accounting Standards for Enterprises - Basic Standards" on 15th February 2006 and 38 items of specific accounting standards, application guidelines of accounting standards which was promulgated after, accounting standards interpretation and other requirements (hereafter named "Enterprise Accounting Standard"), General Provisions of Financial Statements, NO.15 rules of the editing and reporting regarding information disclosure for companies publicly issuing securities by China Securities Regulatory Commission (2010 revised) has confirmed, the financial report was based on it.

(2). Statement on the Accounting Standard Followed by the Company

The financial statements prepared by the Company comply with the requirements of corporate accounting standards. They truly and completely reflect the financial situations, operating results, equity changes and cash flow, and other relevant information of the company.

(3)Fiscal Year

The Company adopts the Gregorian calendar year commencing on January 1 and ending on December 31 as the fiscal year.

(4) Standard currency for bookkeeping

The Company takes RMB as the standard currency for bookkeeping.

Its overseas subsidiaries choose the currency of the primary economic environment in which the subsidiary operates as the functional currency. However, the financial statements should be translated into RMB.

(5).The accounting solution of business combinations under the same and different control

(1)Corporate merger under same control

1. Realize all the terms and conditions of transactions in the process of enterprise acquisition step by step, and adopt the accounting method to conduct a package deal for the multiple transactions if the following items appear for the economic impact:
2. These deals are simultaneously entered into effect or under the consideration of mutual influence;
3. These transactions must be as a whole to achieve a complete business performance;
4. The occurrence of one deal is depended on that of other transactions;
5. Single transaction maybe is uneconomical, but it is economical when it is considered together with other transactions.

6.Corporate merger under same control

1) The Individual Financial Statements

If the consideration of the merging enterprise is that the company makes payment in cash, transfers non-cash assets or bears its debts, and issues equity bonds, it shall, at the date of merger, regard the share of the book value of the owner's equity of the merged party as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve.

All the direct costs paid by the company for the conduct of business combination, including audit fees, appraisal fees, legal services fee, etc., should be accounted into current profit and loss at the time incurred. If there is the consolidated financial statements for the merged party, the initial cost of the long-term equity investment is determined based on the owner's equity of the merged party at the date of merger.

2) The Consolidated Financial Statements

The acquired assets and liabilities by the merged parties through business combination are measured at their book value with the merged parties on the date of merger. If the accounting policies adopted by the merged parties are inconsistent with those of the company, the company can make adjustment in accordance with its accounting policies on the date of combination, and confirm them in accordance with the provisions of the Accounting Standards for Enterprises.

(2). Corporate merger under different controls

With the merger under the different control, the merger cost is the assets to pay, liabilities incurred or taken and the fair value of the issued equity securities which a buyer gains the control from the acquiree on the purchase date. In case of any future events defined in merger contract whose predictable occurrence could influence the merger cost and the related amount could be reliably calculated at merger date, such amount should also be included in merger cost.

All the intermediary fees, such as audit fees, legal services fees, appraisal and consultation fees, and other related management expenses paid by the company for the conduct of business combination should be accounted into current profit and loss at the time incurred; the transaction charge of equity or debt bonds issued by the company for the consideration of the merging enterprise are accounted into initial recognized value of the equity or debt bonds.

The company recognizes as goodwill for the difference of the combination costs more than the fair value of the identifiable net assets obtained from the merged parties, and accounts into current profit and loss for the difference of the combination costs less than the fair value of the identifiable net assets obtained from the merged parties after checked.

If the enterprise achieves the business merger not under same control through multi-step implementation of

transactions, it shall distinguish the individual financial statements and the incorporated financial statements to conduct the related process of accounting treatment:

1. In the individual financial statements, the sum of the book value of equity investment of acquiree held before the date of purchase and the new investment cost added at the date of acquisition shall be made as the initial investment cost of this investment project; If the holding acquiree's equity before the date of purchase is involved with other composite income, the other related composite incomes shall be transferred into the investment income of current period in the disposal of the investment project (such as, the change of fair value of the salable financial asset shall be attributed to capital reserves, hereinafter the same).
2. In the consolidation financial statements, the holding acquiree's equity prior to the date of purchase shall be measured again with the fair value of equity at the date of acquisition, and the difference between the fair value and the book value is attributed to the investment income of current period; If the holding acquiree's equity prior to the date of purchase involved with other composite income, the other related composite incomes shall be transferred into the investment income of current period at the date of purchase.

(6)The method of drawing up the Consolidation financial statements

(1) The method of drawing up the Consolidation financial statements

The company has real control to the subsidiary and special purpose entity which are included in the scope of Consolidation financial statements.

The accounting policies & accounting periods adopted by all the subsidiaries that have been included into the scope of the consolidated financial statements should be consistent with those adopted by the company. If the accounting policies & accounting periods adopted by the subsidiaries are different from those adopted by the company, the company shall make necessary adjustments according to the accounting policies & accounting periods it adopts when preparing the consolidated financial statements.

After adjusting the long-term equity investments on its subsidiaries according to the equity method, the company shall prepare the consolidated financial statements based on the financial statements of the company & its subsidiaries, and other related documents.

The influences of the internal transactions between the company & its subsidiaries, and its subsidiaries themselves on the consolidated balance sheet, consolidated profit statement, consolidated cash flow statement & consolidated statement of changes in owner's equity will be counteracted at the preparation of the consolidated financial statements.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount should be still allocated against minority interest.

In the report period, If the subsidiary is added through the business combination under the same control, the beginning balance of the consolidated balance sheet shall be adjusted. The incomes, expenses & profits of the subsidiary incurred from the beginning of the current period to the end of the reporting period shall be included into the consolidated profit statement. The cash flow from the beginning of the current period to the end of the reporting period shall be included into the consolidated cash flow statement.

In the report period, If the subsidiary is added through the business combination not under the same control, the beginning balance of the consolidated balance sheet shall not be adjusted. The incomes, expenses & profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated profit statement. The cash flow from the acquisition date to the end of the reporting period shall be included into the consolidated cash flow statement.

In the report period, If the company disposes its subsidiary, the incomes, expenses & profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated profit statement. The cash flow from the beginning of the subsidiary to the disposal date shall be included into the consolidated cash flow statement.

If an enterprise loses control over a subsidiary company it originally services due to the disposal of some equity investment or for any other reasons, in consolidated financial statements, the remaining equity shall be re-measured as per the fair value at the date of the control lost. The difference between the sum of the consideration received on the disposal of equities and the fair value of remaining equities, and the net assets share

continually calculated by the original subsidiary company since the merger date on the basis of the original stock proportion shall be accounted for as investment income for the period in which control was lost. Other comprehensive income related to the equity investment that the subsidiary company originally owned shall be included in current investment income at the date of the control lost.

(7) Recognition Standard of Cash & Cash Equivalents

The company recognizes its cash in vault & the deposits that are ready for payment at any time as cash when preparing the cash flow statement, which are featured with short term (expire within 3 months since purchased), high liquidity, easy to convert to know cash, low in risk of value change, could be recognized as cash equivalents.

(8) Foreign Currency Transaction

(1) The foreign currency translation services

The foreign currency transaction uses the spot rate at the time of the transaction as the exchange rate to convert the currency into CNY for keeping account.

The balances of the foreign currency monetary items shall be converted according to the spot rate on the balance sheet date. Except that the exchange balances on the foreign currency borrowings for expenses on the assets eligible for capitalization shall be dealt according to the principle of loan expense capitalization, all the other exchange balances shall be included into the profits & losses at the current period. The foreign currency non-monetary items measured in historical costs shall still be converted according to the spot rate at the time of the transaction. Their account standard money amounts shall not be changed. The foreign currency non-monetary items measured in fair values shall be converted according to the spot rate on the recognition date of the fair values. The exchange balances incurred accordingly shall be recorded into the profits & losses at the current period or the additional paid-in capital.

(2) The foreign currency financial statements

The assets in the balance sheet and liabilities items, by using the spot exchange rate on the balance sheet date, all equity projects except the item of "Undistributed Profits", other items were calculated by the spot exchange rate. With the income and expense items, it was determined by a systematic and rational approach, and calculated by the approximate exchange rate of the spot exchange rate to convert on the transaction date. The converting differences generated by the foreign currency financial statements, and all equity items in the balance sheet are listed separately.

On disposal of overseas operations, the corresponding difference of foreign currency translation related to the overseas operations and listed in the owner's equity in Balance Sheet should be moved from owners' equity to current profits and losses. On partial disposal of overseas operations, the partial proportion of difference should also be converted into current profits and losses. Partial disposal of a foreign operation, is calculated portion of the foreign currency earnings disposal(9).

(9) Financial Instruments

Financial instruments consist of financial assets, financial liabilities and equity instruments.

(1) Classification of financial tools

The Company divides the financial assets into four categories: financial assets measured at fair value and their variations are recognized as current gain/loss, including trade financial assets or financial liabilities and recognized directly as financial assets measured at fair value and their variations are recognized as current gain/loss; Investment hold till expiration; loans and account receivable; saleable financial assets. The company divides the financial liabilities into two categories: financial liabilities measured at fair value and their variations are recognized as current gain/loss; other financial liabilities.

(2) Recognition and measurement of financial tools

(1) Financial assets and liabilities measured at fair value and their variations are recognized as current gain/loss

The fair value (after deducting of announced but not distributed cash dividend or due but not obtained bond interests) is recognized as initial amount when obtained.

Interests or cash dividends during the period of holding are recognized as investment gains. The fair value will be adjusted and accounted as current gain/loss.

When disposed, the differences between fair value and initial amount are recognized as investment gains, and thus adjust the gain/loss of fair value.

(2) Investment hold till expiration

The fair value (after deducting of due but not obtained bond interests) plus the related trade expenses is recognized as initial amount when obtained.

Interest gains will be calculated at amortizing of costs and actual interest rate (the face rate is adopted when the difference between the actual rate and face rate is minor) during the period of holding, and accounted as investment gains. Actual rate is recognized when obtained, and is not changed in the predictable holding period or applicable shorter period.

When disposed, the difference between the obtained price and book value is accounted as investment gains.

(3) Account receivable

The receivable debts of selling goods or providing services, and the credits of other company hold by the company not including the debt which has price in active market, including accounts receivable, notes receivable, prepaid accounts, other receivables, long-term receivables, etc. The contract or agreement price charging from purchaser should be taken as the initial confirmation amount; if it has the nature of financing, it should be confirmed according its current value.

When retrieved or disposed of, the difference between the actual received amount and the book value is accounted as current gain/loss.

(4) Saleable financial assets

The fair value (after deducting of announced but not distributed cash dividend or due but not obtained bond interests) plus the related trade expenses is recognized as initial amount when obtained.

Interest or cash dividend occurred during the period of holding is recognized as investment gains. Change of fair value is accounted as capital reserves (other capital reserves) at the end of term.

When disposed, the difference between the obtained price and book value is accounted as investment gains. Meanwhile, the corresponding part of accumulated change of fair value accounted as owners' equity is transferred into investment gain/loss.

(5) Other financial liabilities

Other financial liabilities are recognized initially at the sum of fair value and related trade expenses. Successive measurement will be on the basis of amortized costs.

(3). Recognition and measurement basis of financial asset transposition

When financial asset transposition occurred, the recognition of this particular financial asset is terminated if almost all risks and rewards attached to the asset have been transferred to the acceptor. If retain all the risks and rewards of ownership of financial assets, the financial assets can be confirmed.

