China Jishan Holdings Limited

Annual Report **2014**

Contents

Corporate Profile

With 30 years of established track record, China Jishan Holdings Limited ("China Jishan"), and together with our subsidiaries (the "Group"), is a leading player in China's textile industry, providing specialised dyeing and printing services, as well as the sale of print and dye finished products and garments.

Production Facilities

Strategically located within the Shaoxing Keqiao Economic Development Zone in China, widely known as the "China Light & Textile Industries City", our production facilities boast an annual production capacity of 280 million metres of fabric.

In a bid to diversify our business, in May 2009, we acquired a Zhejiang-based specialised textile company whose business focus is on the print and dye of textiles for home furnishing products.

This acquisition not only enabled us to expand our customer base, but also boosted the scale of our operations and range of services.

Product Development

We set up our in-house research centre in 1996 to focus on product development and technology innovation, and it was named the "Provincial High-Tech Enterprise Research and Development Centre" by the Science and Technology Bureau of Zhejiang Province in July 2008. We have also been collaborating with the State Dyeing and Finishing Technology Development Centre and Zhejiang Engineering College, to keep ourselves abreast with the latest technological developments and industry trends in printing and dyeing. Supported by a team of highly professional and experienced research personnel, we have developed and commercialised dozens of new products over the years.

Sales Network

We have an extensive sales network covering both domestic and overseas markets, with representative sales offices in Guangzhou, Beijing and Shanghai. Over the years, we have developed and maintained a regular customer base which continues to expand.

Awards & Accreditations

In recognition of our strong brand equity and service excellence, we have received numerous awards and accolades including the "Shaoxing City Famous Brand" by the Shaoxing Administration for Industry and Commerce in 2012, "Zhejiang Provincial Famous Brand" by the Zhejiang Administration for Industry and Commerce in 2010 and 2013, "China's Quality Print and Dye Fabric - Top Award" by the China Dyeing and Printing Association in 2013 and 2014 and the "2010 Model Enterprise Award for Labour Security and Integrity" by the Human Resources and Social Security Bureau of Shaoxing County.

We are also an ISO9001:2008 and ISO14001:2004 certified printing and dyeing services provider, which attests to our Group's efforts to deliver high quality products in a balanced and environmentally responsible manner.

Moving Forward

We are focused on our existing textile business, and are looking into stepping up marketing efforts and improving productivity at our manufacturing premises. At the same time, we will also relentlessly focus on cost control, by seeking ways to enhance labour productivity in a bid to minimize production costs.

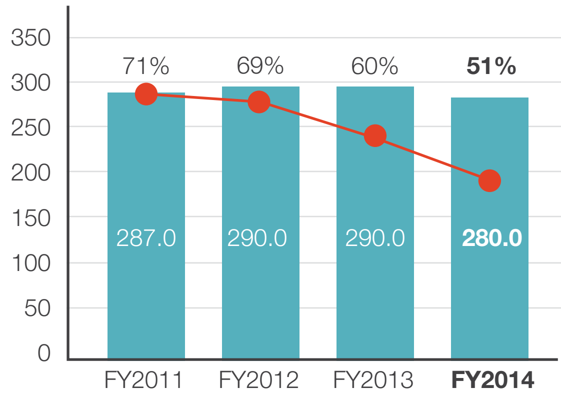
Financial Highlights

Key Financial Highlights (RMB Million)

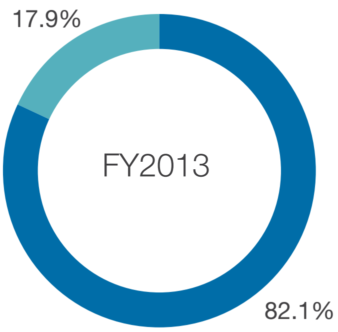
	FY2014	FY2013	Change (%)
Revenue	370.3	435.6	(15.0)
Gross Profit	23.4	41.7	(43.9)
Net Loss	(43.3)	(19.5)	>100
Loss per share -Basic basis (RMB cents)	(14.36)	(6.47)	>100
Net Asset Value per share (RMB cents)	31.6	46.0	(31.3)

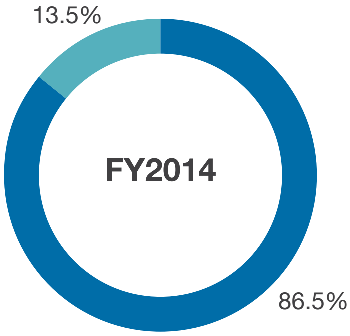
Note: EPS and NAV are based on 301,500,000 Ordinary Shares

Production Capacity ('million metres) and Utilisation (%)



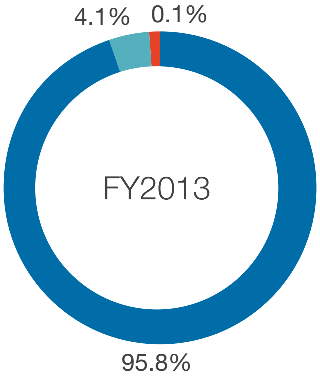
Revenue Breakdown by Business Segment

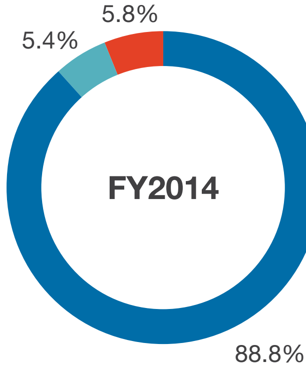




Fabric Processing
Printing and Dyeing

Revenue Breakdown by Geographical Segment





PRC
Asia (Excluding PRC)
USA, Europe and Others

Chairman's
Message

"As China embarks on economic transformation, by shifting from a mass production country to one with upgraded industries, we expect the economy's growth to remain moderate. As such, the Group remains cautious on its textile print and dye business outlook for the current financial year."

Mr Jin Guan Liang
Executive Chairman

Dear Shareholders,

The global economy presented a case of divergence in 2014, as evident in the accelerating growth in the United States, and stagnation in Europe caused by a combination of restrictive fiscal and monetary policy accompanying weak export growth. China, being Asian's economic powerhouse, also saw a slowdown in its economic growth, growing 7.4%[1] in 2014, its slowest in close to 25 years.

FY2014 Business Review

While China embarks on the transformation of its economy, the growth of its textile manufacturing industry saw an obvious slowdown as compared to previous years. Stemming from a sluggish China economy and in particular the textile industry, the Group made a net loss of RMB43.3 million in the financial year ended 31 December 2014 ("FY2014"), as compared to a net loss of RMB19.5 million in the preceding financial year ("FY2013").

Due to dampened demand from the domestic textile market, Group revenue declined 15.0% year-on-year to RMB370.3 million, largely due to a lower fabric processing volume.

The Group's key business segment, the Fabric Processing segment, which accounted for 86.5% of total revenue in FY2014, saw revenue dip 10.5% to RMB320.4 million, while revenue from the Printing and Dyeing segment that made up 13.5% of total revenue fell 35.8% to RMB49.9 million.

As a result of higher raw material and manpower costs coupled with lower revenue, gross profit decreased by 44.0% to RMB23.4 million in FY2014, while gross profit margin declined from 9.6% in FY2013 to 6.3% in FY2014.

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[1] Reuters, "China's 2014 economic growth misses target, hits 24-year low", 20 January 2015

In terms of corporate development, FY2014 marked our first step taken to venture into the financial services industry. Upon garnering the support from shareholders at the Extraordinary General Meeting held on 26 March 2014 for the proposed diversification of our business, we are currently working towards the formal commencement of this new operation. In the meantime, we are also focused on our existing textile business, and are looking into stepping up marketing efforts and improving productivity at our manufacturing premises.

Outlook

As China embarks on economic transformation, by shifting from a mass production country to one with upgraded industries, we expect the economy's growth to remain moderate. As such, the Group remains cautious on its textile print and dye business outlook for the current financial year.

As can be seen from the conclusion of the Central Economic Work Conference held in December 2014, China is embarking on a set of economic reforms that are aimed at shifting from high speed growth to a new normal model, characterized by slower but more sustainable, quality growth, driven mainly by domestic consumption and services.

However, the shift from an export-driven growth model to one which focuses on domestic demand also means that the Chinese economy can no longer rely on a massive and cheap workforce to drive the market. With increasing cost pressure originating from labour, raw materials, compliance costs related to tighter environmental regulations, textile manufacturers are increasingly relocating their production bases to cheaper countries such as Vietnam and South Africa. As such, we will relentlessly focus on cost control, by seeking ways to enhance labour productivity in a bid to minimize production costs.

In Appreciation

In closing, I would like to thank all our shareholders for your confidence and faith in us. I am also thankful to the Board of Directors, management team and staff for your dedication and commitment. We look forward to your continued support in the years to come as we strive to achieve greater success for the Group.

Mr Jin Guan Liang
Executive Chairman

主席致词

尊敬的股东们，

全球经济在2014年的表现参差不齐，美国虽经济加速增长，但相比之下，欧洲方面却因受到财政及货币政策局限，加上出口量疲弱而处在经济停滞状态。中国作为亚洲经济强国也出现了经济增长放缓的现象，在2014年只增长了7.4%[1]，为其25年以来增长最缓慢的一年。

2014 财政年业务回顾

随着中国进行经济模式的改革，纺织制造业的增长率也较前几年有明显回落。由于纺织制造业受到中国经济整体增长放缓影响，本集团在截至2014年12月31日的财政年（“2014财年”）蒙受4330万元人民币的净亏损，上财年（“2013财年”）的净亏损则为1950万元人民币。

由于国内纺织品市场需求走软，集团在2014财年的营收同比下降了15.0%至3亿7030万元人民币，主要因为布料加工量减少。

占本集团2014财年总营收86.5%的布料加工业务为集团的主要业务，其所取得的营收减少10.5%至3亿2040万元人民币。来自印染业务的营收则减少了35.8%至4990万元人民币，该业务占2014财年总营收的13.5%。

由于原材料及人力成本上涨加上较低的营收，毛利在2014财年下降了44%至2340万元人民币。毛利率则从2013财年的9.6%下滑至2014财年的6.3%。

在企业发展方面，我们在2014年就进军金融领域跨出了第一步。集团于2014年3月26日举行的特别股东大会上获取股东们投票表决支持业务分散后，已开始开拓这方面的业务。与此同时，我们也正专注于现有纺织业务的营运，并正极力加强营销力度及提高厂房生产力。

展望

随着中国进行经济模式的改革，从大量生产转向产业转型升级，我们相信中国的经济增长将继续处于适中水平。因此，本集团对今年纺织印染业务的前景仍持谨慎态度。

根据2014年12月举行的中央经济工作会议取得的结论，中国正在执行一系列针对减缓目前高速增长趋势的经济改革。虽然改革模式或将影响增长率，但这个新模式将主要通过刺激国内消费及加强服务领域，使中国在未来取得更可持续的优质且稳健的增长。

[1] Reuters, “China's 2014 economic growth misses target, hits 24-year low”, 20 January 2015

主席致词

“随着中国进行经济模式的改革，从大量生产转向产业转型升级，我们相信中国的经济增长将继续处于适中水平。因此，本集团对今年纺织印染业务的前景仍持谨慎态度。”

金关良
执行主席

然而，从出口导向模式转为追求需求也意味着中国经济不能再依靠大量廉价劳工来推动经济。随着劳工和原材料成本价格上涨，加上更严格的环保法规推高遵循成本，纺织品生产商已逐渐迁往其他成本较低的生产基地，如越南和南非。因此，我们将继续密切关注成本控制，并寻求将生产力提高以减低生产成本。

感谢

最后，我对全体股东对本集团的信任及支持表示最衷心的感谢。我也在此对集团的董事会，管理团队及员工们所作出的贡献及努力致以最深切的谢意。我们会坚持不懈，继续努力前进，为本集团取得更亮眼的成绩！

金关良
执行主席

From Left to Right: Yip Wei Jen, Lien Kait Long, Xu Ping Wen, Jin Rong Hai, Jin Guan Liang, Yu Ming Hai

JIN GUAN LIANG

Executive Chairman

Mr Jin Guan Liang provides strategic advice to the Group, and has over 20 years of experience in the print and dye industry. Before joining us in 1989, Mr Jin was a manager in Shengli Industrial Supplies and Sales Company, and the chief accountant in Shengli Village Office. Mr Jin completed courses conducted by the Shanghai Economic Management Training Centre in 1985, and Tsinghua University Economic Management College in 1997. He also completed the Cheung Kong Graduate School of Business' China CEO Programme in January 2010, as well as the China Europe International Business School's 2010 Global CEO Programme in August 2010. Mr Jin was granted the title of "China Textile Industry Model Worker" in 2006. He is currently the Vice President of the China Print and Dye Industry Association. Mr Jin does not hold any directorships in other listed companies currently or over the preceding three years.