When determine whether the transfer of financial assets meet the conditions of confirmation of the above financial assets, the principle of substance being more important than form should be adopted. The transfer of financial assets can be divided into overall transfer and part transfer of financial assets. If the transfer of financial assets meet the conditions of terminating confirmation, the following the difference of the two amounts will be included in the current profit and loss:

(1) Book value of the financial asset to be transposed;

(2) The sum of price received due to the transposition, and the accumulation of change in fair value originally accounted as owners' equity (when the asset to be transposed is saleable financial asset).

If part transfer of financial assets meet the conditions of terminating confirmation, the book value of the transferred financial assets, the difference between the confirmed part and the unconfirmed part (in this case, the service assets retained should be deemed as the part of unconfirmed financial assets), should be amortized in accordance with their relative fair value, and the difference between the following two amount should be included current profit and loss:

① Book value of the confirmed part;

② All fair values of financial assets and financial liabilities are recognized with reference to the price in the active market.

If the transfer of financial assets does not meet the conditions of terminating confirmation, the financial

assets should be confirmed again, the prices received will be recognized as financial liabilities.

(4). The conditions to stopping the financial liabilities

The obligation of financial liabilities are already cancelled which should be stopped confirming the financial liability or the part of it. Our company could stop confirming the currently financial liability and begin to confirm the newly financial liability if the loaner made an agreement that they would assume the new way of financial liability which replace the current one, and make sure the newly financial liability is totally different from the old one in contract with our company.

Stop admitting the financial liability or a part of it, and at mean time we could admit the newly financial liability which is in new insertions of contract as the newly financial liability if the current financial liability has been revised.

Stop admitting the balance of value of financial liability and consideration (Including the roll-out of non-cash assets or financial liabilities) which could be consider as current profits and losses.

Stop and continue admitting a part of value, and distribute the value of financial liability, if our company repurchased the part of financial liability. And the balance of value of which distributed to the part of stopping admitting and paid (Including the roll-out of non-cash assets or financial liabilities) which could be consider as current profits and losses.

(5). Recognition basis of financial assets and financial liabilities

The company has adopted financial assets and financial liabilities measured with the fair value to activate financial assets or financial liabilities of the market, and determined its fair value based on the quotation in an active market; if there no exists financial assets or financial liabilities to activate the market, the valuation techniques (including the price made in the market transactions which is recently conducted by each party with willing action and acquaintance of situation, the current fair value, discounted cash flow analysis and equity option pricing models, etc. of other financial instruments which is substantially similar with the reference) shall be used to determine its fair value; for the initial or original financial assets or the liabilities assumed, its fair value shall be determined on the basis of the transaction price of market.

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

On the balance sheet date, the company performs inspection on the book value of financial assets apart from those which are calculated at fair value and the changes of which are taken into the current profit and loss account. Depreciation provision is required for the circumstance where objective evidences indicate that depreciation occurs to the financial assets.

Objective evidences for depreciation include (but not limited to) the following:

1. the issuer or the debtor suffers serious financial difficulty;
2. the debtor has breached the contract, such as failure or delay thereof in repayment of interests or the principal;
3. the debtee compromises to the debtor in consideration of the economic or legal aspect;
4. the debtor is very likely to be in bankruptcy or other financial reorganization;
5. the issuer suffers serious financial difficulty, which results in failure of financial assets to trade in the active market;
6. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including: adverse changes in the payment status of borrowers in the group; an increase in the unemployment which appears in the debtor's country or region; a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the group;

7. any significant change with an adverse effect that has taken place in the technological, market, economic or legal environment in which the issuer of equity instruments operates, and indicates that the cost of investments in equity instruments may not be recovered; or
8. the fair value of the equity instrument investment suffers serious or non-temporary drop.

The special depreciation method of financial assets is as follows:

(1) Depreciation Provision of Financial Assets Available for Sale:

The individual identification method is adopted to evaluate the depreciation losses for the financial assets available for sale. Of which, the objective evidence that indicates the depreciation of equity instrument investment available for sale includes the fair value of the equity instrument investment suffering serious or non-temporary drop, and the specific quantitative criteria:

The company shall conduct a separate check to all equity instrument investment available for sale at the balance sheet date, if fair value of the equity instrument investment at the balance sheet date is less than its initial investment cost beyond 50% (including 50%) or over one year of duration (including one year), the depreciation occurs; if fair value of the equity instrument investment at the balance sheet date is less than its initial investment cost beyond 20% (including 20%) but not up to 50%, the company shall take into account of other relevant factors, such as price fluctuation rate, etc., to judge if there is depreciation of the equity instrument investment.

When the financial assets available for sale (namely, AFS financial assets) are impaired, the company shall reverse and charge the accumulated losses due to decreases in fair value previously recognized directly in capital to profit or loss for the current period, even if the financial assets are not derecognized. The reversed accumulated losses are the asset's initial acquisition costs after deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, in a subsequent period, the carrying amount of AFS debt instruments investment increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed. The reversal shall be recognized in profit or loss for the current period. The reversal of impairment losses of AFS equity instruments is recognized in capital reserve. But, impairment losses incurred by investments in an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of investments in equity instruments are not reversed.

(2) Depreciation Reserves of Held-to-Maturity Investments

If there is objective evidence of depreciation for held-to-maturity investments, the difference between the carrying amount and the present value of estimated future cash flows is recognized as impairment loss. If there is evidence that its value has recovered after accrued, the previously recognized impairment loss shall be reversed. The amount of the reversal shall be recognized in profit or loss for the current period. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

All Recognition Standards of Depreciation of Financial Assets Available for Sale

(7) If investment held to mature is recategorized to sellable financial assets, please state the intention or evidence of change incapability .

(10). Recognition standard and providing basis of bad debt provision on receivable accounts

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

Judgment criteria or amount standard of material specific amount or	Account receivable with special account receivable
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amount criteria	exceeding RMB 1 million is viewed as material accounts receivable.
Provision method with material specific amount and provision of specific bad debt preparation	Conduct the devalue test separately. Set up the bad debt reserve according to the shortfall of the present value of expected future cash flows against its carrying amount and record it into the profits & losses at the current period. Allot those assessed individually but no impairment for receivables into the bad debt reserves on a collective basis.

(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.
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(3) 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
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.

(11) Inventory

(1) Inventory classification

Inventory refers to various assets that are held for sale, the work in process or consumptions during the process of the production for the company in the daily of business, mainly including raw materials, packaging material, low value consumables, in-process products, inventory, etc.

(2) Pricing method of stock delivered

Stock delivered is measured according to weighted average method.

The inventories are initially calculated and accounted in accordance with the actual cost, and the inventory cost includes the purchase cost, processing cost and the other cost.

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

Recognition Basis of Inventories' Net Realizable Values and Counting & Drawing Method of Obsolete Inventory Reserves: After taking stock at the end of the period,

In the process of normal operation, the realizable value of goods inventories such as completed products, commodities and tradable materials etc. is recognized by its estimated selling pricing deducting estimated selling expenses and related taxes and expenses. The realizable net value of material inventories for processing is recognized by the estimated selling price of the finished products deducting estimated cost and selling price and related taxes. The realizable net value of inventories held for execution of sales contracts or labor contracts is calculated on the basis of contract price. In case inventories exceed contracted amount, the exceeded part is based on the general selling price.

At end of period, depreciation reserve is made for every individual inventory item. For inventories in large variety with low unit price, depreciation reserve is made by categories. For inventories related to products series produced and sold within the same region, having the same or similar end-use purpose, and hard to be differentiated from other items, combined depreciation reserve is made.

When factors that caused deduction of prior inventory value disappear, the deducted amount shall be resumed, and originally accrued depreciation provision shall be returned. The amount returned is booked into current income statement.

(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.

(12) Long-term equity investment

(1) Investment cost confirmation

(1) For the long term equity investment from enterprise merger, the detailed accounting policy, please refer to the accounting method of merger of enterprises under or not under the same controller in Note II / (V). While, the long term equity investment acquired through liability reorganization is booked on the basis of fair value. (2) Long-term equity investment obtained by other ways. Long-term equity investment obtained by cash payment is recognized for initial investment cost according to the price practically paid. Long-term equity investment obtained by placing of equity stocks is recognized for initial investment cost at the fair value of the stock. Long-term equity investment input by investors is recognized for initial investment cost according to the investment contract or agreement (less the cash dividend or profit announced but not distributed). However when the value in the contract or agreement is not fair value is not adopted. The non-monetary asset exchange for a commercial real income and assets or the fair value other assets can be reliably measured, the initial investment cost should be determined according to long-term equity investment exchanged through the non-monetary asset exchange, unless there is evidence showing that for the fair value of assets is more reliable; the non-monetary asset exchange which does not meet the above premises, the book value of the exchanged assets to and the relevant fees and taxes to be paid should be the initial investment cost of the long-term equity investment. The initial investment cost of the long-term equity investments obtained through debt restructuring should be determined in accordance with fair value.

(2) Follow-up Measurements & Recognitions of Profits or Losses

Cost basis is adopted in accounting of long-term equity investment without joint control or major influence, and with no quotation in an active market, thus the fair value is not able to be reliably measured. Equity basis will be adopted for the long-term equity investment with joint control or major influence. The long-term equity investment that has joint control or significant influences over the invested entity shall be measured by employing the equity method. If the initial cost is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be recorded into the profits & losses at the current period. The treatment for the other changes of owner's equity besides net loss and profit of the unit being invested: for the other changes of owners' equity besides net profit and loss of the unit being invested, when shareholding ratio remains unchanged, the part shared or undertaken according to share ratio, the book value of long-term equity investment should be adjusted, and at the same time, the capital surplus (other capital surplus).

(2) Recognition of Profits or Losses. Employing the cost method, besides acquiring the actual payment for investing or the dividends / profits which have already been declared but not distributed yet, the company shall recognize its current investment income by enjoying the dividends / profits declared to be distributed by the invested entity.

The investment income Recognition by cost method is only limited to distribution of accumulated net profit after

the unit being invested receives investment, the part of profit and cash dividends more than the amount will be regarded as initial investment cost recovery. The loss which should be confirmed to the unit being invested under equity method should be treated in accordance with the following orders: First of all, deduct the book value of long-term equity investment. Second, if the book value of long-term equity investment can not be deducted, the long-term equity value of the net value of the unit being invested should be further confirmed as investment loss and used to deduct the book value of long-term receivables. Finally, after the above treatment, the additional liabilities to be undertaken according to investment contract or agreement should be confirmed as expected liability according to the expected liability and be concluded in the current investment loss. If the unit being invested achieves profit in the following period, after deducting the unconfirmed liabilities, it should be treated according to the adverse order as described above, the book value of the confirmed expected liabilities should be deducted, the book value of the long-term equity investment and long-term equity of net assets of the unit being invested should also be resumed, and at the same time, the investment income should be confirmed.

(3) Confirm the basis that has common control and major influence 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.

On the balance sheet date, if the long-term equity investment shows impairment due to the decreasing market price or the deteriorating business operation of the invested entity, the recoverable amount of the long-term equity investment should be determined on the basis of the net amount from the fair value of the individual long-term equity investment less the disposal expenses, or the present worth of the estimated future cash flow of the long-term equity investment, whichever is higher. When the recoverable amount of the long-term equity investment is less than the book value, the book value of assets should be written down to the recoverable amount, and the amount written down is recognized as the asset impairment loss, which should be included in the current profits and losses; meanwhile, the corresponding asset impairment provision should be counted and drawn. As to a long-term equity investment with no significant influence, if there is no offer in the active market for it and its fair value cannot be reliably measured, its impairment loss shall be recognized according to the difference between its carrying amount & the current value recognized by discounting the future cash flow according to the current market return similar to the financial asset. Besides the business reputation formed by the business combination, where the measurement results of the removable amounts show that the receivable amount of any other long-term equity investment is lower than its carrying value, the difference shall be recognized as the impairment loss. No matter whether there is any sign of possible assets impairment, the business reputation formed by the business combination shall be subject to impairment test every year. Once any loss of the long-term equity investment impairment is recognized, it shall not be switched back any more.