JIN RONG HAI

Executive Director / Chief Executive Officer

Mr Jin Rong Hai has been with the Group since 1998. He has over 20 years of experience in the textile industry. Between 1987 and 1990, Mr Jin conducted his own business of sales of fabric and textiles. From 1990 to 1993, he was a sales staff at Shaoxing Shengli Printing and Dyeing Factory, the predecessor company of Jishan Print & Dye. In 1993, he started his own business of sales of fabric and textiles in Keqiao, Shaoxing City. From 1998 to 2003, he was the Factory Head of the printing workshop at Jishan Print & Dye and was responsible for its overall operations. From 2000, Mr Jin took on the additional responsibility of the overall operations of the pad-dye workshop of Jishan Print & Dye. From 2003 to 2008, Mr Jin was the Deputy General Manager and responsible for the overall production of Jishan Print & Dye. Mr Jin graduated from Shaoxing Shengli Secondary School. He is the brother-in-law of Mr Jin Guan Liang, our Group's Executive Chairman. Mr Jin does not hold any directorships in other listed companies currently or over the preceding three years.

YU MING HAI

Executive Director

Mr Yu Ming Hai assists the General Manager of Zhejiang Jishan Printing & Dyeing Co., Ltd, one of the Group's major subsidiaries in the PRC, in its day-to-day operations. Mr Yu brings to the Board more than 20 years of public sector experience in macro-economic development and industrial management, in particular the printing and dyeing industry. Prior to joining the Group in March 2005, Mr Yu was the Deputy Governor of Fuquan Town, Shaoxing County, in charge of the industrial management of the town. He has served the government of Fuquan Town in various capacities and was appointed Deputy Governor in 2003. Mr Yu graduated from Zhejiang Province Chinese Communist Party School in December 2004 and obtained a diploma in Business Administration. Mr Yu does not hold any directorships in other listed companies currently or over the preceding three years.

LIEN KAIT LONG

Lead Independent Director

Mr Lien Kait Long was appointed to the Board on 20 March 2004, and was appointed as Lead Independent Director on 13 March 2009. He is also concurrently the Chairman of our Audit and Risk Committee and Nominating Committee. Mr Lien has more than 40 years of experience in accounting and finance, corporate management and business investments. He has held a number of senior management positions and executive directorships in various public and private corporations in Singapore, Hong Kong and China. Mr Lien holds a Bachelor of Commerce degree from Nanyang University, and is a fellow member of the CPA Australia and the Institute of Singapore Chartered Accountants. The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, renewable energy, oil & gas, consumer goods, textile and flexible packaging.

Mr Lien currently serves as an Independent Director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange: 8Telecom International Holdings Co. Ltd, Renewable Energy Asia Group Limited, Hanwell Holdings Limited, Falcon Energy Group Limited, Tat Seng Packaging Group Ltd, Viking Offshore and Marine Ltd and IPC Corporation Limited. He is also a Non-Executive Director of Pacific Healthcare Holdings Ltd and a Director of China Enterprises Limited, a company listed on the OTC Securities Market in the United States of America. In the past three years, he was an Independent Director of CMZ Holdings Ltd, Intraco Limited and Youyue International Limited.

YIP WEI JEN

Independent Director

Mr Yip Wei Jen was appointed to the Board on 23 May 2008. He also sits on our Audit and Risk Committee and Remuneration Committee. Mr Yip has more than 10 years of experience in the finance industry in Asia. He is currently a Director of Structured Finance at BNP Paribas. Based in Shanghai, Mr Yip has been working on advisory and arranging cross border financings throughout Asia. He was based in Singapore between 2001 and 2006. Prior to BNP Paribas, Mr Yip was doing corporate finance at OCBC Bank from 2000 to June 2001. Before that, he was with Deloitte as an auditor from 1996 to 1999. Mr Yip holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. He has been awarded the CFA Charter and is a member of the Institute of Singapore Chartered Accountants. He has also completed the Executive Management Programme at Stanford Graduate School of Business. Mr Yip does not hold any directorships in other listed companies currently or over the preceding three years.

XU PING WEN

Independent Director

Mr Xu Ping Wen was appointed to the Board on 20 March 2004. He is concurrently the Chairman of our Remuneration Committee and member of the Audit and Risk Committee and Nominating Committee. With over 10 years of experience in legal practice, Mr Xu is currently a partner of Shanghai Guangfa Law Firm. He previously practised law at Fushun Yizhong Law Firm between 1996 and 1999. Mr Xu obtained his certification to practise law in the PRC in 1996, and graduated from Dalian Technological University in 1990 with a Bachelor degree in Casting.

Mr Xu is currently an Independent Director of 苏州麦迪斯顿医疗科技股份有限公司. He did not hold any other directorships in other listed companies in the preceding three years.

Senior
Management

MICHAEL CHIN JONG YEAT

Chief Financial Officer

Mr Michael Chin Jong Yeat rejoined the Group on 19 November 2012. Prior to this, he had served in the same capacity as Chief Financial Officer, from 2008 to 2010. He is responsible for the financial and accounting functions of the Group. Mr Chin has more than 10 years' audit experience in the big four accounting firms in both Malaysia and China. Prior to joining the Group, he was with Deloitte Shanghai, PRC, as a Senior Audit Manager, specialising in various industries such as manufacturing, consumer products, and trading etc. He is a member of the Malaysian Association of Certified Public Accountants as well as a member of the Malaysian Institute of Accountants.

XIAO ZHI LIANG

Executive Deputy General Manager

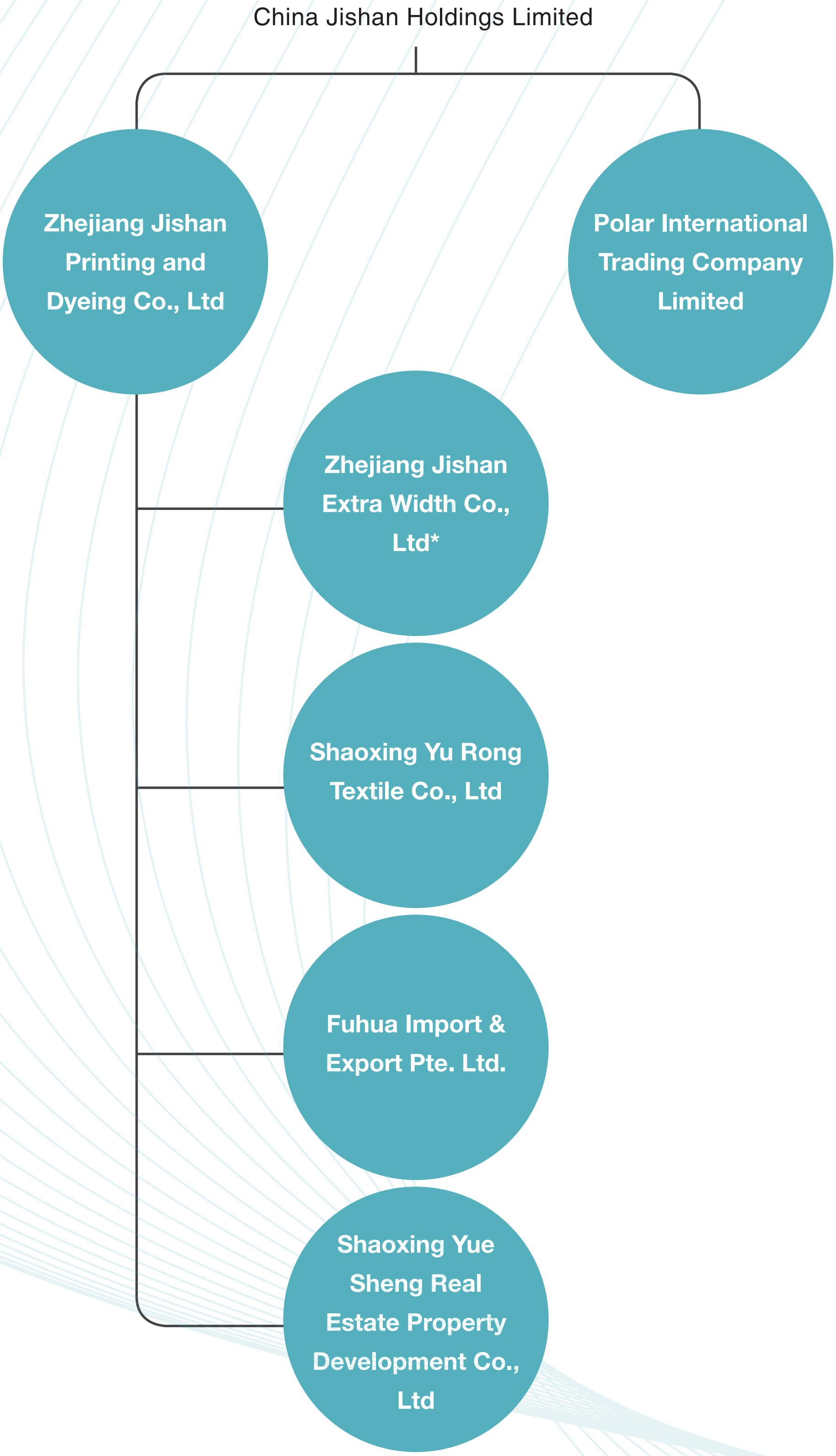
Mr Xiao Zhi Liang is responsible for the sales and marketing functions of the Group. He has been working with the Group for more than 20 years in the area of sales and marketing. He graduated from Suzhou Institute of Silk Textile Technology in 1991, where he majored in dyeing and finishing.

HU CHONG FA

Deputy General Manager

Mr Hu Chong Fa joined our Group in 1998. Mr Hu is a senior engineer and has over 20 years of experience in equipment management, production and development of new products. He was the general manager of Zhejiang Jishan Printing & Dyeing Co., Ltd., one of the Group's major subsidiaries in the PRC for around two years until September 2010. Mr Hu graduated from Zhejiang University in 1984.

Corporate Structure



*The proposed disposal of this entity was completed on 7 January 2015, and is thus no longer a subsidiary of the Group as at March 2015.

Corporate
Information

BOARD OF DIRECTORS
Jin Guan Liang
Executive Chairman

Jin Rong Hai
Executive Director / Chief Executive Officer

Yu Ming Hai
Executive Director

Lien Kait Long
Lead Independent Director

Yip Wei Jen
Independent Director

Xu Ping Wen
Independent Director

AUDIT AND RISK COMMITTEE
Lien Kait Long (Chairman)
Xu Ping Wen
Yip Wei Jen

NOMINATING COMMITTEE
Lien Kait Long (Chairman)
Xu Ping Wen
Jin Guan Liang

REMUNERATION COMMITTEE
Xu Ping Wen (Chairman)
Lien Kait Long
Yip Wei Jen

COMPANY SECRETARY
Chan Wai Teng Priscilla

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Chartered Accountants of Singapore
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Audit Partner-in-Charge:
Ng Chiou Gee Willy
Date of Appointment:
22 November 2012

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Corporate Governance Report

The Board of Directors ("Board") of China Jishan Holdings Limited ("the Company") is committed to maintain high standards of corporate governance and transparency within and throughout the Company and its subsidiaries ("the Group") to enhance shareholder value and financial performance of the Group by following closely the recommendations of the Code of Corporate Governance 2012 ("the Code") issued on 2 May 2012. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("the SGX-ST") on 10 May 2004 and the Group is continuously refining its policies and practices so as to achieve this goal. This report describes the Group's corporate governance processes and practices with specific reference to the principles of the Code.

BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The Board comprises three Executive Directors and three Independent Non-Executive Directors, all having the right core competencies and diversity of experience which enable them to effectively contribute to the Group, and all directors objectively take decisions in the interest of the Group.

The Board's primary role is to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises executive management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Besides carrying out its statutory responsibilities, the Board's role is to:

1. provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

2. set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

3. review management performance;

4. establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

5. approve all Board appointments and appointments of key personnel to ensure effective management leadership of the highest quality and integrity, and review management performance;

6. identify the key stakeholder groups and recognize that their perceptions affect the company's reputation; and

7. consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Board Processes

To assist the Board in the execution of its responsibilities, the Board delegates specific authority to a number of Board Committees including an Audit and Risk Committee, a Nominating Committee and a Remuneration Committee. These Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored.

The Board conducts regular scheduled meetings to deliberate on specific issues including material transactions, the annual budget, review the performance of the Group and approve the release of quarterly and full year results. When circumstances require, ad-hoc meetings are convened. The Company's Articles of Association allow a board meeting to be conducted by way of a tele-conference and video conference.

The agenda for meetings is prepared in consultation with the Executive Chairman/Chief Executive Officer ("CEO"). Standing items include the management report, financial reports, strategic matters, governance, business risk issues and compliance. Executives are regularly invited to attend Board meetings to provide updates on operational matters.

Corporate Governance Report

Directors' meetings held in 2014

The attendances of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings in the financial year under review, are disclosed at the end of this Report. In addition to physical meetings, the Board and Board committees also circulate written resolutions for approval by the relevant members of the Board and Board committees.

Matters requiring Board approval

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investment and divestment proposals, material acquisitions and disposals of assets, major funding proposals, major corporate policies on key areas of operations, the release of the Group's quarterly and full-year results, annual report, interested person transactions of a material nature, and declaration and proposal of dividends.

Board Orientation and Training

There was no new Director appointed in FY2014. Upon appointment of a new director, the Company provides a formal letter to the director, setting out the Director's duties and obligations; policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restriction on disclosure of price-sensitive information; Annual Report and Code; Company's constitutional document; SGX-ST Listing Manual and relevant legislations; and other pertinent information for his reference. The Group conducts a comprehensive orientation programme to familiarize new directors with the Group's operations and business issues, relevant regulations and governance requirements, financial performance and key management staff of the Group.

The Directors participate in seminars and discussions to keep themselves updated on the latest changes and developments concerning the Group and keep abreast of the latest regulatory changes. The Directors are also provided with updates on the relevant new laws and regulations related to the Group's operating environment through emails and regular meetings. The Internal Auditors updated the Board Members on the outcome of the comprehensive risk assessment activity in 2013 and the regular follow up and reporting procedures. The Directors also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations.

The Company also provides for Directors' participation at industry conferences and seminars, and subject to Chairman's approval, to fund Directors' attendance at any course or training program in connection with their duties as Directors, if such participation or attendance is required.

Principle 2: Board Composition and Guidance

Presently the Board comprises three Executive Directors and three Independent Non-Executive Directors. The participation of the Directors in the Board committees is as follows:

Name of Director	Appointed On	Date of Last Re-election	Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee
Jin Guan Liang	23 December 2003	–	Executive Chairman			M
Jin Rong Hai	13 March 2009	–	CEO and Executive Director			
Yu Ming Hai	16 February 2006	29 April 2014	Executive Director			
Lien Kait Long	20 March 2004	30 April 2013	Lead Independent Director	C	M	C
Xu Ping Wen	20 March 2004	29 April 2014	Independent Non-Executive Director	M	C	M
Yip Wei Jen	23 May 2008	30 April 2013	Independent Non-Executive Director	M	M	

C: chairman; M: member

The Company voluntarily appointed Messrs Shook Lin & Bok LLP as its Compliance Adviser.

Board Independence

The independence of each Director is reviewed annually by the Nominating Committee ("NC"). The NC adopts the Code's definition of what constitutes an Independent Director in its review. The NC has reviewed the independence of Mr Lien Kait Long, Mr Xu Ping Wen and Mr Yip Wei Jen.

Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with shareholders' interest. Presently, Mr Lien Kait Long and Mr Xu Ping Wen have served as Independent Directors of the Company for more than nine years since their initial appointments in 2004.

Taking into account the views of the NC, the Board concurs that Mr Lien Kait Long and Mr Xu Ping Wen continued to demonstrate strong independence in character and judgement over the years in the discharge of their duties and responsibilities as Directors of the Company, with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just its majority shareholder. They have expressed individual viewpoints, debated issues and objectively scrutinized Management, and sought clarification and amplification as they deemed necessary. Further, having gained in-depth understanding of business and operating environment of the Group, they provide the Company with much needed experience and knowledge of the industry. Mr Lien has extensive experience in accounting and finance, corporate management and business investment and is familiar with the SGX-ST requirements and Singapore environment. Mr Xu is a lawyer in the People's Republic of China (the "PRC") and is familiar with the legal environment in the PRC.

Mr Yip Wei Jen, a Non-Executive Independent Director, is considered by the NC and the Board to be independent. They are of the view that no individual or small group of individuals dominates the Board's decision making process. Independent Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Board Composition and Size

The composition of the Board enables management to benefit from a broad and objective perspective as each Director brings to the Board a diverse background, experience and knowledge in business, finance, law, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management and other skills relevant to the Company's business. This ensures that each Director with his special contributions brings to the Board an independent and objective perspective to enable balanced and well considered decisions to be made.

The NC considered the diversity of experience as well as the appropriateness of skills and is of the view that the current Board comprises persons who as a group provide core competencies necessary to meet the Company's objectives.

The Board is of the view that the current board size of six Directors is appropriate, taking into account the nature and scope of the Company's operations.

Principle 3: Chairman and CEO

The Group keeps the roles of the Chairman and CEO separate. There is a clear division of responsibilities between the Chairman and the CEO, which ensures that there is a balance of power and authority at the top of the Group.

Mr Jin Guan Liang is the Executive Chairman of the Board. The Chairman's principal role is to lead the Board to ensure its effectiveness on all aspects of its role; set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; and promote a culture of openness and debate at the Board. He manages the business of the Board and the Board Committees; preserve harmonious relations and ensure effective communication with shareholders; encourage constructive relations within the Board and between the Board and management; facilitate the effective contribution of Non-Executive Directors; and ensures that the Directors receive accurate, complete, adequate and timely information. The Chairman also advises on the Group's business strategy, keeps Board members abreast of key developments affecting the Group, and promotes high standards of corporate governance.

Mr Jin Rong Hai was appointed as CEO/Executive Director on 13 March 2009. His over 20 years of experience in the textile industry will be instrumental in steering the Group in the new business direction. He is the brother-in-law of Mr Jin Guan Liang.

Corporate Governance Report

Mr Lien Kait Long was appointed as the Lead Independent Director on 13 March 2009. The Lead Independent Director is available to shareholders in circumstances where shareholders' concerns raised through normal channels to the Chairman, CEO or Chief Financial Officer has failed to resolve or where such contact is inappropriate.

There is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on affairs and operations of the Group by members of the Board, taking into account factors such as the appointment of a Lead Independent Director, the number of Independent Non-Executive Directors making up 50% of the Board, as well as the contributions made by each member at board meetings which relate to the affairs and operations of the Group.

As a general rule, board papers are sent to Directors at least three days in advance in order for Directors to be adequately prepared for the meeting. Management staffs who have prepared the papers, or who can provide additional insight into matters to be discussed, are invited to present the papers or attend at the relevant time during the board meeting. The Chairman with the assistance of the Compliance Adviser, Secretary, Chief Financial Officer and Board members ensures that procedures are introduced to comply with the Code.

The above is not an exhaustive description of the current or future role of the Chairman and CEO. The role of the Chairman and CEO may change in line with developments affecting the Group.

Principle 4: Board Membership

Nominating Committee ("NC")

The NC comprises three members, two of whom, including the Chairman, are Independent Non-Executive Directors. The chairman is Mr Lien Kait Long, the Lead Independent Director. He is not, nor has any relationship with, a substantial shareholder of the Company. The other two members are Mr Jin Guan Liang, the Executive Chairman, and Mr Xu Ping Wen.

The NC meets at least once a year and when necessary. It is guided by the Terms of Reference adopted by the Committee on 11 November 2013, amended to be in line with the recommendations in the Code.

The NC is responsible for the following:

a Review and recommend to the Board on the appointment and re-appointment of Directors (including Alternative Directors, if applicable) having regard to their contribution and performance.

b Review the skills required by the Board, and the size of the Board.

c Ensure that the Company adheres to the board composition rules, including having Independent Directors make up 50% of the Board under certain circumstances.

d Assess the independence of the Directors annually.

e Evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple Board representations.

f Develop a process for evaluating the performance of the Board, its board committees and contribution of each individual Director.

g Formal assessment of the effectiveness of the Board as a whole, its board committees and individual Director.

h Review the training and professional development programmes for the Board.

i Review the Board succession plans for Directors, in particular, the Chairman and CEO.

The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and appointment of new Directors. The review ensures that the Director to be re-nominated or appointed is committed, able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgment, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities (such as preparedness and candour).

Pursuant to Article 88 of the Articles of Association of the Company, new Directors must submit themselves for re-election at the next AGM of the Company immediately following their appointment. Article 89 requires one-third of the Board (other than those retiring under Article 88, the Executive Chairman and CEO) to retire by rotation at every AGM. The Directors due for retirement under Articles 89 at the forthcoming Annual General Meeting are Mr Lien Kait Long and Mr Yip Wei Jen. The NC recommends to the Board and shareholders, their re-nomination as Directors after taking into account their contributions and performance.

The NC reviewed whether a Director who has multiple board representations is able to and has been adequately carrying out effectively the duties as a Director and to ensure that internal guidelines adopted to address the competing time commitments are relevant and being followed. All Directors are required to declare their Board representations. As a result of the NC's review, the NC is of the view that Mr Lien Kait Long, Mr Jin Rong Hai and Mr Jin Guan Liang who sit on multiple boards, have and are able to more than adequately carry out their duties as Directors of the Board.

The NC is of the view that there is no need to set a limit on the number of listed company board representations a Director should have as it is not meaningful. The contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities, their different capabilities, the nature of the organisations in which they hold appointments, and the kind of committees on which they serve being of different complexities. Instead, the NC will assess each potential or existing Director relative to his abilities and known commitments and responsibilities. Specific considerations are also given to their attendance, contactability and responsiveness, contributions and individual capabilities.

The NC has in place a selection and nomination process for the appointment of a new Director. The NC will first source for a list of suitable candidates (where applicable) and review their qualifications, experience, expertise and independence before making its recommendations to the Board. Similarly, the NC will evaluate a Director in accordance with set criteria before recommending him to the Board for re-election.

Key information regarding the Directors is given in the "Board of Directors" section of this annual report.

Principle 5: Board Performance

The NC is responsible for recommending and implementing a process to assess the effectiveness of the Board and its Board committees as well as assessing the contribution of each individual Director to the overall effectiveness of the Board. An assessment system and evaluation forms have been established and adopted for the evaluation of the Board and Board Committees. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability Board processes and Board performance in relation to discharging its principal responsibilities. For the year under review, all Directors participated in the evaluation by providing feedback to the NC in the form of completing the Board and Board Committees Performance Assessment checklists. To ensure confidentiality, the evaluation returns completed by all Directors were submitted to the Company Secretary for collation and consolidated responses were presented to the NC and the Board for their review.

Each individual Director is evaluated and assessed as to whether he continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, attendance, adequacy of preparation, generation of construction discussion, independence, team spirit etc.

Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board.

The Board and the NC have used their best efforts to ensure Directors appointed to the Board possess the necessary background, experience and knowledge in relevant industry and geographic know-how, business, law and finance and have the appropriate management skills critical to the company's business and that each Director with his special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

A formal review of the Board's performance is undertaken annually by the NC. Renewals or replacement of Board members, when it happens, do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the company and its business.

Principle 6: Access to Information

Management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision. The Executive Chairman and CEO keep Board members abreast of key developments affecting the Group as well as material transactions in order that the Board is fully aware of the affairs of the Group. Directors also from time to time receive detailed information concerning the Group to enable them to be fully cognizant of the decisions and actions of management.

Directors have unrestricted access to the Company's records and information and receive management accounts and other financial information on the Company's activities. Besides these, the Board also meets and discusses the quarterly performance of the Group. Detailed Board papers and related materials are prepared for each meeting of the Board and are normally circulated at least three days in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. The Group's CEO and the key management personnel are present at these meetings to address any queries which the Board may have.

Presentation decks for analysts and media reports, if any, on the Group are forwarded to the Directors on an ongoing basis.

The Board has separate and independent access to all levels of senior management and the Company Secretary at all times through email, telephone and face-to-face meetings. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished. The Audit and Risk Committee meets the external Auditors separately at least once a year, without the presence of the Executive Chairman, CEO, Executive Directors and other senior management members, in order to have free and unfettered access to any information that it may gather or require.

The Company Secretary attends all the Board meetings and Board committee meetings. She ensures that Board procedures are followed, and applicable rules and regulations are complied with. The removal and appointment of the Company Secretary is decided by the Board.