(13). Investment real estate

The term “Investment real estates” refers to the real estates held for generating rentand/orcapital appreciation, including the right to use any land which has already been rented, the right to use any land which is held and prepared for transfer after appreciation & the right to use any building which has already been rented.

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	0%	2%-5%
Real estate in China	20-30	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.

The company shall estimate the recoverable amount for any impairment, and then determine the corresponding impairment loss if the recoverable amount less than its book value.

Once the impairment loss of the real estate investment is recognized, it will not be reversed in the future.

When the investment real estate is disposed of, or permanently terminates its use and no economic benefits are expected from its disposal, terminate the confirmation of the investment real estate. Disposal income of investment property for sale, transfer, disposal of scrap or being destroyed is charged to current profit or loss after deducting its book value and related taxes.

(14) Fixed assets

(1) Confirmation conditions of fixed assets

Fixed assets refer to physical assets owned for purpose of production, service providing, leasing or management, and operation with service life of more than one year. Fixed assets are recognized when all of the following conditions are satisfied: Financial benefits attached to the fixed asset is possibly inflowing to the Company;(2) The cost of the fixed asset can be reliable measured.

(2) Cognizance evidence and pricing method of financial leasing fixed assets

The fixed assets acquired by the company in line with the following one or several criteria shall be recognized as the fixed assets acquired under finance leases: (1) at the expiration of the lease, the ownership of the leased assets shall be transferred to the company. (2) the company has the option to purchase the leased assets, the purchase price is expected be far lower than the fair value of the leased assets under the implementation of option right, so that it can be reasonably determined that the company shall exercise the option on the acquisition date. (3) the lease term is the majority for the leased assets even if the ownership no transferred. (4) the present value of the minimum lease payments of the company almost is equal to the fair value of the leased assets on the acquisition date. (5) For the special nature of the leased assets, only the company can use if no major modification made. For the fixed assets acquired under finance leases, the company takes less of the fair value of the leased asset on the acquisition date and the present value of the minimum lease payments as recorded value. Also, the minimum lease payments are accounted as the recorded value for the long-term payables, and the difference are as the unconfirmed financing fees. The initial direct expenses, such as commission charge, attorney fees, travel expenses and stamp duty attributable to the lease item occurred in the process of the lease negotiation and the signature of lease contract, shall be recorded into the leased assets value. The unrecognized financing charges in each period during the lease term are amortized by effective interest method. The company shall adopt the depreciation policy in line with its own fixed assets to count and draw the depreciation of fixed assets acquired under finance leases. If the ownership of lease assets acquired at the expiration of lease can be reasonably confirmed, the depreciation will be recognized in the use life of lease assets. If can't be confirmed, the shorter period between the lease term and the use life of lease assets will be recognized as the depreciation.

(3) Fixed assets depreciation method

Except for the fixed assets that continually used after the depreciation counted and drawn fully, the depreciation of fixed assets is made by average year method. Rate is based on category, expected years of use and expected net residual ratio.

For the fixed assets acquired under finance leases, if the ownership of lease assets acquired at the expiration of lease will be reasonably confirmed, the depreciation will be recognized in the remaining use life of lease assets. If can't be confirmed, the shorter period between the lease term and the remaining use life of lease assets will be recognized as the depreciation.

For the fixed assets formed by using the special reserve expenditure, the special reserve is offset against the cost of fixed assets and the same amount of accumulated depreciation is recognized. Also, the depreciation for the fixed assets are no longer counted and drawn in the future period.

The company shall confirm the useful life and estimated residual value rate for the fixed assets according to the nature and the use status of the fixed assets. At the end of the year, the service life, estimated residual value and depreciation method for the fixed assets are reviewed, and the adjustment will be accordingly if there is difference with the previous estimated count.

Classified depreciation years and depreciation rates are as follows:

Type	Expected useful life (Year)	Estimated residual value rate	Annual depreciation rate (%)
House and building	20-50	0%-10%	2%-5%
Machinery and equipment	5-14	10%	6%-18%

Electric Equipment	5	10%	18%
Transportation equipment	4-5	10%	18%-22.5%

(4). Test Method for Fixed Asset Impairment and Counting & Drawing Method for Fixed Asset Impairment Reserves

The company shall, at the end of each period, make a judgment on whether there is any sign of possible fixed assets impairment.

Where any evidence shows that there is possible fixed assets impairment, the recoverable amount of the fixed assets shall be estimated. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the fixed assets minus the disposal expenses & the current value of the expected future cash flow of the fixed assets.

Where a fixed asset's recoverable amount is lower than its carrying value, the carrying value of the fixed asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of the fixed asset impairment and be recorded into the profits & losses at the current period. Simultaneously, the fixed asset impairment reserve shall be made accordingly.

After the loss of the fixed asset impairment has been recognized, the depreciation expense of the impaired fixed asset shall be adjusted accordingly in the future period so as to amortize the post-adjustment carrying value of the fixed asset systematically (deducting the expected net salvage value) within the residual service life of the fixed asset.

When there are signs showing that a fixed asset will devalue, the enterprise estimates its collectable amount based on the individual fixed asset. If it is difficult to make estimation of the collectable amount for the individual fixed asset, the enterprise will recognize its collectable amount on the basis of the asset group that the fixed asset belongs to.

(15). Projects under construction

(1) Categories of projects under construction

The company shall measure the self-constructed constructions in progress at the actual cost, which comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use, including materials costs, labor costs, relevant taxes paid, capitalized loans, indirect expense for apportion, etc.. The constructions in progress of the company should be accounted by the project classification.

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

All the expenditures that bring the construction in process to the expected condition for use shall be the credit value of the fixed asset. If the fixed asset construction in process has already reached the expected condition for use, but hasn't been made the final account; it shall be carried forward to a fixed asset according to its estimated value based on the budget, cost or actual cost of the construction starting from the date when it reaches the expected condition for use, and the fixed asset shall be depreciated according to the company's depreciation policy for fixed assets. After the final account has been made, the original provisional estimated value shall be adjusted according to the actual cost, but the depreciation which has originally been counted & drawn shall not be adjusted.

(3) Test Method for Construction-in-Process Impairment and Counting & Drawing Method

The company shall, at the end of each period, make a judgment on whether there is any sign of possible

constructions-in-process impairment.

Where any evidence shows that there is possible constructions-in-process impairment, the recoverable amount of the constructions-in-process shall be estimated. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the constructions-in-process minus the disposal expenses & the current value of the expected future cash flow of the constructions-in-process.

Where a construction-in-process's recoverable amount is lower than its carrying value, the carrying value of the construction-in-process shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of the construction-in-process impairment and be recorded into the profits & losses at the current period. Simultaneously, the construction-in-process impairment reserve shall be made accordingly.

Once any loss of the construction-in-process impairment is recognized, it shall not be switched back in the future accounting periods.

When there are signs showing that constructions in progress will devalue, the enterprise estimates its collectable amount based on the individual construction in progress. If it is difficult to make estimation of the collectable amount for the individual construction in progress, the enterprise will recognize its collectable amount on the basis of the asset group that the construction in progress belongs to.

(16) Loan expenses

1. Recognition principles for capitalizing of loan expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term.

The assets meeting capital conditions refer to the fixed assets, investment real estates and inventories which are constructed or produced in a long time to reach the predicted use or sale state.

When a loan expense satisfies all of the following conditions, it is capitalized:

1. Expenditures on assets have taken place, asset expenditures include the assets used to construct or produce the assets which meet the capitalization conditions, and expend by cash or transferring non-cash assets or bearing interest debt;
2. Loan costs have taken place;
3. The construction or production activities to make assets to reach the intended use or sale of state have begun.

2. Duration of capitalization of Loan costs

The capitalization period refers to the period from starting capitalization of loan costs to the stop of capitalization, the period of the break of capitalization of Loan costs is not included.

When the construction or production meets the intended use or sale of state of capitalization conditions, the Loan costs should stop capitalization.

When the construction or production meets the conditions of capitalization and can be used individually, the capitalization of the loan costs of the assets should be stopped.

Where each part of a asset under acquisition and construction or production is completed separately and is ready for use or sale during the continuing construction of other parts, but it can not be used or sold until the asset is

entirely completed, the capitalization of the borrowing costs shall be ceased when the asset is completed entirely.

.3 Capitalization Suspension Period

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recorded into the profits & losses at the current period, till the acquisition and construction or production of the asset restarts.

4. Calculation of the amount of capitalization of Loan costs

Interest expense due to specialized Loan and its auxiliary expenses shall be capitalized before the asset which satisfies the capitalizing conditions reaches its useable or saleable status.

Interest amount of common Loan to be capitalized equals to accumulated asset expense less weighted average of specialized loan part of asset expense multiplies capitalizing rate of common Loan occupied. Capitalizing rate is determined according to weighted average interest of common Loan.

If the Loan has discount or premium, the discount or premium amount should be determined according to actual interests in each accounting period. The interest amount should be adjusted in each period.

(17).Intangible assets

1. The valuation methods of intangible assets

(1)The initial measurement is conducted according to the actual cost when the intangible assets are acquired

The cost of the purchased intangible assets includes its buying price, relevant tax and the othe expenses that are directly attributed to this assets meeting its predetermined objective and other expenses that occur. The buying price of intangible assets is over the deferred payment under normal credit conditions, which has the nature of financing materially, the cost of intangible assets is determined on the basis of the present value of its buying price.

We acquire the mortgaged intangible assets from debtors through debt restructuring and determine the entry value on the basis of the fair value of the intangible assets,we have the balance between the book value of debt restructuring and the fair value of intangible assets used for mortgage charged to the current profit and loss.

The entry value of the non-monetary assets exchanged into by the non-monetary assets are determined on the basis of the fair value of the assets exchanged out if the exchange of non-monetary assets has commercial nature and the assets exchanged into or out can be reliably measured, unless there is authentic evidence indicating that the fair value of assets exchanged into are more reliable; if the non-monetary assets that cannot meet the above prerequisite use the book value of the assets exchanged out and relevant taxes payable as the cost of the non-monetary assets, the profit and loss is not confirmed.

The entry value of the intangible assets acquired by the absorption merger under the control of one company is determined by the book value of the merged party;the entry value of the intangible assets acquired by the absorption merger that is not under the control of one company is determined by the fair value.

The cost of the intangible assets developed internally includes the materials consumed in developing the assets, cost of service, registration fees, other patent used in developing, amortization of concession and interest charges meeting the capitalization conditions and othe direct costs that occur before the intangible assets

meeting the predetermined objective.

(2) Subsequent measurement

The Company analyses and makes judgment of its serviceable life when acquiring the intangible assets.

The intangible assets that have limited serviceable life are amortized by the straight-line method during the period when the assets can bring about economic interests; The intangible assets are deemed as uncertain serviceable life and are not amortized if it is impossible to expect the period when the assets could bring about economic interests.

(3) Estimation of service life of intangible assets with limited service life

The land use right shall be amortized on average according to the year limit of transfer from the date of transferring; proprietary technology, non-proprietary technology and other intangible assets shall be amortized on average by installment in accordance with the shortest one among the three including estimated durable years, beneficial years specified in contract and valid years stipulated by law. The amortization amount is accounted for as the related asset costs and current profit and loss according to the beneficiaries.

At the end of each period, the review is made for service life and amortization method of the intangible assets which have limited service life.

After review, there is no difference for the service life and amortization method of intangible assets at the end of this period.

Item	Amortisation periods	Basis
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(3) The judgment basis of the intangible assets with indefinite life

At the end of each period, the review is made for service life of the intangible assets which have unrecognized service life.