The Management, in consultation with the Compliance Adviser and other relevant professional advisors, is responsible for compliance with all rules, statutes and regulations which are applicable to the Company.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, they or he could select a professional advisor approved by the Board, to render the advice. The cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") ensures the appropriateness, transparency and accountability to shareholders on issues of remuneration of the directors, executive management, and employees who are related to the Directors, CEO and Substantial Shareholders.

The RC comprises three members, all of whom are Independent Non-Executive Directors. The chairman of the RC is Mr Xu Ping Wen. The members are Mr Yip Wei Jen and Mr Lien Kait Long. It is guided by the Terms of Reference adopted by the Committee on 11 November 2013, amended to be in line with the recommendations in the Code.

Our RC is responsible for the following:

a to recommend to our Board a framework of remuneration and specific remuneration packages for each Director and key management personnel, such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

b to review the remuneration of senior management, and employees who are related to the Directors, CEO and substantial shareholders; and

c in the case of service contracts, to consider what compensation commitments the contracts of service of Executive Directors and key management personnel, if any, would entail in the event of early termination, with a view to be fair, and avoid rewarding poor performance.

The Executive Directors are not present during discussions relating to their respective compensations, terms and conditions of service and review of performance. Similarly, no member of the RC is involved in deciding his own remuneration. Whenever necessary, the RC has access to expert advice from internal as well as external sources on remuneration of all Directors.

Principle 8: Level and Mix of Remuneration

The Company has adopted the spirit of the Code to determine the remuneration for Directors/key management personnel so as to ensure that the Company attracts and retains Directors/key management personnel needed to run the Group successfully. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group and individual in the achievement of performance targets set at the beginning of the financial year. In setting remuneration package, the RC ensures that it is adequate but not excessive and takes into account pay and employment conditions within the industry and in comparable companies, and the level of remuneration paid to Board Directors/key management personnel in other Singapore listed corporations relative to their sizes, work load and complexity.

The Executive Chairman, Jin Guan Liang and other Executive Directors do not receive Directors' fees. The service agreements of Executive Directors/key management personnel consist of a basic salary component and a variable component which includes allowances and a variable bonus that is link to individual performance and the performance of the Group as a whole, giving due regard to the financial and commercial health and business needs of the Group. Such performance related remuneration should be aligned with the interests of shareholders and promotes the longer-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of the risks.

Service contracts for Executive Directors are for a fixed appointment period. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of an Executive Director. Notice periods in service contracts are set at a period between three to six months.

The Independent and Non-Executive Directors do not have any service agreements with the Company. Except for Directors' fees, which have to be approved by Shareholders at every Annual General Meeting ("AGM"), the Independent and Non-Executive Directors do not receive any other forms of remuneration from the Company. The Board concurred with the RC that the proposed Directors' fees for the year ended 31 December 2014 is appropriate and that the Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.

The RC is of the view that the remuneration policy and amounts paid to the Directors are adequate and are reflective of present market conditions. Presently the Company does not have any share-based compensation scheme or any long-term incentive schemes involving the offer of shares or grant of options in place or any other forms of deferred remuneration. In evaluating long-term incentive schemes, the RC takes into consideration the costs and benefits of such schemes.

Principle 9: Disclosure on Remuneration

The remuneration of each individual Director and key executive officer of the Group is however not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

Corporate Governance Report

The report on Directors' remuneration is given below:

	Fees %	Salary %	Bonus %	Termination, Retirement and Post-employment benefits %	Other Benefits %	Total %
Below S$250,000						
Jin Guan Liang	–	100	–	–	–	100
Jin Rong Hai	–	100	–	–	–	100
Yu Ming Hai	–	100	–	–	–	100
Lien Kait Long	100	–	–	–	–	100
Yip Wei Jen	100	–	–	–	–	100
Xu Ping Wen	100	–	–	–	–	100

Fees are subject to the approval of Shareholders at the AGM to be held on 30 April 2015.

The Company adopts a remuneration policy for management and staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual in the achievement of performance targets set at the beginning of the financial year.

At present, the Company does not have any employee share option scheme.

The Group's top 6 key executives are:

Mr Hu Chong Fa – Deputy General Manager
Mr Ling Wei Liang – Integrated Department Head
Mr Chin Jong Yeat Michael – Chief Financial Officer of China Jishan Holdings Limited
Mr Zhang Jian Yong – Factory Manager
Mr Li Ji Ming – Factory Manager
Mr Xiao Zi Liang – Executive Deputy General Manager

The remuneration paid to each of the top six key executives who are not Directors of the Company are all below S$250,000. A breakdown of the level and mix of remuneration of these top six key executives is as follows:

	Salary %	Bonus %	Termination, Retirement and Post-employment benefits %	Other Benefits %	Total
Below S$250,000					
Hu Chong Fa	75	25	–	–	100
Ling Wei Liang	72	28	–	–	100
Chin Jong Yeat Michael	100	–	–	–	100
Zhang Jian Yong	97	3	–	–	100
Li Ji Ming	38	62	–	–	100
Xiao Zi Liang	86	14	–	–	100

The aggregate total remuneration paid to or accrued to key executives (who are not Directors or CEO) amounted to RMB2,623,000 (S$564,086).

One employee of the Group, Mdm Jin Yao Yun, is the wife of Mr Jin Guan Liang, Executive Chairman and substantial shareholder. Her remuneration is between S$50,000 and S$100,000 during FY2014.

The Board will not include an annual remuneration report in the agenda of the forthcoming AGM, as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. All information on the Group's new initiatives is first disseminated via SGXNET followed by news release (where appropriate).

Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

This has been fully described under "Access to Information" (Principle 6).

Principle 11: Risk Management and Internal Controls, and Principle 12: Audit and Risk Committee ("ARC")

The ARC comprises our three Independent Non-Executive Directors, Mr Lien Kait Long, Mr Yip Wei Jen and Mr Xu Ping Wen. It is chaired by Mr Lien Kait Long. Both Mr Lien Kait Long and Mr Yip Wei Jen have many years of experience in the financial services industry and are certified public accountants. In addition, these members bring with them a wealth of experience in business in China, Singapore and internationally. The Board considers that the members of the ARC are appropriately qualified to discharge the responsibilities of the ARC.

Our ARC meet once every quarter and when necessary. It is guided by the Terms of Reference adopted by the Committee on 11 November 2013, amended to be in line with the recommendations in the Code.

The ARC is responsible for the following:

(a) determining the Company's level of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(b) reviewing and reporting to the Board annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls;

(c) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(d) review the quarterly and annual announcements and balance sheets and profit and loss statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(f) ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discussing problems and concerns, if any arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(g) discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(h) reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and; approving the remuneration and terms of engagement of the external auditors;

(i) reviewing annually the effectiveness of the internal audit function and to ensure that it is adequately resourced and has appropriate standing within the Company;

(j) review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken ("whistle blowing" procedures);

(k) review transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) undertake such other reviews and projects as may be requested by our Board and will report to our Board its findings from time to time on matters arising and requiring the attention of our ARC; and

(m) generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made there to from time to time.

The ARC has the explicit powers to conduct or authorise investigations into any matters within its Terms of Reference. The ARC has full access to and co-operation by management and also full discretion to invite any Director or executive officer to attend its meetings as well as reasonable resources to enable it to discharge its function properly.

For FY2014, the ARC met with the external auditors once without the presence of the management. This meeting enables the external auditors to raise issues encountered in the course of their work directly to the ARC.

The ARC meets with the Group's Internal Auditors ("IA") as well as its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The ARC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, as well as the cost effectiveness of the audit before confirming their re-nomination. The audit fees earned by Messrs Moore Stephens LLP Singapore and their member firms for the year ended 31 December 2014 is S$170,000/-. No non-audit fee is payable to them.

The ARC has conducted a review and the Company confirms that it is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in engaging Moore Stephens LLP, registered with the Accounting and Corporate Regulatory Authority, Singapore, as the external auditors of the Company for FY2014. The ARC also conducts a review to ensure that there are no improper activities of the Company.

The external auditors provide regular updates and briefings to the ARC on changes or amendments to accounting standards to enable the members of the ARC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The ARC advises the Board regarding the adequacy of the Group's internal controls.

Whistle Blowing Policy and Procedures ("Policy"), recommended by the AC, was first approved by the Board on 28 February 2007. The ARC conducts annual review of the Policy.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

An Enterprise Risk Management programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, *inter alia*, financial, operational, compliance and information technology risks faced by the Group. The key risks identified are deliberated by Senior Management, and will be reported to the ARC on a quarterly basis. Having identified the risks to the achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and/or proposed in respect of each significant risk. Reviews are carried out on the management and mitigating actions of each significant risk. The proper implementation of all required corrective, preventive or improvement measures are closely monitored. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. The approach to risk management and internal controls refers to the Enterprise Risk Management Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The IA review policies and procedures as well as key controls and highlight any issues to the Directors and ARC. In addition, the external auditors, in performing their audit of the financial statements, perform tests over operating effectiveness of certain controls that are relevant to the Group's preparation of its financial statements. The external auditors report any significant deficiencies in such internal controls to the Directors and the ARC.

The ARC reviews the adequacy and effectiveness of the Company's financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management (collectively "Internal Controls") annually.

The Board, with the concurrence of ARC, is of the opinion that the Group's system of Internal Controls that has been maintained by the Group's management throughout the financial year ended 31 December 2014 was adequate to address the financial, operational, compliance and information technology risks.

The Board and ARC are of the opinion that, the Group's Internal Controls were adequate based on:

(i) the internal controls established and maintained by the Group;

(ii) reports issued by the internal and external auditors of the Group;

(iii) regular reviews performed by the management, and annual review undertaken by ARC and the Board; and

(iv) confirmation by the management of the Company.

The Board has received assurance from CEO and Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective.

Principle 13: Internal Audit

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests and the Group's assets and business. The Group outsourced its internal audit function to a suitably qualified public accounting firm.

The ARC reviews and approves the internal audit plans, resources and reports, and the internal audit fees. The IA has unfettered access to all the company's documents, records, properties and personnel, including access to the ARC. The IA reports directly to the chairman of the ARC on audit matters and to the CEO on administrative matters.

An annual review of the internal audit function is carried out. The ARC is satisfied that the internal audit function is (i) adequately resourced and has appropriate standing within the Group, (ii) staffed with persons with relevant qualifications and experience and (iii) the IA carry out its function according to the standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors as the guidance for the outsourcing works and applied COSO Internal Control Frameworks to do its review.

Principle 14: Shareholder Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

Corporate Governance Report

The Group strongly encourages shareholder participation during the AGM which will be held in a central location in Singapore, where relevant rules and procedures governing the meetings are clearly communicated. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters.

Principle 15: Communication with Shareholders, and
Principle 16: Conduct of Shareholder Meetings

In line with continuous disclosure obligations of the Company, pursuant to Corporate Disclosure Policy of the SGX-ST, the Board's policy is that shareholders are informed of all major developments that impact the Group in a timely, fair and equitable manner.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

a Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards.

b Quarterly and full-year financial statements containing a summary of the financial information and affairs of the Group for the period.

c Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings.

d Press and analyst briefings for the Group's interim and annual results as well as other briefings, as appropriate.

e Press releases on major developments of the Group, as appropriate.

f Disclosures to the SGX-ST.

g The Group's website at www.jishangroup.com on which shareholders can access information relating to the Group.

The Company retained August Consulting Pte Ltd as its Investor Relations firm.

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The AGM is the principal forum for dialogue with shareholders.

The Annual Report and notice of the AGM are dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The notice is also advertised in newspapers and made available on the SGXNet. The Board actively encourages shareholders to participate during AGMs. They have opportunity to raise issues either informally or formally before or at the AGMs. These meetings provide excellent opportunities for the Company to obtain shareholders' views. The Chairmen of the Audit and Risk, Remuneration and Nominating Committees or their representatives are available at the meeting to answer questions relating to the work of these committees. The external auditors are also available to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Articles allow a shareholder of the Company to appoint one or two proxies to attend and vote in the place of the shareholder.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management, and makes these minutes available to shareholders upon their request.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Company has been declaring dividends on an annual basis up to FY2012. No dividend is declared for FY2014 as the Company is experiencing losses in FY2014 and its current priority is to achieve long term growth for the future benefit of its shareholders. Any pay-outs are clearly communicated to shareholders via the financial results announcement through SGXNet.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. To this end, the Company is committed to provide a high level of disclosure in public announcements, press releases and annual reports.

DEALING IN SECURITIES

The Company has adopted an internal Code of Dealings in Securities by Officers of the Company ("Policy") in compliance with Rule 1207(19) of the SGX-ST Listing Manual. Officers (including directors and employees) of the Group are prohibited from dealing in the Company's shares while in possession of unpublished material price sensitive information; on short term considerations; and during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's annual results and ending on the date of announcements of such results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

INTERESTED PERSON TRANSACTIONS POLICY

All transactions with interested persons shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, our Directors shall not vote in regard to any contract, proposed contract or arrangement in which he has directly or indirectly a personal material interest.

The Company has adopted an internal policy in respect of transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions by the ARC, the Board and the Shareholders (where applicable).

There is no Interested Person Transaction ("IPT") for FY 2014.

MATERIAL CONTRACTS

Save for the above mentioned in the paragraph "interested person transactions policy", as well as the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting at the end of the financial year ended 31 December 2014.

Directors' Attendance at Board and Board Committee Meetings

Period covering January to December 2014

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
Name of directors	Number of meetings held	Attendance	Number of meetings held	Attendance	Number of meetings held	Attendance	Number of meetings held	Attendance
Jin Guan Liang	4	4	N.A.	N.A.	N.A.	N.A.	1	1
Yu Ming Hai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jin Rong Hai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Yip Wei Jen	4	4	4	4	1	1	N.A.	N.A.
Lien Kait Long	4	4	4	4	1	1	1	1
Xu Ping Wen	4	4	4	4	1	1	1	1

N.A.: not applicable

Financial Contents

Report of the Directors

The directors of the Company present their report to the members together with the audited consolidated financial statements of China Jishan Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1 Directors

The directors of the Company in office at the date of this report are as follows:

Jin Guan Liang	(Executive Chairman)
Jin Rong Hai	(Executive Director/Chief Executive Officer)
Yu Ming Hai	(Executive Director)
Lien Kait Long	(Lead Independent Director)
Yip Wei Jen	(Independent Director)
Xu Ping Wen	(Independent Director)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3 Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

	Shareholdings registered in name of director		Shareholdings in which a director is deemed to have an interest	
Name of director and company in which interests are held	**As at 1.1.14**	**As at 31.12.14**	**As at 1.1.14**	**As at 31.12.14**
		Ordinary shares		
Company:				
China Jishan Holdings Limited				
Jin Guan Liang	16,649,500	16,649,500	217,709,500	220,322,500

	Shareholdings registered in name of director	
Name of director and company in which interests are held	**As at 1.1.14**	**As at 31.12.14**
Ultimate Holding Company[(1)]:		
Jin Cheng International Holding Limited		
- Ordinary shares of US$1.00 each		
Jin Guan Liang	1,208,240	1,208,240

(1) At 31 December 2014, Jin Cheng International Holdings Limited held 73.08% (2013: 72.21%) of the ordinary shares in the Company.

By virtue of Section 7 of the Act, Mr Jin Guan Liang is deemed to have an interest in the shares held by the Company in all its wholly owned subsidiary companies.

There was no change in the above mentioned directors' interests in the shares or debentures of the Company and its related corporations as at 31 December 2014 and 21 January 2015.

4 Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements. Certain directors also received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 Share Options

Options Granted

During the financial year, there were no share options granted by the Company or its subsidiaries.

Options Exercised

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

6 Audit and Risk Committee

The Audit and Risk Committee ("ARC") comprises all non-executive directors. The members of the ARC at the date of this report are as follows:

Lien Kait Long (Chairman)
Yip Wei Jen
Xu Ping Wen

The ARC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance, which includes the following:

(a) Determining the Company's level of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control system;

(b) Reviewing and reporting to the Board annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls;

(c) Review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(d) Review the quarterly and annual announcements and balance sheets and profit and loss statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirement;

(e) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(f) Ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discussing problems and concerns, if any arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(g) Discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(h) Reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and; approving the remuneration and terms of engagement of the external auditors;

(i) Reviewing annually the effectiveness of the internal audit function and to ensure that it is adequately resourced and has appropriate standing within the Company;

(j) Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financing reporting or other matters and to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken ("whistle blowing" procedures);

(k) Review transaction falling within the scope of Chapter 9 of the Listing Manual;

(l) Undertake such other reviews and projects as may be requested by our Board and will report to our Board its findings from time to time on matters arising and requiring the attention of our ARC; and

(m) Generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made there to from time to time.

Further details regarding the ARC are disclosed in the Report on Corporate Governance included in the Company's Annual Report.

The ARC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7 Independent Auditors

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

____

Jin Rong Hai
Director

____

Yu Ming Hai
Director

8 April 2015

Statement of Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 33 to 81, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due as disclosed in Note 2(b) to the financial statements.

On behalf of the Board of Directors,

Jin Rong Hai
Director

Yu Ming Hai
Director

8 April 2015

Independent Auditors' Report

To the Members of China Jishan Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of China Jishan Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group"), as set out on pages 33 to 81, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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 controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2(b) to the financial statements which states that for the financial year ended 31 December 2014, the Group incurred a net loss and total comprehensive loss of RMB43,292,000 (2013: RMB19,520,000) and there was a net cash outflow from operating activities amounting to RMB8,248,000 (2013: a net cash inflow from operating activities amounting to RMB37,281,000). As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB35,183,000 (2013: the Group's current assets exceeded its current liabilities by RMB73,356,000) and the Company's current liabilities exceeded its current assets by RMB19,542,000 (2013: RMB17,409,000). Further, the Group has short-term borrowings amounting to RMB369,000,000 (2013: RMB380,000,000) (Note 25) as at 31 December 2014.

Emphasis of Matter (cont'd)

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 is appropriate after taking into consideration the following factors:

(i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

(ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

8 April 2015

Consolidated Statement of Comprehensive Income

For the financila year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	4	370,296	435,610
Cost of sales		(346,914)	(393,883)
Gross profit		23,382	41,727
Other operating income	5	13,848	6,007
Selling and distribution expenses		(14,350)	(13,583)
Administrative expenses		(44,373)	(42,659)
Other gains and losses	6	(917)	(971)
Share of profit of associate		401	–
Finance costs	7	(28,857)	(11,760)
Loss before income tax	8	(50,866)	(21,239)
Income tax	9	7,574	1,719
Loss for the year		(43,292)	(19,520)
Other comprehensive income		–	–
Total comprehensive loss for the year attributable to owners of the Company		(43,292)	(19,520)
Loss per share (RMB cents)			
Basic and diluted	31	(14.36)	(6.47)

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

As at 31 December 2014

	Note	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	145,856	171,843	–	–
Investment in subsidiaries	11	–	–	144,587	144,587
Investment in associate	12	26,401	26,000	–	–
Prepaid leases	13	24,726	25,437	–	–
Deferred tax assets	14	38,500	32,479	–	–
Assets classified as held for sale	15	–	18,802	–	–
		235,483	274,561	144,587	144,587
Current assets					
Development properties held for sale	16	459,605	459,605	–	–
Inventories	17	32,201	48,394	–	–
Held-for-trading investments	18	3,174	2,559	–	–
Trade receivables	19	71,432	59,104	–	–
Prepaid leases	13	509	519	–	–
Other receivables and prepayments	20	8,635	10,229	4,196	6,347
Cash and bank balances	21	90,740	144,570	1,360	152
		666,296	724,980	5,556	6,499
Asset classified as held for sale	15	19,090	–	–	–
		685,386	724,980	5,556	6,499
Total assets		920,869	999,541	150,143	151,086
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	125,808	125,808	125,808	125,808
Statutory reserve	23	24,854	24,854	–	–
(Accumulated losses)/Retained earnings		(55,330)	(12,038)	(763)	1,370
Total equity		95,332	138,624	125,045	127,178
Non-current liabilities					
Deferred tax liabilities	14	20,817	20,817	–	–
Liabilities associated with assets classified as held for sale	15	–	42,000	–	–
Deferred income	24	84,151	146,476	–	–
		104,968	209,293	–	–
Current liabilities					
Bank borrowings	25	369,000	380,000	–	–
Trade payables	26	171,518	193,667	–	–
Other payables	27	60,261	60,999	24,244	23,298
Loans from a related party	28	854	610	854	610
Deferred income	24	62,325	–	–	–
Income tax payable		14,611	16,348	–	–
		678,569	651,624	25,098	23,908
Liabilities associated with assetsclassified as held for sales	15	42,000	–	–	–
		720,569	651,624	25,098	23,908
Total liabilities		825,537	860,917	25,098	23,908
Total equity and liabilities		920,869	999,541	150,143	151,086

The accompanying notes form an integral part of these financial statements

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2014

	Note	Share capital RMB'000	Statutory reserve RMB'000	(Accumulated losses)/ Retained earnings RMB'000	Total RMB'000
Group					
Balance as at 1 January 2014		125,808	24,854	(12,038)	138,624
Loss for the year		–	–	(43,292)	(43,292)
Other comprehensive income		–	–	–	–
Total comprehensive loss for the year		–	–	(43,292)	(43,292)
Balance as at 31 December 2014		125,808	24,854	(55,330)	95,332
Balance as at 1 January 2013		125,808	24,759	14,258	164,825
Loss for the year		–	–	(19,520)	(19,520)
Other comprehensive income		–	–	–	–
Total comprehensive loss for the year		–	–	(19,520)	(19,520)
Transfer to statutory reserve		–	95	(95)	–
Dividend paid	32	–	–	(6,681)	(6,681)
Balance as at 31 December 2013		125,808	24,854	(12,038)	138,624

The accompanying notes form an integral part of these financial statements

Consolidated Statements of Cash Flows

For the financial year ended 31 December 2014

	Group	
	2014 RMB'000	2013 RMB'000
Cash Flows from Operating Activities		
Loss before income tax	(50,866)	(21,239)
Adjustments for:		
Amortisation of prepaid lease	721	–
Depreciation of property, plant and equipment	26,481	30,264
Fair value (gain)/loss on held-for-trading investments	(936)	179
Loss on disposal of property, plant and equipment	1,853	792
Allowance for inventory obsolescence	2,433	–
Interest income	(2,258)	(3,995)
Interest expense	28,857	11,760
Share of profit of associate	(401)	
Operating cash flows before working capital changes	5,884	17,761
Changes in working capital:		
Development properties held for sale	–	(15,344)
Trade receivables	(12,328)	(1,900)
Other receivables and prepayments	337	44
Inventories	13,760	13,725
Trade payables	(22,149)	19,245
Other payables	6,432	10,084
Cash (used in)/generated from operating activities	(8,064)	43,615
Income tax paid	(184)	(6,334)
Net cash (used in)/generated from operating activities	(8,248)	37,281
Cash Flows from Investing Activities		
Acquisition of investment in associate (Note 12)	–	(26,000)
Sale consideration received from Purchaser (Note 15)	–	62,325
Proceeds from disposal of held-for-trading investments	5,888	–
Proceeds from disposal of property, plant and equipment	853	1,267
Purchase of property, plant and equipment (Note A)	(2,129)	(6,684)
Purchase of held-for-trading investments	(5,566)	(183)
Purchase of assets classified as held for sale	(288)	–
Refund/(Payment) for prepaid leases (Note B)	1,095	(48,344)
Interest received	2,258	3,995
Net cash generated from/(used in) investing activities	2,111	(13,624)

The accompanying notes form an integral part of these financial statements

Consolidated Statements of Cash Flows (cont'd)

For the financial year ended 31 December 2014

	Group	
	2014	2013
	RMB'000	RMB'000
Cash Flows from Financing Activities		
Proceeds from bank loans	741,000	483,000
Repayment of bank loans	(752,000)	(455,552)
Repayment of note payables	–	(85,000)
Repayment to related parties (net)	(9,756)	(19)
Decrease in pledged fixed deposits	10,199	75,954
Dividend paid	–	(6,681)
Interest paid	(28,901)	(11,751)
Net cash used in financing activities	(39,458)	(49)
Net (decrease)/increase in cash and cash equivalents	(45,595)	23,608
Cash and cash equivalents at the beginning of the year	60,188	36,580
Cash and cash equivalents at the end of the year (Note 21)	14,593	60,188

Note A

Purchase of property, plant and equipment

	Group	
	2014	2013
	RMB'000	RMB'000
Addition of property, plant and equipment	(1,505)	(5,620)
Decrease/(Increase) in prepayments for property, plant and equipment	161	(105)
Decrease in other payables for property, plant and equipment acquired	(785)	(959)
Net cash for addition of property, plant and equipment	(2,129)	(6,684)

Note B

Refund/(Payment) for prepaid leases

	Group	
	2014	2013
	RMB'000	RMB'000
Addition of prepaid leases	–	(44,758)
Refund of deposit for acquisition of prepaid leases under other receivables	1,095	1,407
Payment for land conversion fees	–	(4,993)
Net cash for refund/(payment) for prepaid leases	1,095	(48,344)

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

China Jishan Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office is 1 Sophia Road, #05-03 Peace Centre, Singapore 228149 and the principal place of business is at 276 Zhongxing Middle Road, 2nd Floor, Block A Xiandai Building, Shaoxing City, Zhejiang Province, the People's Republic of China ("PRC").