After review, if there is evidence indicating the service life of intangible assets is finite, its service life should be estimated.

(4) Provision for impairment of investment assets

The intangible assets that have certain serviceable life are conducted at the ending with the test of depreciation of value if the assets indicate obviously that those are depreciating

For conducting a test of depreciation of value of the intangible assets, it needs to estimate the recoverable amount of the assets. The recoverable amount is determined by the higher between the net amount obtained through the fair value of intangible assets minus settlement changes and the present value of the future cash flow expected by the intangible assets.

When the recoverable amount of intangible assets is below their book value, the book value of intangible assets is written down to the recoverable amount and the amount written down is confirmed as the loss of depreciation of value of intangible assets and is charged to the current profit and loss, while the corresponding provision for the depreciation of value of intangible assets is made.

The depletion of the depreciation of value of intangible assets or the amortization charge in the future period will be adjusted accordingly after confirmation of the loss of the depreciation of value of intangible assets so that it can systematically allocate the book value of intangible assets adjusted in the residual serviceable life of

intangible assets(deduction of anticipated net value).

Upon confirmation of the loss of the depreciation of value of intangible assets, the loss will not be reversed in the subsequent accounting period any longer.

When there are signs showing one intangible asset will devaluate, the enterprise estimates its collectable amount based on the individual intangible asset. If it is difficult to make estimation of the collectable amount for the individual intangible asset, the enterprise will recognize its collectable amount on the basis of the asset group that the intangible asset belongs to.

(18) Long-term amortizable expenses

Long-term deferred charge will be averagely amortized in the benefited period.

(19) .Predicted liabilities

(1) Recognition of Predicted liabilities

The liabilities related to contingencies and meeting the following conditions are reflected as estimated liabilities:

The liabilities that are present liabilities assumed by the company;

The fulfillment of the liabilities may cause outflow of economic interests from the company;

The amount of the liabilities can be reliably measured.

(2) Accounting of Predicted liabilities

Predicted liabilities shall be conducted initial measurement according to the best estimates of related existing liabilities, When the company recognizes the optimum estimation, it shall be in overall consideration of risks, uncertainty and time value of currency and other factors related to contingent matters. When the influence of time value of money is significant, the optimum estimates shall be determined by discounting relevant future cash outflow The optimum estimates are conducted as follows:

If there is a continuous range (or area) for the necessary expenses and the same result possibility within the range, the optimum estimate is recognized according to the middle value, namely the average of upper limit and lower limit of amount within the range.

If there no exits a continuous range (or area) for the necessary expenses or the different result possibility within the range even if there is a continuous range, and if there are contingent matters related to individual item, the optimum estimate is recognized according to the amount that has most possibility to occur. If there are contingent matters involving multiple items, the optimum estimate is counted and confirmed as per all the possible results and associated probabilities.

(20) 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 benefits related to the transactions are likely to flow into the enterprise, if the revenue amount can be reliably measured, the revenue amount of transferring assets use right can be recognized as following:

- (1) the interest income amount will be measured according to time and actual interest rates of the currency funds used by others.
- (2) the income amount of usage charges will be measured according to the charge time and method determined in the relevant contract or agreement.

(21) Governmental subsidy

(1) Categories

Government Grant refers to monetary or non-monetary assets acquired without consideration from government, except for the capital invested in by the government as business owner. According to relevant grant objects prescribed in the government documents, the government grants are classified as the government grants related to assets and the income-related government grants. The government grants related to assets refer to the grants of long-term assets acquired by the company, used for purchase and construction or formed by other methods, and the income-related government grants refer to all the government grants except for those pertinent to assets.

(2) Accounting Policy

1. Recognition of Government Grant

If the government grant is the monetary asset, it shall be measured in the light of the received or receivable amount. If the government grant is the no-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount (RMB 1). The government grants measured at their nominal amounts shall be directly included in the current profits and losses.

2. Accounting Method

The government grants pertinent to assets shall be recognized as deferred income, and it will be accounted to as the non-operating income amortized by installment according to the service life of assets constructed or purchased. If it is necessary to refund any government grant which has been recognized, and there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses. If there is no deferred income concerned to the government grant, it shall be directly included in the current profits and losses.

(22) . Deferred income tax assets/Deferred income tax liability

1. References for confirmation of deferred income tax assets

The company is likely to determine the deferred income tax assets produced from deductible temporary differences with the limit of offsetting the taxable income of temporary difference.

2.The confirmation basis of deferred income tax liabilities

The Company confirms the temporary differences of the taxable that is not paid in the current and prior periods as

the deferred income tax liabilities. However, the goodwill, the transactions formed from non-business merger and those will affect either accounting profit or the temporary differences of the taxable income when the transactions occur are not included in the deferred income tax liabilities.

(23) Operational leasing and Financing leasing

(1) Accounting of operational leasing

(1) The leasing fees paid for the leased assets by the company shall be recorded as the current expense according to the straight-line method in the whole lease term not excluding the rent free period. The initially direct expense related to the lease transactions paid by the company shall be recognized as the current expense.

When the assets lessor has assumed the lease-related expenses which should be borne by the company, the company shall deduct these expenses from the total amount of rent, amortize in the lease term according to the rents after deducted and record as the current expenses.

(2) The leasing fees received for the leased assets by the company shall be recognized as the lease income according to the straight-line method in the whole lease term not excluding the rent free period. The initially direct expense related to the lease transactions paid by the company shall be recognized as the current expense. For a large of amount, it will be capitalized and recorded as the current revenue based on the same confirmation of lease income during the whole lease period.

When the company has assumed the lease-related expenses which should be borne by the lessee, the company shall deduct these expenses from the total amount of rent and amortize in the lease term according to the rents after deducted.

(2) Accounting Method for Financing Leases

(1) The assets acquired under financing leases: the lower value between the fair value of leased assets and the present value of the minimum lease payments is recognized as the recorded value, the minimum lease payments are recognized as the recorded value of long-term payables, and the difference is recognized as unrecognized finance expense at the inception of the lease.

The company shall adopt the effective interest method to amortize and record as the financial costs during the assets lease term.

(24) Change of main accounting policies and estimations

Is there any material change of accounting policies occurred in the year

Yes No

N/A

(1) Change of accounting policies

Is there any change in accounting policies in the report period

Yes No

(2) Change of accounting estimations

Is there any change in accounting estimations in the report period

Yes No.

(25) Correction of accounting errors in previous period

Is there any accounting error with previous period found in the report period

Yes No

(1) Change of accounting policies

Is there any change in accounting policies in the report period

Yes No

(2) Change of accounting estimations

Is there any change in accounting estimations in the report period

Yes No.

V. Taxation

1. Main categories and rates of taxes

Taxes	Tax references	Applicable tax rates
Business tax	Business income	5%
Urban Construction Tax and Educational Surtax	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.

1. Enterprise income tax

The interest rate of corporate income tax of the company and subsidiaries in China mainland is 25%, the interest rate of the income from Hong Kong of the subsidiaries in Hong Kong is 16.5%.

2. VAT.

The output tax ratio of domestic sales revenue and processing income of printing and dyeing products for the company and its subsidiaries established in Mainland China is 17%, and the export sales is subject to the “exemption, compensation and refund” methods. The company’s input tax for purchasing raw materials offsets the output tax with ratio of 17%. Of which, the input tax paid for export products can be applied for refunds. The company’s VAT payable is the balance after offset between current period’s input and output taxes.

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

3. Business tax

Business tax applied to revenues of the company and South China Dyeing and Printing Co., Ltd. from the housing rental, rate being 5%. It's unnecessary for the subsidiary in Hong Kong to pay the business tax.

(IV) Urban Construction Tax and Educational Surtax

The company's urban construction tax and education surtax are based on payable VAT and business tax, tax rate being 7% and 3%. Since January 1, 2011, 2% of VAT and business tax actually paid by taxpayer are as the local education surtax. It's unnecessary for the subsidiary in Hong Kong to pay the urban construction tax and the education surtax.

(V) Property Tax

The tax of property with own use for the company and its subsidiaries established in Mainland China is based on 70% of original value of the property, tax rate being 1.2%, and the tax of leased property is based on the rental income, tax rate being 12%. It's unnecessary for the subsidiary in Hong Kong to pay the property 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 included in 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 Co.Ltd	Limited Company	Hong Kong	Trade	2,400,002 (HKD)	Purchase of raw materials, marketing of printed and dyed woven fabrics, investment and holding business			100%	100%	Yes	0.00	0.00	0.00
Shenzhen Company	Limited Company	Hong Kong	Trade	1,000,000 (HKD)	Sales of Corduroy dyed cloth and printed cloth			100%	100%	Yes	0.00	0.00	0.00
Nanhua Company	Limited Company	Shenzhen	Production	85,494,700 (HKD)	Production and sales of printed cloth and dyed cloth			69.44%	69.44%	Yes	0.00	0.00	0.00
Xinye Company	Limited Company	Hong Kong	Trade	10,000 (HKD)	Sales of printed cloth and dyed cloth			100%	100%	Yes	0.00	0.00	0.00
Shenzhen East Asia Co	Limited Company	Shenzhen	Trade	3,000,000	Textile, Printing and dyeing industry and Raw	3,000,000.00		51%	51%	Yes	-1,738,420.00	0.00	0.00

					materials									
					Machine									
					y									
					equipmen									
					and									
					other									
					fabrics									

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 December 31, 2013 the shareholding structure as follows:

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

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. Changes of combination scope at current period

Notes

Applicable Not applicable

3. Exchange rate of main accounts of overseas businesses

The spot exchange rate of HKD to RMB WAS 0.81090 at year beginning , and the spot exchange rate at year endwas0.78623 the approximate exchange rate of the sot exchange rate uses the current average exchange rate 0.798573.

Except the company, its subsidiaries South China Dyeing and Printing Co., Ltd. and Shenzhen Southeast Asia Co., Ltd. choose RMB as the functional currency, other subsidiaries choose HK dollar. However, the financial statements should be translated into RMB. For the translation method of the financial statements for foreign currency, please refer to the Note II.

VII. Notes to the major items of consolidated financial statement

1.Monetary Capital

Unit: RMB

Items	Year-end balance			Year-beginning balance		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash	--	--	41,613.00	--	--	66,684.00
RMB	--	--	37,065.00	--	--	62,790.00
HKD	5,785.00	0.78623	4,548.00	4,802.00	0.8109	3,894.00
Bank deposit	--	--	62,791,183.00	--	--	51,492,804.00
RMB	--	--	22,172,845.00	--	--	25,739,776.00
HKD	50,311,621.00	0.78623	39,556,478.00	30,435,747.00	0.8109	24,680,347.00
USD	174,164.00	6.09690	1,061,860.00	170,660.00	6.2855	1,072,681.00
Other monetary capital	--	--	670,114.00	--	--	667,774.00
RMB	--	--	670,114.00	--	--	667,774.00
Total	--	--	63,502,910.00	--	--	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.

Other monetary funds mainly are the capital that deposited in the securities company and used to purchase and draw the new bond, and there are not the restricted monetary funds at the end of period.

2.Bill receivable

(1) Classification bill receivable

Unit: RMB

Classification	Year-end balance	Year-beginning balance
Bank acceptance	1,500,000.00	1,500,000.00
Total	1,500,000.00	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	159,969.00	119,043.00	79,340.00
Total	38,414.00	159,969.00	119,043.00	79,340.00

(2)Statement on interest receivable

The interests receivable was the ones for the subsidiary of the company Hong Kong Victor Onward Bank's deposits, with principal about HKD 20 million and RMB 14 million.

4. Account receivable

(1).Classification account receivables.

Unit :RMB

Classification	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(%)
Receivables with major individual amount and bad debt provision provided individually	3,960,436.00	31.46%	3,960,436.00	100%	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	8,626,416.00	68.54%	8,626,416.00	100%	8,888,114.00	70.52%	8,888,114.00	100%
Total	12,586,852.00	--	12,586,852.00	--	12,603,511.00	--	11,858,799.00	--

Category explanation of accounts receivable:

Particulars about the receivable accounts due from shareholders with 5% (5%)or over of the Company's shares

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
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Hong Kong Victor Onward Co., Ltd.	1,851,841.00	1,851,841.00	100%	Aging long
Carnival Index International Ltd.	1,098,549.00	1,098,549.00	100%	Aging long
TAI YANG ENTERPRISE CO.,Ltd.	1,010,046.00	1,010,046.00	100%	Aging long
Total	3,960,436.00	3,960,436.00	--	--

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

Applicable Not applicable

Receivable accounts on which had debt provisions are provided on percentage analyze basis in a portfolio

Applicable Not applicable

Receivable accounts on which had debt provisions are provided by other ways in the portfolio

Applicable Not applicable

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

Applicable Not applicable

Unit:RMB

Description Of other receivables	Book balance	Amount of bad debt	Rate	reason
VEGA CARMENT CO. Ltd	768,189.00	768,189.00	100%	Aging long
Fly Dragon International	573,536.00	573,536.00	100%	Aging long
Grateful Textiles Co.,Ltd	566,661.00	566,661.00	100%	Aging long
Shenzhen Fangzhou Textiles Co., Ltd.	468,502.00	468,502.00	100%	Aging long
World Fabrica (Int'l) Ltd	465,126.00	465,126.00	100%	Aging long
Ezhou Xiangya Clothing Co., Ltd.	368,943.00	368,943.00	100%	Aging long
Tak Shing Buying Office Led	333,502.00	333,502.00	100%	Aging long
Shenye Union (HK) Co., Ltd.	299,354.00	299,354.00	100%	Aging long
Panther Fabric Ltd.	295,088.00	295,088.00	100%	Aging long
Changshu Zhongjiang Clothing Import & Export Co., Ltd.	283,539.00	283,539.00	100%	Aging long
Starline Textile CO.Ltd.	282,234.00	282,234.00	100%	Aging long
Nissho Iwai HK Corp Ltd.	215,229.00	215,229.00	100%	Aging long
Unimix Ltd.	192,891.00	192,891.00	100%	Aging long

Tai Hing Linings Co Ltd	191,295.00	191,295.00	100%	Aging long
Human Changpuan Garment	185,981.00	185,981.00	100%	Aging long
Ningbo Youngor Fuchun Uniforms Co., Ltd.	181,490.00	181,490.00	100%	Aging long
Win favour development ltd	146,600.00	146,600.00	100%	Aging long
Speedy Textiles Co	146,502.00	146,502.00	100%	Aging long
Lin Feng Textile Co.	135,686.00	135,686.00	100%	Aging long
Jicheng Cotton Co., Ltd.	131,954.00	131,954.00	100%	Aging long
Millionaire(HK)Weaving Ltd.	124,249.00	124,249.00	100%	Aging long
Leader Day Ltd.	121,930.00	121,930.00	100%	Aging long
Tex Mate Fabrics (HK)	110,024.00	110,024.00	100%	Aging long
New Design Textiles Ltd.	109,178.00	109,178.00	100%	Aging long
Deep Success Industrial Ltd	102,606.00	102,606.00	100%	Aging long
Wynvaye Industrial Co	101,030.00	101,030.00	100%	Aging long
ACTSUN LTD.	89,613.00	89,613.00	100%	Aging long
Tamurakoma Co Ltd.	77,828.00	77,828.00	100%	Aging long
International Textiles Co	65,461.00	65,461.00	100%	Aging long
Shenzhen Hongtian Cloth Trade Co., Ltd.	59,380.00	59,380.00	100%	Aging long
Ho Cheong Textiles Ltd	54,607.00	54,607.00	100%	Aging long
Origin Textiles Co Ltd.	54,156.00	54,156.00	100%	Aging long
Wing Fook Piecegoods Co.,Ltd	50,389.00	50,389.00	100%	Aging long
Wing Shum Pieces goods Co Ltd.	49,905.00	49,905.00	100%	Aging long
Gold Eagle Textiles Limited	47,588.00	47,588.00	100%	Aging long
Tangshan Lifeng Garment Co., Ltd.	45,761.00	45,761.00	100%	Aging long
Charman Trading Co	43,852.00	43,852.00	100%	Aging long
Atex Trading Co	43,847.00	43,847.00	100%	Aging long
Gloden Glory Textiles Ltd	40,322.00	40,322.00	100%	Aging long

Yu Fat Piecegoods Co.,Ltd	39,603.00	39,603.00	100%	Aging long
Fuji Industrial Co	39,152.00	39,152.00	100%	Aging long
Other	923,633.00	923,633.00	100%	Aging long
Total	8,626,416.00	8,626,416.00	--	--

(2) Particulars about the receivable accounts due from shareholders with 5% or over of the Company's shares in the report period.

Unit: RMB

Name	Year-end balance		Year-beginning balance	
	Book Balance	Amount	Book Balance	Amount
Note				

(3) 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	1,851,841.00	Over 3 years	14.71%
Carnival Index International Ltd	Non- related parties	1,098,549.00	Over 3 years	8.73%
TAI YANG ENTERPRISE CO.,LTD.	Non- related parties	1,010,046.00	Over 3 years	8.02%
VEGA CARMENT CO. Ltd	Non- related parties	768,189.00	Over 3 years	6.1%
Fly Dragon International	Non- related parties	573,536.00	Over 3 years	4.56%
Total	--	5,302,161.00	--	42.12%

(4) 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	299,354.00	2.38%

Total	--	299,354.00	2.38%
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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	72.15%	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	311,279.00	6.67%			260,005.00	5.61%		
Subtotal of group	311,279.00	6.67%			260,005.00	5.61%		
Other account receivable with minor individual amount but bad debt provision is provided	988,643.00	21.18%	988,643.00	100%	1,010,019.00	21.78%	1,010,019.00	100%
Total	4,668,292.00	--	4,357,013.00	--	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

Description	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	673,005.00	673,005.00	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	70,638.00	70,638.00	100%	Aging long
Total	988,643.00	988,643.00	--	--

(2) Particulars about the other receivable accounts due from shareholders with 5% or over of the Company's shares in the report period.

Unit : RMB

Name	Balance at the period end		Balance in year-begin	
	Book amount	Amount of bad debt provision	Book amount	Amount of bad debt provision
None				

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

Unit: RMB

Name	Relation with the company	Amount	Ages	Portion in total other receivables(%)
CCB.Guangdong Shunde Branch	Non-Related parties	1,080,000.00	Over 3 years	23.13%
Nanjing East Asia	Non-Related parties	1,313,370.00	Over 3 years	28.13%
Changzhou Dongfeng Textile Printing & dyeing	Non-Related parties	975,000.00	Over 3 years	20.89%

Equipment Co., Ltd.				
HongKong Victor Onward	Non-Related parties	673,005.00	Over 3 years	14.42%
Shanghai Huayinke Trade Industry Co., Ltd.	Non-Related parties	180,000.00	Over 3 years	3.86%
Total	--	4,221,375.00	--	90.43%

6.Prepayments

(1) Prepayments age :

Unit:RMB

Age	End of term		Beginning of term	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	25,192.00	100%	175,734.00	99.6%
1-2 years			442.00	0.25%
2-3 years			267.00	0.15%
Total	25,192.00	--	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	19,869.00	Within 1 year	Not settlement
Vehicle license fees	Non-Related parties	2,804.00	Within 1 year	Not settlement
Registered fees	Non-Related parties	1,831.00	Within 1 year	Not settlement
Repair fee	Non-Related parties	688.00	Within 1 year	Not settlement
Total	--	25,192.00	--	--

Notes

Prepayment received by shareholding parties holding 5% or above of the Company's shares in the report period.

(4) Statements on prepayments

Prepayment of Foreign currency Banlance

Name	Amount at period-end			Amount at period-beginning		
	Former currency	Converting rate	RMB	Former currency	Converting rate	RMB
HKD	32,041	0.78623	25,192	217,589.00	0.8109	176,443
Total			25,192			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	460,344.00	460,344.00		2,030,715.00	1,929,179.00	101,536.00
Stock goods				635,960.00	635,960.00	
Total	460,344.00	460,344.00		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			1,468,835.00	460,344.00
Stock goods	635,960.00			635,960.00	
Total	2,565,139.00			2,104,795.00	460,344.00

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	582,942.00	751,542.00
Total	582,942.00	751,542.00

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

Statement on sellable financial assets:

9.Long-term 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	1,147,373.00	66,931,685.00	25%	25%		0.00	0.00	0.00
Total	--	58,588,403.00	65,784,312.00	1,147,373.00	66,931,685.00	--	--	--	0.00	0.00	0.00

10.Investment real estate

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

Unit: RMB

Items	Book amount at year	Increase at this period	Decrease at this period	Book balance in year -end
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	beginning			
I. Total original price	96,920,525.00	226,557.00	9,728,173.00	87,418,909.00
1.House, Building	96,920,525.00	226,557.00	9,728,173.00	87,418,909.00
II.Total accumulated depreciation accumulated amortization	65,879,041.00	3,946,511.00	5,864,796.00	63,960,756.00
1.House, Building	65,879,041.00	3,946,511.00	5,864,796.00	63,960,756.00
III. Total book value of investment real estate	31,041,484.00	-3,719,954.00	3,863,377.00	23,458,153.00
1.House, Building	31,041,484.00	-3,719,954.00	3,863,377.00	23,458,153.00
V. Total book value of investment real estate	31,041,484.00	-3,719,954.00	3,863,377.00	23,458,153.00
1.House, Building	31,041,484.00	-3,719,954.00	3,863,377.00	23,458,153.00

Unit: RMB

	This period
Current amount of depreciation and amortization	3,946,511.00
Accrual amount of impairment provision for investment properties of the current period	0.00

11. 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	35,849.00	100,470,285.00	60,842,374.00
Including : House and	47,973,327.00		-110,551.00	48,083,878.00

building					
Machine equipment	99,308,680.00			98,987,159.00	321,521.00
Transpiration Equipment	4,870,110.00			848,573.00	4,021,537.00
Office Equipment and other	9,124,693.00		35,849.00	745,104.00	8,415,438.00
--	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		394,626.00	76,196,563.00	35,443,480.00
Including : House and building	26,436,963.00		108,507.00	-19,401.00	26,564,871.00
Machine equipment	75,000,283.00			74,710,846.00	289,437.00
Transpiration Equipment	3,864,419.00		89,729.00	720,762.00	3,233,386.00
Office Equipment and other	5,943,752.00		196,390.00	784,356.00	5,355,786.00
--	Book balance in year-begin		--		Balance in year-end
III. Total book value of Fixed assets	50,031,393.00		--		25,398,894.00
Including : House and building	21,536,364.00		--		21,519,007.00
Machine equipment	24,308,397.00		--		32,084.00
Transpiration Equipment	1,005,691.00		--		788,151.00
Office Equipment and other	3,180,941.00		--		3,059,652.00
IV. Total of Devalued Provision	37,614,934.00		--		18,207,689.00
Including : House and building	15,466,004.00		--		15,466,004.00
Machine equipment	19,407,245.00		--		
Transpiration Equipment	50,276.00		--		50,276.00
Office Equipment and other	2,691,409.00		--		2,691,409.00
V. Total book value of Fixed assets	12,416,459.00		--		7,191,205.00
Including : House and building	6,070,360.00		--		6,053,003.00
Machine equipment	4,901,152.00		--		32,084.00
Transpiration Equipment	955,415.00		--		737,875.00
Office Equipment and other	489,532.00		--		368,243.00

Current depreciation is RMB 394,626.00 . The issue of fixed assets transferred from construction in progress original price is RMB 0.