The immediate and ultimate holding company of the Company is Jin Cheng International Holdings Limited, incorporated in the British Virgins Islands. The ultimate controlling party is Mr Jin Guan Liang, the Executive Chairman of the Company.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 11.

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by the Directors.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of New/Revised FRS which are effective

The accounting policies adopted are consistent with those of the previous financial year except that, during the financial year ended 31 December 2014, the Group has adopted the following new/revised FRS that are mandatorily effective for the said year and relevant to the Group:

FRS 27 (Revised) *Separate Financial Statements*

FRS 27 (Revised) contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements. The adoption of FRS 27 (Revised) has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

FRS 28 (Revised) *Investments in Associates and Joint Ventures*

FRS 28 (Revised) prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of FRS 28 (Revised) has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

FRS 110 *Consolidated Financial Statements*

Under FRS 110, there is only one basis for consolidation for all entities, and that basis is control. This change removes the perceived inconsistency between the previous version of FRS 27 *Consolidated Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities* – FRS 27 used a control concept whilst INT FRS 12 placed greater emphasis on risks and rewards.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New/Revised FRS which are effective (cont'd)

FRS 110 *Consolidated Financial Statements*

A more robust definition of control has been developed in FRS 110 in order to capture unintentional weakness of the definition of control set out in the previous version of FRS 27. The definition of control in FRS 110 includes three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of investor's returns.

FRS 110 requires investors to reassess whether or not they have control over their investees on transition to FRS 110. In general, FRS 110 requires retrospective application, with certain limited transitional provisions. The adoption of FRS110 did not result in any change to the control conclusions reached by the Group in respect of its involvement with other entities at the date of initial application.

FRS 112 *Disclosure of Interest in Other Entities*

FRS 112 is a new disclosure standard and is applicable to entities that have interest in subsidiaries, joints arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the financial statements. As this is a disclosure standard, the adoption of FRS 112 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

Amendment to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or Cash-Generating Unit (CGU) to periods in which an impairment loss has been recognised or reversed.

The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. The application of these amendments has had no impact on the disclosure in the Group's consolidated financial statements.

New/Revised FRS which are issued but not yet effective

At the date of these financial statements, the following new/revised FRS that are relevant to the Group were issued but not yet effective:

Description		**Effective for annual periods beginning on or after**
Amendments to FRS 103	*Business Combinations*	1 July 2014
Amendments to FRS 108	*Operating Segments*	1 July 2014
Amendments to FRS 24	*Related Party Disclosures*	1 July 2014
Amendments to FRS 113	*Fair Value Measurement*	1 July 2014
Amendments to FRS 27	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 115	*Revenue from Contracts with Customers*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109 described below, management anticipates that the adoption of the other new/revised FRS above in future periods will have no material impact on the Group's financial statements in the period of initial application.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS which are issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

(b) Going Concern Assumption

For the financial year ended 31 December 2014, the Group incurred a net loss and total comprehensive loss of RMB43,292,000 (2013: RMB19,520,000) and there was a net cash outflow from operating activities amounting to RMB8,248,000 (2013: a net cash inflow from operating activities amounting to RMB37,281,000). As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB35,183,000 (2013: the Group's current assets exceeded its current liabilities by RMB73,356,000) and the Company's current liabilities exceeded its current assets by RMB19,542,000 (2013: RMB17,409,000). Further, the Group has short-term borrowings amounting to RMB369,000,000 (2013: RMB380,000,000) (Note 25) as at 31 December 2014.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 is appropriate after taking into consideration the following factors:

(i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

2 Summary of Significant Accounting Policies (cont'd)

(b) Going Concern Assumption (cont'd)

(ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

(c) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2 Summary of Significant Accounting Policies (cont'd)

(c) Consolidation (cont'd)

Subsidiaries (cont'd)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Associates

Associates are entities over which the Group has significant influence, but not control accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting.

Investment in associates is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investment.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income.

These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals to or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Dilution gains and losses arising from investment in associates are recognised in profit or loss.

Investment in associates is derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and the fair value of any retained investment and any proceeds from disposal is recognised in profit or loss.

2 Summary of Significant Accounting Policies (cont'd)

(d) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Foreign Currencies

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Renminbi, and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the statement of financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Property, Plant and Equipment

Measurement

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

Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values (if any) over their useful lives, using the straight-line method as follows:

Buildings	-	4.2%
Leasehold improvements	-	10%
Plant and machinery	-	10% to 20%
Motor vehicles	-	20%
Fixtures and equipment	-	20%

2 Summary of Significant Accounting Policies (cont'd)

(f) Property, Plant and Equipment (cont'd)

Depreciation (cont'd)

Depreciation of construction-in-progress assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Prepaid Leases

Prepaid leases represent land use rights. Prepaid leases are measured initially at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line method to profit and loss over the respective lease period of the land use rights, which is 50 years. The amortisation period and amortisation methods are reviewed at each year end. The effects of any revision are recognised in profit or loss when the changes arise.

(h) Impairment of Non-financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired.

At the statement of financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2 Summary of Significant Accounting Policies (cont'd)

(h) Impairment of Non-financial Assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(i) Assets (or Disposal Group) Classified as Held for Sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Non-current assets (or disposal group) that cease to be classified as held for sale is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the decision not to sell is made.

(j) Development Properties Held for Sale

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

2 Summary of Significant Accounting Policies (cont'd)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost comprises direct materials, direct labours and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to make the sale. Allowance for stock obsolescence is made for obsolete and slow moving inventories.

(l) Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets, at fair value through profit or loss ("FVTPL")

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling it in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position sheet which are presented as non-current assets.

Loans and receivables are presented as "trade and other receivables" and "cash and bank balances" on the statement of financial position.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2 Summary of Significant Accounting Policies (cont'd)

(l) Financial Assets (cont'd)

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(m) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, less restricted deposit balances that are pledged to secure banking facilities.

(n) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

Borrowings are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2 Summary of Significant Accounting Policies (cont'd)

(n) Financial Liabilities (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(o) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(p) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(q) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods

Revenue on the sale of printing and dyeing goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rendering of services

Revenue from fabric processing is recognised when the services are delivered and acceptance by the customer of the services rendered.

Interest income

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

2 Summary of Significant Accounting Policies (cont'd)

(r) Government Grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions to state-managed retirement benefit schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2 Summary of Significant Accounting Policies (cont'd)

(u) Leases

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(v) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of its tax assets and liabilities.

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

2 Summary of Significant Accounting Policies (cont'd)

(v) Income Tax (cont'd)

Deferred tax (cont'd)

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(w) Financial Guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are amortised to profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amounts with the difference charged to profit or loss.

(x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnels who are responsible for allocating resources and assessing performance of the operating segments.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

In addition to the going concern assumption disclosed in Note 2(b), the following are the critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the consolidated financial statements:

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying accounting policies (cont'd)

(a) Classification of Development Properties Held for Sale

The classification of the Group's properties under development held for sale is dependent on management's judgement, taking into consideration the actual/projected development schedule of the property development project. As at 31 December 2014, the carrying amount of the Group's development properties held for sale amounted to approximately RMB459.6 million (2013: RMB459.6 million) (Note 16). Management considered the classification to be appropriate after taking into consideration the development status of the project as well as the viability of the planned development schedule.

(b) Capitalisation of Borrowing Costs

As disclosed in Note 16, the Group's development properties held for sale included borrowing costs capitalised amounted to Nil (2013: RMB15,344,000) during the financial year ended 31 December 2014. The commencement of capitalisation of the eligible borrowing costs incurred on the qualifying asset is dependent on management's judgement, taking into consideration the activities that the Group had undertaken during the financial year to prepare the development properties for their intended sale. Management had also determined a capitalisation rate to allocate the borrowing costs eligible for capitalisation between the finance costs for the properties for development and the Group's operations, further details of which are disclosed in Note 16.

(c) Carrying Amount of Development Properties Held for Sale

The Group's development properties held for sale as disclosed in Note 16 is stated at the lower of cost and realisable value.

The cost of property under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure directly attributable to the development property. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

The process of evaluating the net realisable value is subject to management's judgement and the effect of assumptions in respect of the development plans and the prevailing market conditions. Any future variations in plans and assumptions can potentially impact the carrying amount of the properties under development held for sale.

(d) Recognition of Compensation Received from Government

Compensation received from government relating to the change of the Group's land use rights in 2010 required the Group to vacate and demolish its buildings on those lands before the end of 2017. In this connection, management had considered then whether it is appropriate to recognise the compensation for the buildings received in profit or loss or it is more appropriate to defer recognition until the Group's relocation from the existing premises has been completed.

In making this judgement, management had considered that the Group currently continues to occupy and carries out its operations from the existing premises. Accordingly, management had held the opinion then that (i) the compensation for the vacating and demolition of the Group's buildings has not been recognised in profit or loss as the Group's relocation of its operations from the existing premises has not been completed (Note 24); (ii) the buildings have not been derecognised from the Group's property, plant and equipment as the Group continues to derive economic benefits from the continuing use of the assets till the relocation; and (iii) the compensation received is allocated on a systematic basis over the cost of the buildings to compensate for the shorten usage of the buildings arising from the change in land use rights.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying accounting policies (cont'd)

(e) Impairment of Trade and Other Receivables

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is an objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

During the financial years ended 31 December 2014 and 2013, no additional allowance for impairment loss was recognised for trade and non-trade receivables. The carrying amounts of the Group's trade and other receivables as at 31 December 2014 are disclosed in Notes 19 and 20.

(f) Allowance for Inventories

Management exercises their judgement in making allowance for inventories. An allowance for inventories is made if inventories are obsolete or where cost is lower than the estimated net realisable value. During the financial year ended 31 December 2014, an allowance for inventory obsolescence of RMB2,433,000 (2013: Nil) was recognised. The carrying amount of the Group's inventories as at 31 December 2014 is RMB32,201,000 (2013: RMB48,394,000) (Note 17).

(g) Provision for Deferred Tax

The Group has recorded deferred tax assets on tax losses of approximately RMB37,658,000 (2013: RMB31,637,000) (Note 14) because management believes it is more likely than not that such tax losses can be utilised. Should future taxable profits not be sufficient to utilise the tax losses, an adjustment to the Group's deferred tax assets would decrease the Group's income in the period where such determination is made. Management had also evaluated the tax regulations in the PRC and understood that no income tax is required to be paid for the compensation received from government relating to the change of the Group's land use rights in 2010. Accordingly, management believed that no deferred tax is to be recognised on the compensation received except for the deferred tax liability amounted to RMB20,263,000 (2013: RMB20,263,000) (Note 14) for the gain on disposal of prepaid lease recognised then.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Useful Lives and Impairment of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment, other than construction-in-progress, is depreciated on a straight-line basis over the property, plant and equipment's estimated useful lives less residual value, if any.

Management estimates the useful lives of these property, plant and equipment to be within 5 to 20 years. These are common life expectancies applied in these industries. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets. Hence, future depreciation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2.6 % (2013: 7.1%) variance in the Group's loss before tax.

Appropriate allowance for impairment losses is recognised in profit or loss when there is objective evidence that the property, plant and equipment is impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost of disposal and value in use) of the asset is estimated to determine the amount of impairment loss.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

(a) Useful Lives and Impairment of Property, Plant and Equipment (cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the financial years ended 31 December 2014 and 2013, no allowance for impairment loss was recognised (Note 10) for property, plant and equipment.

4 Revenue

	Group	
	2014 RMB'000	2013 RMB'000
Printing and dyeing	49,944	77,816
Fabric processing	320,352	357,794
	370,296	435,610

5 Other Operating Income

	Group	
	2014 RMB'000	2013 RMB'000
Interest income	2,258	3,995
Government grants	780	841
Insurance claims	2,806	1,151
Sale of pollution quota	8,000	–
Others	4	20
	13,848	6,007

Sale of pollution quota is recognised when the significant risks and rewards of ownership of the pollution quota have been transferred to the buyer and duly approved by the relevant government authorities.

6 Other Gains and Losses

	Group	
	2014 RMB'000	2013 RMB'000
Fair value gain/(loss) on held-for-trading investments	936	(179)
Loss on disposal of property, plant and equipment	(1,853)	(792)
	(917)	(971)

7 Finance Costs

	Group	
	2014	2013
	RMB'000	RMB'000
Interest expense on:		
- Bank loans	28,857	10,347
- Redemption of notes receivables	–	1,413
	28,857	11,760

8 Loss before Income Tax

	Group	
	2014	2013
	RMB'000	RMB'000
Loss before income tax has been arrived at after charging/(crediting):		
Depreciation and amortisation:		
Amortisation of prepaid lease (included in administrative expenses)	721	–
Depreciation of property, plant and equipment (included in administrative expenses)	736	787
Depreciation of property, plant and equipment (included in cost of sales)	25,745	29,477
	26,481	30,264
Utilities	61,749	69,542
Employee benefits:		
- defined contribution plans	5,242	5,320
- salaries and benefits	68,736	73,946
Total employee benefits*	73,978	79,266
Directors' fees	479	512
Net foreign exchange loss	54	1,035
Cost of inventories recognised as expense** (included in cost of sales)	178,103	390,761
Audit fees:		
- paid/payable to auditors of the Company	928	1,094
- paid/payable to other auditors	–	–
Non-audit fees paid/payable to auditors of the Company	–	–

* The employee benefits amounted to RMB50,898,000 (2013: RMB55,472,000), RMB4,100,000 (2013: RMB4,050,000) and RMB18,980,000 (2013: RMB19,744,000) are included in cost of sales, selling and distribution expenses and administrative expenses, respectively.

** The cost of inventories recognised as an expense includes RMB2,433,000 (2013: Nil) in respect of allowance for inventory obsolescence.

9 Income Tax

	Group 2014 RMB'000	Group 2013 RMB'000
Income tax		
Current	–	–
(Over)/Under provision in prior years	(1,737)	383
	(1,737)	383
Deferred tax		
Current	(6,021)	(2,102)
Withholding tax	184	–
	(7,574)	(1,719)

PRC income tax is calculated at 25% (2013: 25%) of the estimated assessable loss for the year. Taxation for operations in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total income tax (credit)/charge for the financial year can be reconciled to the accounting loss before income tax as follows:

	Group 2014 RMB'000	Group 2013 RMB'000
Loss before income tax	(50,866)	(21,239)
Income tax (credit) at applicable tax rates	(12,717)	(5,310)
Tax effect of expenses that are non-deductible in determining taxable profit	934	493
Non-taxable income	–	(667)
Tax effect of deductible temporary difference not recognised	5,762	3,382
(Over)/Under provision of current income tax	(1,737)	383
Withholding tax	184	–
	(7,574)	(1,719)

The applicable tax rate used for the reconciliation above is the PRC income tax rate of 25% (2013: 25%) since the principal operations of the Group are conducted in the PRC. Taxation for operations in other jurisdictions are either not material or have no taxable profits.

10 Property, Plant and Equipment

	Construction-in-progress RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Plant and Machinery RMB'000	Motor vehicles RMB'000	Fixtures and equipment RMB'000	Total RMB'000
Group							
2014							
Cost							
Balance at 1 January	3,846	25,740	7,595	295,784	3,910	5,915	342,790
Transfer from CIP	(1,878)	–	–	1,878	–	–	–
Additions	606	–	–	876	–	23	1,505
Disposals	–	–	–	(3,320)		–	(3,320)
Balance at 31 December	2,574	25,740	7,595	295,218	3,910	5,938	340,975
Accumulated depreciation							
Balance at 1 January	–	21,130	4,142	128,607	2,554	4,663	161,096
Depreciation for the year	–	1,152	–	24,603	484	242	26,481
Disposals	–	–	–	(1,876)	–	–	(1,876)
Balance at 31 December	–	22,282	4,142	151,334	3,038	4,905	185,701
Impairment							
Balance at 1 January	–	–	3,453	5,792	182	424	9,851
Disposal	–	–	–	(433)	–	–	(433)
Balance at 31 December	–	–	3,453	5,359	182	424	9,418
Carrying amount							
Balance at 31 December	2,574	3,458	–	138,525	690	609	145,856

10 Property, Plant and Equipment (cont'd)

	Construction-in-progress RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Plant and Machinery RMB'000	Motor vehicles RMB'000	Fixtures and equipment RMB'000	Total RMB'000
Group							
2013							
Cost							
Balance at 1 January	3,250	40,202	7,595	294,448	3,848	5,836	355,179
Additions	596	–	–	4,883	62	79	5,620
Disposals	–	–	–	(3,547)	–	–	(3,547)
Amortised compensation relating to shorten usage	–	(14,462)	–	–	–	–	(14,462)
Balance at 31 December	3,846	25,740	7,595	295,784	3,910	5,915	342,790
Accumulated depreciation							
Balance at 1 January	–	16,520	4,142	105,239	2,176	4,243	132,320
Depreciation for the year	–	4,610	–	24,856	378	420	30,264
Disposals	–	–	–	(1,488)	–	–	(1,488)
Balance at 31 December	–	21,130	4,142	128,607	2,554	4,663	161,096
Impairment							
Balance at 1 January	–	–	3,453	5,792	182	424	9,851
Balance at 31 December	–	–	3,453	5,792	182	424	9,851
Carrying amount							
Balance at 31 December	3,846	4,610	–	161,385	1,174	828	171,843

11 Investment in Subsidiaries

	Company 2014 RMB'000	Company 2013 RMB'000
Unquoted equity shares, at cost	144,741	144,741
Less: Allowance for impairment losses	(154)	(154)
	144,587	144,587

The Company had made an allowance for impairment loss on its investment in a dormant subsidiary in prior years.

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activities/Country of incorporation and operation	Equity interest attributable to the Group 2014 %	Equity interest attributable to the Group 2013 %
Held by Company			
Zhejiang Jishan Printing and Dyeing Co., Ltd	Printing and dyeing of fabric and sales of garments (People's Republic of China)	100	100
Polar International Trading Company Limited	Intended: Import and export of textile products. Presently dormant (Hong Kong)	100	100
Held by Zhejiang Jishan Printing and Dyeing Co., Ltd			
Fuhua Import & Export Pte Ltd	Intended: Import and export of textile products. Presently dormant (Singapore)	100	100
Zhejiang Jishan Extra Width Co., Ltd*	Printing and dyeing, manufacturing, wholesale and retail of textile, household products, garment and related products (People's Republic of China)	100	100
Shaoxing Yu Rong Textile Co., Ltd	Intended: Wholesale and retail of textile and garments and related products. Presently dormant (People's Republic of China)	100	100
Shaoxing Yue Sheng Real Estate Property Development Co. Ltd	Property development and management for general commercial and residential buildings (People's Republic of China)	100	100

All the subsidiaries are audited by Moore Stephens LLP, Singapore for the purposes of consolidation of the Group.

* The subsidiary was disposed of by the Group on 7 January 2015 (see Note 37).

12 Investment in Associate

During the previous financial year, Zhejiang Jishan Printing and Dyeing Co., Ltd ("ZJPD"), a wholly owned subsidiary of the Group, together with various shareholders incorporated a company, Shaoxing Keqiao District Jishan Uni-Power Private Capital Management Co., Ltd. ("Shaoxing Uni-Power") in the PRC, the details of which are set out below.

Name of associate	Principal activities/Country of incorporation and operation	Equity interest attributable to the Group	
		2014	2013
		%	%
Held by ZJPD			
Shaoxing Keqiao District Jishan Uni-Power Private Capital Management Co., Ltd.	Provision of financial services (People's Republic of China)	26	26

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRS.

	Group	
	2014	2013
	RMB'000	RMB'000
Current assets	101,985	100,000
Non-current assets	497	–
Current liabilities	(939)	–
Revenue	4,829	–
Profit/Total comprehensive income for the year	1,543	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shaoxing Uni-power recognised in the consolidated financial statements is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Net assets of the associate	101,543	100,000
Proportion of the Group's ownership in Shaoxing Uni-power	26%	26%
Carrying amount of the Group's interest in Shaoxing Uni-power	26,401	26,000

On 30 December 2013, ZJPD entered into a sale and purchase agreement (the "SPA") with Zhejiang Jishan Holding Group Co., Ltd ("ZJHG"), a related party of the Group, pursuant to which ZJHG has agreed to sell, and ZJPD has agreed to purchase, 25% of the total equity interest in Shaoxing Uni-Power held by ZJHG for a consideration of RMB25 million (the "Proposed Acquisition"). After the completion of the Proposed Acquisition, ZJPD will own 51% of the total equity interest in Shaoxing Uni-Power. The Proposed Acquisition was approved by the shareholders of the Company in an Extraordinary General Meeting held on 26 March 2014. As at the date of these financial statements, this Proposed Acquisition has not been completed.

13 Prepaid Lease

	Group 2014 RMB'000	Group 2013 RMB'000
Cost		
Balance at 1 January	25,956	–
Additions	–	44,758
Transfer to assets classified as held for sale (Note 15)	–	(18,802)
Balance at 31 December	25,956	25,956
Accumulated amortisation		
Balance at 1 January	–	–
Amortisation for the year*	721	–
Balance at 31 December	721	–
Carrying amount		
Balance at 31 December	25,235	25,956

* Amortisation for 2013 was not made as the amount involved was not material.

	Group 2014 RMB'000	Group 2013 RMB'000
Presented as:		
Current	509	519
Non-current	24,726	25,437
	25,235	25,956

During the previous financial year, the Group had purchased 2 plots of land ("Binhai Lands") located at the Binhai Industrial Zone, Shaoxing City, Zhejiang Province, the PRC. Subsequently, one of these plots of land acquired under Zhejiang Jishan Extra Width Co., Ltd, a wholly owned subsidiary of the Group, was transferred to assets classified as held for sale (Note 15), as part of the proposed disposal group.

As at 31 December 2014, the Group is still in the process of obtaining the land use rights certificates for the Binhai Lands.

14 Deferred Tax Assets/(Liabilities)

Deferred tax assets

	Allowances RMB'000	Tax losses RMB'000	Total RMB'000
Group			
Balance at 1 January 2014	842	31,637	32,479
Credited to profit or loss	–	6,021	6,021
Balance at 31 December 2014	842	37,658	38,500
Balance at 1 January 2013	842	29,535	30,377
Credited to profit or loss	–	2,102	2,102
Balance at 31 December 2013	842	31,637	32,479

As at 31 December 2014, certain subsidiaries of the Group have unutilised tax losses of approximately RMB186.85 million (2013: RMB139.72 million) available for offset against future taxable profits, subject to agreement with the tax authorities of the relevant tax jurisdiction. The deferred tax assets arising from certain of these unutilised tax losses of approximately RMB9.1 million (2013: RMB3.3 million) have not been recognised in accordance with the Group's accounting policy as disclosed in Note 2(v).

Deferred tax liabilities

	Undistributed profits RMB'000	Gain on disposal of prepaid lease RMB'000	Total RMB'000
Group			
Balance at 1 January 2014	(554)	(20,263)	(20,817)
Credited to profit or loss	–	–	–
Balance at 31 December 2014	(554)	(20,263)	(20,817)
Balance at 1 January 2013	(554)	(20,263)	(20,817)
Credited to profit or loss	–	–	–
Balance at 31 December 2013	(554)	(20,263)	(20,817)

The Group's deferred tax liabilities relate to withholding tax payable for undistributed profits of the subsidiaries of the Group incorporated in the PRC, which had been accrued based on the expected dividend stream determined by the directors of the Company, and the gain on disposal of prepaid lease in 2010.

As at 31 December 2014, the aggregate amount of temporary differences associated with undistributed profits of the subsidiaries and associate of the Group incorporated in the PRC for which no deferred tax liabilities have been recognised amounted to approximately RMB84.2 million (2013: RMB76.7 million).

15 Assets Classified as Held for Sale

	Group 2014 RMB'000	Group 2013 RMB'000
Assets classified as held for sale:		
Balance at 1 January	18,802	–
Additions	288	–
Transferred from prepaid leases (Note 13)	–	18,802
Balance at 31 December	19,090	18,802
Liabilities associated with assets classified as held for sale (Note 25)	(42,000)	(42,000)

During the previous financial year, the Group had entered into a sale and purchase agreement ("S&P Agreement") for the disposal of its wholly owned subsidiary, Zhejiang Jishan Extra Width Co., Ltd. ("Extra Width"), to a third party (the "Purchaser") for an effective net consideration of approximately RMB62.3 million (the "Disposal"). On disposal, Extra Width shall only have the following assets and liabilities (the "Assets & Liabilities Held for Sale"):

(i) Land use rights for a plot of land in the Binhai Industrial Zone with a carrying amount of RMB18 million (Note 13);

(ii) Certain bank borrowings totalling RMB42 million (Note 25); and

(iii) Pollution quota granted to Extra Width, being 3,000 tons per day (an off balance sheet item).