12. 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	40,305.00		10,976,101.00
Land Use right	10,495,373.00	40,305.00		10,535,678.00
Software	440,423.00			440,423.00
III. Book value of intangible assets	2,087,924.00	-40,305.00		2,047,619.00
Land Use right	1,860,764.00	-40,305.00		1,820,459.00
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	-40,305.00		1,820,459.00
Land Use right	1,860,764.00	-40,305.00		1,820,459.00
Software				

The amortization amount is 0.

13. 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			5,099,624.00	
Total	5,099,624.00			5,099,624.00	

Statement of basis for impairment testing and provision of goodwill:

14. Deferred income tax assets and deferred income tax liability

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

Recognized deferred income tax assets and deferred income tax liabilities

Unit:RMB

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	702,735.00	766,660.00
Subtotal	702,735.00	766,660.00

Details of the un-recognized deferred income tax assets

Unit: RMB

Items	At end of term	At beginning of term

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

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		
Revaluation of assets	4,259,000.00	4,646,424.00
Subtotal	4,259,000.00	4,646,424.00
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	Temporarily	Deferred Income Tax	Temporarily

	Assets or Liabilities at the End of Report Period	Deductable or Taxable Difference at the End of Report Period	Assets or Liabilities at the Beginning of Report Period	Deductable or Taxable Difference at the Beginning of Report Period
Deferred income tax liability:	702,735.00		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

The company is reorganized into the shares company after approved by People's Bank of China. The increase value of assets revaluation for its subsidiary of Hong Kong Zhongguan Company can't be accounted into the book value according to the provisions of accounting rules. Also, it can't be conducted pre-tax profits deducted, resulting in the difference between the fixed net assets and tax basis.

15. Provision for depreciation of assets

Unit : RMB

Items	Book balance at the beginning of term	Increase in this period	Decreased in this period		Balance in year-end
			Switch back	Switch cancellation	
I.Provision for bad debts	16,237,188.00	744,711.00		38,034.00	16,943,865.00
2 Inventory impairment provision	2,565,139.00			2,104,795.00	460,344.00
5. Long-term equity investment impairment provision		0.00			0.00
7.Fixed asset impairment provision	37,614,934.00			19,407,245.00	18,207,689.00
12. Intangible asset impairment provision	227,160.00				227,160.00
Total	56,644,421.00	744,711.00		21,550,074.00	35,839,058.00

Notes

16. Account payable

(1) Account payable

Unit : RMB

Items	Balance in year-end	Balance in year-begin
Over 1 year	3,186,939.00	3,239,571.00
Total	3,186,939.00	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
None		

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

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

2. Particulars about the receivable accounts due from shareholders with 5% (5%) or over of the Company's shares

3. Account payables of foreign currency balances

Name	Amount at period-end			Amount at period-beginning		
	Former currency	Converting rate	RMB	Former currency	Converting rate	RMB
HKD	324,942	0.78623	255,479	324,942	0.81090	263,495
Total			255,479			263,495

17. Advance account

1. Advance account

Unit: RMB

Items	Balance in year-end	Balance in year-begin
Over 1 year	1,076,531.00	2,778,488.00
Total	1,076,531.00	2,778,488.00

(2) There was Advance account due from shareholders with More than 5% (including 5%) of the voting shares of the company.

Unit: RMB

Items	Balance in year-end	Balance in year-begin
None		

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

1. Particulars about the receivable accounts due from shareholders with 5% (5%) or over of the Company's shares

2. Advance account of foreign currency balances

Name	Amount at period-end			Amount at period-beginning		
	Former currency	Converting rate	RMB	Former currency	Converting rate	RMB

USD	96,411	6.09690	587,808	96,411	6.2855	605,991
Total			587,808			605,991

18. 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	618,756.00	2,213,791.00	2,213,791.00	618,756.00
2.Employee welfare		105,967.00	105,967.00	
3. Social insurance premiums		416,199.00	409,807.00	6,392.00
Basic old-age insurance premiums		336,261.00	336,261.00	
Supplementary pension insurance		79,938.00	73,546.00	6,392.00
IV. Public reserves for housing		66,887.00	66,887.00	
VI.Other	147,924.00	631,577.00	295,297.00	484,204.00
Including: Union funds and staff education fee	40,813.00	481,577.00	145,297.00	377,093.00
Total	766,680.00	3,434,421.00	3,091,749.00	1,109,352.00

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 RMB377,093.00, the amounts of non-monetary benefits are RMB 0.00, and the compensations for the lifting of labor relations is RMB268,335.86.

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

19. Tax Payable

Unit: RMB

Items	At end of term	At beginning of term
VAT	-137,711.00	-139,455.00
Business Tax	205,449.00	147,341.00
Enterprise Income tax	3,590,695.00	1,204,210.00
City Construction tax	17,697.00	

House property Tax	7,584.00	
Local education surcharges	5,056.00	
House property Tax	187,320.00	187,320.00
Land use tax	144,957.00	
Stamp Tax	229,144.00	222,658.00
Total	4,250,191.00	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.

* Increase of the current corporate income tax mainly due to the profit tax generated from the disposal of real estate in Hongkong.

20.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*1
CITIC Group*2	243,189.00	243,189.00	Capital tense*1
Shenzhen Nanyou (Group) Company*2	121,595.00	121,595.00	Capital tense*1
Shenye Union (Hongkong) Co., Ltd.	121,595.00	121,595.00	Capital tense*1
HongKong Victor Onward	486,378.00	486,378.00	Capital tense*1
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.

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

21. Other payable

(1) Other payable

Unit: RMB

Name	Balance in year-end	Balance in year-begin
Thereinto :Over 1 year	22,663,345.00	30,737,132.00
Within 1 year		1,490,185.00
Total	22,663,345.00	32,227,317.00

(2) There were other receivable from the main shareholders of the Company holding more than 5% (including 5%) of the total shares of the Company.

Unit : RMB

Name	Balance in year-end	Balance in year-begin
None		

(3) 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.

(4) Statement on large amount other payable accounts

1. Large amount of closing payables

Items	Amount	Age	Content
Union Development Group	15,303,141	Over 3 years	Loan and Interest
State Development & Investment Co., Ltd	3,000,000	Over 3 years	Current account
Jinrongyuan Company	1,289,760	Over 3 years	Property Deposit
Shenzhen Union Property Group Co., Ltd.	700,734	Over 3 years	Loan and Interest
Property Deposit	154,101	Over 3 years	Property Deposit
Total	20,447,736		

2. Other payables of foreign currency balances

Name	Amount at period-end			Amount at period-beginning		
	Former currency	Converting rate	RMB	Former currency	Converting rate	RMB
HKD	868,734	0.78623	683,025	868,734	0.81090	704,456
Total			683,025			704,456

22. Other current liabilities

Unit: RMB

Items	Year-end balance	Year-Beginning balance
Audit fees	1,395,917.00	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	1,547,263.00	1,547,263.00
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Statement of other current liabilities:

23. Long-term loan

(1) Long-term loans classifications

Unit: RMB

Items	Year-end balance	Year-Beginning balance
Loan by pledge	1,101,349.00	1,033,936.00
Total	1,101,349.00	1,033,936.00

Statement on long-term borrowings.

The borrowing was the installment payment for the bousing 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 paid in 240 month, from March, 2004. Mortgage rates fall 2.65 percent compared to HK mortgage bank prime rate. On December 31, 2013, the principal amount of HK \$ 1,400,796 (equivalent to RMB 1,101,349 Yuan) was unpaid.

24. 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			8,230,694.00	

(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

Guarantee provided by the 3rd 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. 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.

25. 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.

Liabilities related to government grants

Unit: RMB

Liabilities	Balance at the beginning of period	New grants amount of this period	The non-operating revenue amount of this period	Other changes	Balance at the end of period	Income related to assets

26. 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.

27. 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		145,736.00	9,926,219.00
Total	39,790,784.00		145,736.00	39,645,048.00

Statement on capital reserves:

The capital surplus change this year refers to the change of fair value for the financial assets available to sale this year.

28. 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

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

29. 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	8,214,810.00	--
Retained profits at the period end	-108,059,131.00	--

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.

30. Business income, Business cost

(1) Business income, Business cost

Unit : RMB

Items	Amount of current period	Amount of previous period
Income from Business income	26,998,990.00	11,095,669.00
Business cost	9,461,003.00	5,413,356.00

(2) Main business (Industry)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Textile Industry	1,292,308.00	1,282,051.00	1,266,777.00	1,248,550.00
Rent	10,094,737.00	4,602,706.00	9,828,892.00	4,164,806.00
Real estate	15,611,945.00	3,576,246.00		
Total	26,998,990.00	9,461,003.00	11,095,669.00	5,413,356.00

(3) Main business (Production)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Sale of viscose staple fiber	1,292,308.00	1,282,051.00	1,266,777.00	1,248,550.00
Rent	10,094,737.00	4,602,706.00	9,828,892.00	4,164,806.00
Disposal of real estate investment	15,611,945.00	3,576,246.00		
Total	26,998,990.00	9,461,003.00	11,095,669.00	5,413,356.00

(4) Main Business (Area)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	9,553,683.00	4,151,650.00	9,482,107.00	4,261,720.00
Hong Kong	17,445,307.00	5,309,353.00	1,613,562.00	1,151,636.00
Total	26,998,990.00	9,461,003.00	11,095,669.00	5,413,356.00

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

Unit: RMB

Name	Business Income	Proportion(%)
China Real Estate (HK)Group Co.,Ltd	15,611,945.00	57.82%
Shenzhen Jinrongyuan Development Co., Ltd.	5,851,500.00	21.67%
Zhejiang Helan Industry Co., Ltd.	1,292,308.00	4.79%
SCS Express International Limited	910,364.00	3.37%
Shenzhen Hebanian Investment Development Co., Ltd.	600,000.00	2.22%
Total	24,266,117.00	89.87%

Notes

31. Business tax and subjoin

Unit : RMB

Items	Report period	Same period of the previous year	Standard
Business tax	512,843.00	434,822.00	5%
Urban construction tax	49,528.00	30,438.00	7%
Education surcharge	21,227.00	13,045.00	3%
Local Education surcharge	14,151.00	8,695.00	2%
Total	597,749.00	487,000.00	--

Notes

32.Sales expenses

Unit: RMB

Items	Amount of current period	Amount of previous period
-------	--------------------------	---------------------------

Wage	238,372.00	242,024.00
Commission payment	19,964.00	12,162.00
Tel and fax	11,177.00	11,011.00
Transportation fees	9,798.00	8,436.00
Travel expenses	6,788.00	7,579.00
ETC	6,613.00	6,460.00
Welfare expenses	4,875.00	3,649.00
Traffic subsidy	2,226.00	3,143.00
Office expenses	315.00	1,214.00
Total	300,128.00	295,678.00

33. Administrative expenses

Unit:RMB

Items	Amount of current period	Amount of previous period
Wage	2,411,395.00	2,502,121.00
Tax	802,317.00	698,420.00
Water and electricity	614,773.00	631,337.00
Social security	414,936.00	511,603.00
Repair fee	151,694.00	335,545.00
Auto expenses	206,145.00	282,292.00
Social intercourse	329,711.00	258,190.00
Securities management	450,632.00	203,032.00
Board of Director	277,331.00	433,572.00
Office expense	172,844.00	157,858.00
Agency fee	597,195.00	585,032.00
Depreciation fee	249,241.00	131,077.00
Insurance fee	103,905.00	125,319.00
Welfare expense	107,467.00	103,134.00
Lease fee	114,382.00	102,933.00
Property Management	113,322.00	82,266.00
Tel	21,566.00	60,543.00
House fee	71,883.00	58,474.00
Amortization of intangible assets	40,305.00	40,305.00
Union funds	80,116.00	35,181.00

Travel Expenses	83,666.00	10,235.00
Other	658,453.00	219,451.00
Total	8,073,279.00	7,567,920.00

34. Financial Expenses

Unit: RMB

Items	Amount of current period	Amount of previous period
Interest expenses	779,588.00	963,506.00
Interest income	-692,072.00	-454,970.00
Exchange loss	152,276.00	-962,762.00
Other	7,663.00	10,052.00
Total	247,455.00	-444,174.00

35. Income from fair value fluctuation

Unit : RMB

Sources	Report period	Same period of the previous year
Transactional financial assets		-25,480.00
Total		-25,480.00

Notes

36. Investment income

(1) Investment income

Unit: RMB

Items	Amount of current period	Amount of previous period
Incomes from disposal of long-term equity investment	849,782.00	2,576,108.00
Investment income from disposal financial assets		6,045.00
Total	849,782.00	2,582,153.00

(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
		period	

Hangzhou Bay Company	849,782.00	2,576,108.00	Changes in annual revenue
Total	849,782.00	2,576,108.00	--

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

37. Loss of assets impairment

Unit: RMB

Items	Amount of current period	Amount of previous period
I.Loss for bad debts	723,554.00	7,424.00
2. Loss for falling price of Inventory		60,921.00
Total	723,554.00	68,345.00

38. Non-operating income

(1) Non-operating income

Unit: RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total income from liquidation of non-current assets	1,903,272.00	5,174.00	1,903,272.00
Including: Income from liquidation of fixed asset	1,903,272.00	5,174.00	1,903,272.00
Other	19,833.00	24,324.00	19,833.00
Total	1,923,105.00	29,498.00	11,532,984.00

Notes

The fixed assets disposal mainly refers to the disposal of idle machinery originally intended to invest into Nanjing East South Asia Dyeing & Printing Co., Ltd.

39. Non-Operation expense

Unit: RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total Disposal of loss of non-current assets	32,666.00		32,666.00
Including: Disposal of net loss of fixed assets	32,666.00		32,666.00
Raw material disentangle	101,556.00		101,556.00
Fine expenses		1,500.00	

Lawsuit expenses		581,415.00	
Total	134,222.00	582,915.00	134,222.00

Notes

40. Income tax expenses

Unit: RMB

Items	Amount of current period	Amount of previous period
Adjustment of Deferred income tax	-41,238.00	-41,869.00
Income tax for the year-Hongkong profit tax	2,425,821.00	
Total	2,384,583.00	-41,869.00

41. 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	8,214,810	-247,331
Non-recurring gain/loss attributable of the parent company	2	13,926,118	-547,372
Net profit attributable to common share holders of the Company after deducting of non-recurring gain/loss	3=1-2	-5,711,308	300,041
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 month 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+6×7÷11-8×9÷11-10	169,142,356	169,142,356
Basic earning pershare (I)	13=1÷12	0.0486	-0.0015
Basic earning pershare (I) (II)	14=3÷12	-0.0338	0.0018
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)	$19=[1+(15-16)\times(1-17)]\div(12+18)$	0.0486	-0.0015
Diluted earning per share (II)	$19=[3+(15-16)\times(1-17)]\div(12+18)$	-0.0338	0.0018

42. Other comprehensive income

Unit: RMB

Items	Amount of current period	Amount of previous period
1.Loss amount produced by sellable financial assets	-145,736.00	48,311.00
Subtotal	-145,736.00	48,311.00
4. Translating difference in foreign currency financial reports	-601,393.00	4,315.00
Subtotal	-601,393.00	4,315.00
Total	-747,129.00	52,626.00

Notes

43. Notes Cash flow statement

1. Other cash received from business operation

Unit: RMB

Items	Amount
Deposit	406,300.00
Cash of interest and charged fee	656,891.00
Total	1,063,191.00

Notes

2. Other cash paid for business activities

Unit: RMB

Items	Amount
Water and electricity	614,773.00
Audit expense	526,258.00
Rent fee	114,382.00

Lawyer and legal cost	70,727.00
Social intercourse	327,292.00
Auto fee	206,145.00
Repair fee	151,694.00
Securities management	450,632.00
Office expenses	278,277.00
Board of director	173,454.00
Insurance expenses	103,905.00
Property management	101,362.00
Tel	21,566.00
Deposit	100,280.00
Travel fee	83,666.00
Other	442,444.00
Total	3,766,857.00

Notes

44. 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	7,849,904.00	-247,331.00
Add: Impairment loss provision of assets	723,554.00	68,345.00
Depreciation of fixed assets, oil and gas assets and consumable biological assets	4,341,137.00	3,514,391.00
Amortization of intangible assets	40,305.00	40,305.00
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-13,906,305.00	-5,174.00
Loss of fair value fluctuation on assets		25,480.00
Financial cost	779,588.00	-317,831.00
Loss on investment	-849,782.00	-2,582,153.00
Increased of deferred income tax liabilities	-63,925.00	-41,675.00

Decrease of inventories	101,536.00	
Decrease of operating receivables	803,763.00	-1,455,914.00
Increased of operating Payable	1,888,833.00	617,139.00
Net cash flows arising from operating activities	1,708,608.00	-384,418.00
II. Significant investment and financing activities that without cash flows:	--	--
III. Net increase of cash and cash equivalents	--	--
Ending balance of cash	63,502,910.00	52,227,262.00
Less: Beginning balance of cash	52,227,262.00	53,399,316.00
Net increase of cash and cash equivalents	11,275,648.00	-1,172,054.00

(2) Composition of cash and cash equivalents

Unit : RMB

Items	Amount of current period	Amount of previous period
I. Cash	63,502,910.00	52,227,262.00
Of which: Cash in stock	41,614.00	66,684.00
Bank savings could be used at any time	62,791,182.00	51,492,804.00
Other monetary capital could be used at any time	670,114.00	667,774.00
III. Balance of cash and cash equivalents at the period end	63,502,910.00	52,227,262.00

Notes

VIII. Related parties and related-party transactions

1. Parent company information of the enterprise

Unit : RMB

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	Issue company	11/F, Union Bulding,	Dong Binggen	Production and sale	1,123,887,712	25.51%	25.51%	Union Group	19247150-0

	Shareholder		Shennan Zhong Road, Shen zhen		of clothing and textiles and real estate Developin					
Union Group	Actual controller	Limited liability Company	Union Building, She nnan Zhong Road, Shenzhen	Dong Bingen	import & export business processing with materials” and processing with imported materials	90,606,000	3.36%	3.36%	Union Group	19033795- 7

Notes

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

2. 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	5,681,089	5,821,089	3.36	3.44
Union Holding	43,141,032	43,141,032	25.51	25.51

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

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 Company	Controlled subsidiaries	Limited Liability Company	Shenzhen	Hu Yongfeng	Product	85,494,700 (HKD)	69.44%	69.44%	618836600
Shenzhen East Asia Company	Controlled subsidiaries	Limited Liability Company	Shenzhen	Sun Zhiping	Trade	3,000,000	51%	51%	799228355
Shengzhong Co., Ltd.	Controlled subsidiaries	Limited Liability Company	Hongkong		Trade	1,000,000 (HKD)	100%	100%	
Xingye Company	Controlled subsidiaries	Limited Liability Company	Hongkong		Trade	10,000 (HKD)	100%	100%	

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	Organizational code
I.Joint enterprise									
II. Affiliated enterprise									
Zhejiang	Limited	Hangzhou	Dong	Real estate	247,476,832	25%	25%	Affiliated	757230553

Union Hangzhou Bay	Liability Company		Binggen	Exploiters, Basis construction Management and Property Management	.6			enterprise	
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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
China Real Estate (HK)Group Co., Ltd.	The related parties controlled the same Actual controller	

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

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	Shenzhen Victor	Real estate	November 1,	October 31, 2014	Agreement	83,520.00

Development Group	Onward		2012			
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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 6,960. The rent was determined according to market price.

(2) The information of asset transfer, debt restructured of the related parties

Unit: RMB

Related parties	Type	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
				Amount	Proportion (%)	Amount	Proportion (%)
China Real Estate (HK)Group Co., Ltd.	Assets Transfer	Sales House	Esaluate				

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.	299,354.00	299,354.00	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	15,303,141.00	24,748,412.00
Other payable	Shenzhen Union Property Group Co., Ltd.	700,734.00	700,734.00

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 RMB47,922,9023 to the company for the pecuniary loss of implicative compensation and undertake the costs of litigation. As of December 31, 2013, Jiangsu Higher People's Court did not give a judgement.

X. Commitment events.

1.Importance commitment events

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

By December 31, 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	RMB 30 million	—	RMB 30 million	Unsureness	Can not be relocated because the fields uncompleted

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

By December 31, 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
location of production equipments as a whole	1,710,000	855,000	855,000	Unsureness	Can not be relocated because the fields uncompleted

3.Except for the events described above, As of December 31, 2013, the Group has no other significant commitment events.

2. Information guaranteed at the former period.

The company has no commitment information guaranteed at the former period.

XI. Post-balance-sheet events

1. Statement on material post-balance-sheet events

Unit : RMB

Items	Content	Amount of effect on the financial status and operating outcomes	Reasons that the amount of the effect can not be estimated
N/A			

XII. Other Important events

1. Leasing

Operation lease assets

Type	Year-end balance	Year-beginning balance
Cost	87,418,909	96,920,525
House, Building	87,418,909	96,920,525
Accumulated amortization	63,960,756	65,879,041
House, Building	63,960,756	65,879,041
Impairment provision		
House, Building	—	—
Book value	23,458,153	31,041,484
House, Building	23,458,153	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	Amount at the end of period
Financial assets					

3.Trading financial assets	751,542.00		-168,600.00		582,942.00
Subtotal	751,542.00		-168,600.00		582,942.00
Total	751,542.00		-168,600.00		582,942.00
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		-168,600.00		582,942.00
Subtotal of financial assets	751,542.00		-168,600.00		582,942.00
Financial liability	0.00				0.00

4.Other

Description of continuous viability:

Except that Shenzhen East Asia Victor Onward Textile Printing and Dyeing Co., Ltd. is still operating normally.

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.

The Company developed measures to improve the continuous viability as the following:

Controlling shareholder of the Company and the management of the company attaches great importance to the company's continued operational problems, through a variety of ways, including selling the assets and business of the company or its subsidiaries, joint venture or expand an existing business, aiming to improve the company asset quality, profitability, and enhance capacity for sustainable development.

XIII. Notes 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 significant specific amount that were provisioned had debt preparation separately	3,461,028.00	30.27 %	3,461,028.00	100%	3,504,328.00	30.52%	3,504,328.00	100%
Receivables provided bad debt provision in groups								
Account receivable with minor individual amount but bad debt provision is provided	7,974,647.00	69.73 %	7,974,647.00	100%	7,976,100.00	69.48%	7,976,100.00	100%
Total	11,435,675.00	--	11,435,675.00	--	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
Shengzhong Company	1,352,433.00	1,352,433.00	100%	Aging long
Carnival Index International Ltd	1,098,549.00	1,098,549.00	100%	Aging long
TAI YANG ENTERPRISE CO.,LTD.	1,010,046.00	1,010,046.00	100%	The company insolvent, to be cancelled

Total	3,461,028.00	3,461,028.00	--	--
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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	573,536.00	573,536.00	100%	Aging long
Grateful Textiles Co.,Ltd	566,661.00	566,661.00	100%	Aging long
Shenzhen Ffangzhou Textiles Co.,Ltd	468,502.00	468,502.00	100%	Aging long
World Fabrica (Int'l) Ltd	465,126.00	465,126.00	100%	Aging long
Ezhou Xiangya Garments Co., Ltd.	368,943.00	368,943.00	100%	Aging long
Tak Shing Buying Office Led	333,502.00	333,502.00	100%	Aging long
Shenye Union (HK) Co.,Ltd.	299,354.00	299,354.00	100%	Aging long
Panther Fabric Ltd.	295,088.00	295,088.00	100%	Aging long
Changshu Zhongjiang Garments Import & Export Co., Ltd.	283,539.00	283,539.00	100%	Aging long
Starline Textile CO.Ltd.	282,234.00	282,234.00	100%	Aging long
Nissho Iwai HK Corp Ltd.	215,229.00	215,229.00	100%	Aging long
Unimix Ltd.	192,891.00	192,891.00	100%	Aging long
Tai Hing Linings Co Ltd	191,295.00	191,295.00	100%	Aging long
Human Changpuan Garment	185,981.00	185,981.00	100%	Aging long
Ningbo Youngor Fukurmura Uniforms	181,490.00	181,490.00	100%	Aging long

Win favour development ltd	146,600.00	146,600.00	100%	Aging long
Speedy Textiles Co	146,502.00	146,502.00	100%	Aging long
Lin Feng Textile Co.	135,686.00	135,686.00	100%	Aging long
Jicheng General Co., Ltd.	131,954.00	131,954.00	100%	Aging long
Millionaire(HK)Weaving Ltd.	124,249.00	124,249.00	100%	Aging long
Leader Day Ltd.	121,930.00	121,930.00	100%	Aging long
Tex Mate Fabrics (HK)	110,024.00	110,024.00	100%	Aging long
New Design Textiles Ltd.	109,178.00	109,178.00	100%	Aging long
Deep Success Industrial Ltd	102,606.00	102,606.00	100%	Aging long
Wynvaye Industrial Co	101,030.00	101,030.00	100%	Aging long
Other	1,841,517.00	1,841,517.00	100%	Aging long
Total	7,974,647.00	7,974,647.00	--	--

(2) Particulars about the receivable accounts due from shareholders with 5% or over of the Company's shares in the report period

Unit: RMB

Name	Amount in year end		Amount in year-beginning	
	Book balance	Bad debt provision	Book balance	Bad debt provision
None				

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

Unit : RMB

Name	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Shengzhong Company	Subsidiary	1,352,433.00	Over 3 years	11.83%
Carnival Index International Ltd	Non-related parties	1,098,549.00	Over 3 years	9.61%
TAI YANG ENTERPRISE CO.,LTD.	Non-related parties	1,010,046.00	Over 3 years	8.83%
Fly Dragon International	Non-related parties	573,536.00	Over 3 years	5.02%
Grateful Textiles Co.,Ltd	Non-related parties	566,661.00	Over 3 years	4.96%
Total	--	4,601,225.00	--	40.25%

(4) Account receivable from Related parties

Unit: RMB

Unit name	Relation with the company	Amount	Percentage of account receivable
Shengzhong Company	Subsidiary	1,352,433.00	11.83%
Shenzhen East Asia	Subsidiary	63,982.00	0.56%
Shenye Union (HK) Co., Ltd.	The related parties controlled the same Actual controller	299,353.00	2.62%
Total	--	1,715,768.00	15.01%

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	84,734,453.00	98.78%	3,881,909.00	4.58%	76,596,952.00	98.64%	3,881,950.00	5.07%
Other Receivables provided bad debt provision in groups								
Deposit group	114,832.00	0.13%			103,784.00	0.13%		
Subtotal of group	114,832.00	0.13%			103,784.00	0.13%		
Other Account receivable with minor individual amount but bad debt provision is provided	928,995.00	1.08%	928,995.00	100%	950,112.00	1.23%	950,112.00	100%
Total	85,778,280.00	--	4,810,904.00	--	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.	57,901,294.00			---
Nanhua Company	22,951,250.00			---
Shenzhen East Asia	513,539.00	513,539.00	100%	The company insolvent, to be canceled
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
Nanjing East Asia	1,313,370.00	1,313,370.00	100%	Aging long
Total	84,734,453.00	3,881,909.00	--	--

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.	673,005.00	673,005.00	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	10,990.00	10,990.00	100%	Aging long
Total	928,995.00	928,995.00	--	--

(2) Particulars about the other receivable accounts due from shareholders with 5% or over of the Company's shares in the report period

Unit:RMB

Name	Balance at the period end		Balance in year-begin	
	Book balance	Amount of bad debts	Book balance	Amount of bad debts
None				

(3) 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	57,901,294.00	Over 3 years	67.5%
Nanhua Company	Subsidiary	22,951,250.00	Over 3 years	26.76%
Nanjing East Asia	Non-Related parties	1,313,370.00	Over 3 years	1.53%
CCB.Guangdong Shunde Branch	Non-Related parties	1,080,000.00	Over 3 years	1.26%
Changzhou Dongfeng Textile Printing & dyeing Equipment Co., Ltd.	Non-Related parties	975,000.00	Over 3 years	1.14%
Total	--	84,220,914.00	--	98.19%

(4)The Other accounts receivable from the Related parties

Unit: RMB

Name	Relation with the Company	Amount	Proportion(%)
Victor Onward Textile (HK) Co., Ltd.	Subsidiary	57,901,294.00	67.5%
Nanhua Company	Subsidiary	22,951,250.00	26.76%
Shenzhen East Asia	Subsidiary	513,539.00	0.6%
Total	--	81,366,083.00	94.86%

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 shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Victor Onward Textile (HK) Co., Ltd.	Cost method	2,411,282.00	21,214,212.00		21,214,212.00	100%	100%		0.00	0.00	0.00
Nanhua Company	Cost method	23,082,831.00	15,574,741.00		15,574,741.00	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	--	27,024,113.00	38,041,853.00	0.00	38,041,853.00	--	--	--	1,252,900.00	0.00	0.00

Notes

4. Business income and Business cost

(1) Business income and business cost

Unit: RMB

Items	Amount of current period	Amount of previous period
Income from Business income	3,067,093.00	2,834,664.00
Total	3,067,093.00	2,834,664.00
Business cost	1,619,224.00	1,585,723.00

(2) Main business (Production)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Sales adhesive short fiber	1,292,308.00	1,282,051.00	1,266,777.00	1,248,550.00
Rent	1,774,785.00	337,173.00	1,567,887.00	337,173.00
Total	3,067,093.00	1,619,224.00	2,834,664.00	1,585,723.00

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

Unit:RMB

Name	Business Income	Proportion(%)
Zhejiang Helan Industry Co., Ltd.	1,292,308.00	42.14%
Liang Lingcheng	529,200.00	17.25%
Jishunda Automobile drier training Company	132,000.00	4.3%
Zhong Laikun	120,000.00	3.91%
Chen Shen	115,160.00	3.76%
Total	2,188,668.00	71.36%

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		6,045.00
Total		6,045.00

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	-2,537,404.00	-2,566,647.00
Add: Provision for impairment of assets	-21,157.00	61,132.00
Depreciation of fixed assets, oil and gas assets and consumable biological assets	337,173.00	337,173.00

Amortization of intangible assets	40,305.00	40,305.00
The losses on the disposal of fixed assets, intangible assets and other long-term assets	-1,896,345.00	-5,174.00
Loss of fair value fluctuation on assets		25,480.00
Financial cost	1,889,326.00	-2,253,351.00
Loss on investment		-6,045.00
Decrease of inventories	101,536.00	
Decrease of operating receivable	-9,820,188.00	-1,455,914.00
Increase of operating receivables	19,271.00	1,603,383.00
Net cash flows arising from operating activities	-11,887,483.00	-4,219,658.00
II. Significant investment and financing activities that without cash flows	--	--
III. Net increase of cash and cash equivalents	--	--
Ending balance of cash	10,557,501.00	17,293,509.00
Less: Beginning balance of cash equivalents	17,293,509.00	21,483,163.00
Net increase of cash and cash equivalents	-6,736,008.00	-4,189,654.00

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)	13,906,305.00	
Other non-operating income and expenditure beside for the above items	19,813.00	
Total	13,926,118.00	--

The government grants recognized as the current profits and losses are the regular projects of profits and losses, which should be explained and disclosed the identification reasons one by one.

Applicable Not applicable

2 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.	6.70%	0.0486	0.0486
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-4.66%	-0.0338	-0.0338

3. Abnormal items of main financial statements and reasons for abnormality

1.The items in year-end consolidated balance sheet which change greatly over the beginning of year are listed as follows:

Items	Amount at the period end	Amount in year-begin	Chaged (%)	Remark
Prepayments	25,192	176,443	(85.72)	Payment in advance decreased because the prepayment made by Victor Onward Hong Kong, a subsidiary of the Company, for decoration was carried forward in the report year.
Interests receivable	79,340	38,414	106.54	Interest receivable increased due to interest accrual from immature time deposit.
Inventories	---	101,536	(100)	Inventories decreased due to disposal of slow moving inventory in the report year.
Fixed assets	7,191,205	12,416,459	(42.08)	Fixed assets decreased due to disposal of idle machine and equipment in the report year.
Advance receipts	1,076,531	2,778,488	(61.25)	Advance receipts decreased because the advance receipts from disposal of machinery and equipment were carried forward after completion of transactions in the report year.
Remuneration payable to staff and workers	1,109,352	766,680	44.70	Remuneration payable to staff and workers increased because the remuneration payable to the board of directors was not paid yet at the end of the year.
Taxes and levies payable	4,250,191	1,622,074	162.02	Taxes and levies payable increased due to provision for profit tax in respect of the

				disposal of real estate for investment in Hong Kong in the report year.
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The items in consolidated profit statement for the report year which change greatly over the previous year are listed as follows:

Items	Amount at the period end	Amount in year-begin	Chaged (%)	Remark
Operating income	26,998,990	11,095,669	143.33	Operating income increased due to the disposal of real estate for investment in Hong Kong in the report year.
Operating cost	9,461,003	5,413,356	74.77	Operating cost increased due to the change in exchange gains and losses in the report period.
Financial cost	247,455	(444,174)	155.71	Operating cost increased due to the change in exchange gains and losses in the report period. .
Assets impairment loss	723,554	68,345	958.68	Assets impairment loss increased due to increase of provision for bad debts in the report period.
Investment income	849,782	2,582,153	(67.09)	Investment income decreased due to decrease of profits of affiliated companies in the report period.
Non-operating income	1,923,105	29,498	6419.44	Non-operating income increased due to the disposal of real estate for investment in Hong Kong in the report year.
Non-operating expenses	134,222	582,915	(76.97)	Non-operating expenses decreased because the Company officially brought an action against the companies including Nanjing East Asia Textile Printing and Dyeing Co., Ltd. in respect of its investment in Nanjing project and paid relevant legal costs in the previous year while there was no such expenditure of big amount in the report year.
Income tax expenses	2,384,583	(41,869)	5795.34	Income tax expenses increased due to generation of profit tax in respect of the disposal of real estate for investment in Hong Kong in the report year.

X1. Documents available for inspection

- 1.The Annual report 2013;
2. Accounting statements with signatures and seals of the legal representative and financial principal and chief of accounting Dept;
- 3.Originals of all documents and manuscripts of public Notices of the Company Disclosed in public in the newspapers as designated by China Securities Regulatory Commission;
4. The articles of Association.

This Report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail. Please pay attention.

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

February 26, 2014