The Disposal was approved by the shareholders of the Company in an Extraordinary General Meeting held on 25 October 2013. However, according to the S&P Agreement, the legal ownership of Extra Width is to be transferred to the Purchaser on 1 January 2015 and therefore, prior to this, the Group continues to manage Extra Width. As at 31 December 2013, the Group has received the sale consideration of RMB62.3 million from the Purchaser and the amount was recorded as deferred income (see Note 24).

The Disposal was subsequently completed on 7 January 2015 (see Note 37).

16 Development Properties Held for Sale

	Group 2014 RMB'000	Group 2013 RMB'000
Development properties held for sale:		
Balance at 1 January	459,605	444,261
Additions:		
- Borrowing costs capitalised	–	15,344
Balance at 31 December	459,605	459,605

The development properties held for sale are expected to be realised in the normal operating cycle, which is longer than twelve months.

16 Development Properties Held for Sale (cont'd)

During the current financial year, there was no interest capitalised in the cost of development properties as management has temporarily suspended the Group's property development activities so as to focus all resources on the other Group's segments, namely printing and dyeing, and fabric processing. Management intends to recommence the Group's property development activities from the second half of 2015.

The carrying amount of development properties held for sale, representing 7 (2013: 6) plots of land, pledged as security for banking facilities granted to the Group (Notes 25 and 26) amounted to approximately RMB460 million (2013: RMB370 million) as at 31 December 2014.

The details of the Group's development properties held for sale are as follows:

	Interest held by Group	Estimated completion date	Land area (sq. metres)	Tenure (years)
Property				
7 plots of leasehold lands for commercial and residential development - No 426, Feng Lin Road, Kebei Industrial Area, Shaoxing City, Zhejiang Province, the PRC	100%	2019	146,650	40 and 70 years

17 Inventories

	Group	
	2014	2013
	RMB'000	RMB'000
At cost:		
Raw materials	16,227	20,026
Work in progress	7,829	14,040
Finished goods	8,145	14,328
	32,201	48,394

For the financial year ended 31 December 2014, the Group made an allowance for inventory obsolescence amounted to RMB2,433,000 (2013: Nil).

18 Held-for-Trading Investments

	Group	
	2014	2013
	RMB'000	RMB'000
Quoted equity shares, at fair value	3,174	2,559

The investments in quoted equity shares offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these equity shares are based on the quoted closing market prices on the last market day of the financial year.

19 Trade Receivables

	Group	
	2014	2013
	RMB'000	RMB'000
Third parties	74,039	61,661
Notes receivables	–	50
	74,039	61,711
Less: Allowance for impairment losses	(2,607)	(2,607)
	71,432	59,104

Trade receivables are non-interest bearing and are usually due within 30-60 days.

Allowance for impairment losses:

	Group	
	2014	2013
	RMB'000	RMB'000
Balance at 1 January and 31 December	2,607	2,607

20 Other Receivables and Prepayments

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Third parties	4	–	–	–
Deposit for purchase of materials	1,801	1,857	–	–
Security deposit for land development	2,520	3,615	–	–
Due from a subsidiary (i)	–	–	4,196	6,347
Advances to staff (ii)	363	239	–	–
Due from a related party (iii)	3,335	3,335	–	–
VAT recoverable	142	142	–	–
Prepayments	964	1,374	–	–
Prepayments for property, plant and equipment	266	427	–	–
	9,395	10,989	4,196	6,347
Less: Allowance for impairment losses	(760)	(760)	–	–
	8,635	10,229	4,196	6,347

Allowance for impairment losses:

	Group	
	2014	2013
	RMB'000	RMB'000
Balance at 1 January and 31 December	760	760

Notes:

(i) Amount due from a subsidiary is non-trade, unsecured, interest-free and repayable on demand.

(ii) Advances to staff are unsecured, interest-free and repayable on demand.

(iii) Amount due from a related party is non-trade, unsecured, interest-free and repayable on demand.

21 Cash and Bank Balances

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	14,593	60,188	1,360	152
Fixed deposits	74,183	84,382	–	–
Cash at bank held in trust for third party	1,964	–	–	–
	90,740	144,570	1,360	152

Cash and bank balances comprised cash held by the Group and fixed deposits with an original maturity of six months or less and bear interest at an average rate of 3 % (2013: 3%) per annum.

Fixed deposits are pledged as security for note payables of the Group (Notes 25 and 26).

Cash at bank held in trust for a third party pertains to the balance as at 31 December 2014 in a bank account opened on behalf of the Purchaser of Extra Width, which is recognised as other payables in Note 27(iii), and is considered as restricted bank balances by the Group.

21 Cash and Bank Balances (cont'd)

For the purposes of presentation in the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised the following:

	Group	
	2014 RMB'000	2013 RMB'000
Cash and bank balances	14,593	60,188
Fixed deposits	74,183	84,382
Cash at bank held in trust for third party	1,964	–
	90,740	144,570
Less: Restricted fixed deposits	(74,183)	(84,382)
Less: Restricted bank balances	(1,964)	–
Cash and cash equivalents per the consolidated statement of cash flows	14,593	60,188

22 Share Capital

	Group and Company			
	2014		2013	
	Number of ordinary shares	Share capital RMB'000	Number of ordinary shares	Share capital RMB'000
Issued and paid-up:				
At the beginning and end of the year	301,500,000	125,808	301,500,000	125,808

The ordinary shares of the Company have no par value.

The ordinary shares carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

23 Statutory Reserve

In accordance with the Foreign Enterprise Law applicable to the Group's subsidiaries in the PRC, the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

The movement of the statutory reserve during the financial year is set out in the Group's consolidated statement of changes in equity.

24 Deferred Income

Deferred income relates to the sale consideration received from the Purchaser during the previous financial year (see Note 15), and the compensation received from the government in 2010 for shortened usage period for buildings, arising from the change in land use rights, including relocation subsidies, which has not been recognised in profit or loss as the relocation of the Group's operations from the existing premises has not been completed.

24 Deferred Income (cont'd)

The deferred income is presented as:

	Group	
	2014 RMB'000	2013 RMB'000
Current		
Sales consideration received from the Purchaser	62,325	–
Non-current		
Sales consideration received from the Purchaser	–	62,325
Compensation received from the government	84,151	84,151
	84,151	146,476

The sales consideration received from the Purchaser was subsequently recognised in profit or loss on the disposal of the subsidiary on 7 January 2015 (see Note 37).

25 Bank Borrowings

	Group	
	2014 RMB'000	2013 RMB'000
Short term bank loans	411,000	422,000
Presented as:		
Short term bank loans transferred to liabilities associated with assets classified as held for sale (Note 15)	42,000	42,000
Bank borrowings	369,000	380,000
	411,000	422,000

The average effective interest rates incurred on the bank loans is 7.0 % (2013: 6.42%) per annum.

As at 31 December 2014, bank loans of approximately RMB 411 million (2013: RMB372 million) are arranged at fixed interest rates and the remaining bank loans of approximately of Nil (2013: RMB50 million) are arranged at floating rates.

The bank loans are either guaranteed by various third party companies and related parties and/or secured on the Group's property, plant and equipment (Note 10) and development properties held for sale (Note 16).

26 Trade Payables

	Group	
	2014 RMB'000	2013 RMB'000
Third parties	87,465	100,510
Notes payables	84,053	93,157
	171,518	193,667

Trade payables are non-interest bearing and are usually settled within 30-90 days.

26 Trade Payables (cont'd)

The notes payables are interest-free and secured on the Group's fixed deposits amounted approximately RMB74.2 million (2013: RMB84.3 million) (Note 21) and development properties held for sale (Note 16). The notes payable are repayable within the next twelve months as at the end of the financial year.

27 Other Payables

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Accrued employee benefits	6,637	5,589	137	442
Accrued expenses	1,948	1,542	1,010	515
Due to subsidiaries (i)	–	–	23,097	22,341
Due to a related party (ii)	–	10,000	–	–
Interest payable	732	776	–	–
Payable for property, plant and equipment acquired	2,200	2,985	–	–
Payable for land conversion fee and other related taxes	27,523	27,523	–	–
VAT payable	2,388	2,516	–	–
Cash at bank held in trust for a third party (iii)	1,964	–	–	–
Third parties	16,869	10,068	–	–
	60,261	60,999	24,244	23,298

Notes:

(i) Amounts due to subsidiaries are non-trade, unsecured, interest-free and repayable on demand.

(ii) Amount due to a related party is non-trade, unsecured, interest-free and repayable on demand.

(iii) Cash at bank held in trust for a third party is the balance as at 31 December 2014 in a bank account opened on behalf of the Purchaser of Extra Width (see Note 21).

28 Loans from a Related Party

The loans from a related party are unsecured, interest-free and repayable on demand.

29 Related Party Transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint venture of the same third party.

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2014 RMB'000	2013 RMB'000
Transactions with companies in which a director has interests		
Guarantees provided by related parties to banks for credit facilities granted to the Group	271,000	249,000

29 Related Party Transaction (cont'd)

Key management compensation

The remuneration of directors and other members of key management personnel during the financial year was as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Directors' fees	479	512
Salaries and benefits	3,491	3,464
Defined contribution plans	196	155
	4,166	4,131
Comprised amounts paid/payable to:		
Directors of the Company	1,176	1,197
Other key management personnel	2,990	2,934
	4,166	4,131

30 Segment Information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is categorised as follows:

(i) printing and dyeing;

(ii) fabric processing; and

(iii) property development.

Accordingly, the above are the Group's reportable segments under FRS 108. Information regarding the Group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the Group's chief operating decision maker on a similar basis.

Segment revenue and results

	Revenue		Net (loss)/profit	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Printing and dyeing	49,944	77,816	(5,165)	(963)
Fabric processing	320,352	357,794	(26,136)	(8,766)
Property development	–	–	(24,082)	(2,394)
	370,296	435,610	(55,383)	(12,123)
Other operating income			13,848	6,007
Central administration costs			(2,268)	(2,392)
Other gains and losses			(917)	(971)
Share of profit of associate			401	–
Finance costs			(6,547)	(11,760)
(Loss) before income tax			(50,866)	(21,239)
Income tax			7,574	1,719
Consolidated (loss) for the year			(43,292)	(19,520)

30 Segment Information (cont'd)

Segment revenue and results (cont'd)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the current and previous financial year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit/loss represents profit/loss earned by each segment without allocation of central administration costs, other operating income, other gains and losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets

	2014 RMB'000	2013 RMB'000
Printing and dyeing	33,650	22,166
Fabric processing	215,839	257,175
Property development	459,605	459,605
Total segment assets	709,094	738,946
Unallocated assets	211,775	260,595
Consolidated total assets	920,869	999,541

Unallocated assets comprised primarily other receivables and prepayments, deferred taxes, held-for-trading investments, cash and bank balances, investment in associate and other assets which are used jointly by reportable segments and are not allocated.

Segment liabilities

	2014 RMB'000	2013 RMB'000
Printing and dyeing	23,133	33,481
Fabric processing	148,385	160,186
Property development	–	321,000
Total segment liabilities	171,518	514,667
Unallocated liabilities	654,019	346,250
Consolidated total liabilities	825,537	860,917

Unallocated liabilities comprised primarily bank borrowings, deferred income, other payables, deferred/income taxes and other liabilities which are incurred jointly by reportable segments and are not allocated.

Other material information

	Depreciation and amortisation		Addition of property, plant and equipment	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Printing and dyeing	4,104	1,965	203	–
Fabric processing	25,835	28,299	1,302	5,620
	29,939	30,264	1,505	5,620

30 Segment Information (cont'd)

Geographical information

The Group operates in four principal geographical areas - the PRC (country of domicile), Asia, Europe and the United States of America ("USA").

The Group's revenue from external customers by geographical location are detailed below:

	2014 RMB'000	2013 RMB'000
PRC	328,831	417,156
Asia (excluding PRC)	20,063	17,890
Europe	8,585	23
USA	12,817	–
Others	–	541
	370,296	435,610

All assets and operations of the Group are located in the PRC, and accordingly, no segmental analysis of segment assets is presented.

Information about major customers

In the current financial year, there is no one largest customer that contributed more than 5% of the Group's revenue.

In the previous financial year, included in revenue arising from printing and dyeing segment of RMB77.8 million was revenue of approximately RMB31.0 million which arose from sales to the Group's largest customer.

31 Loss Per Share

The basic loss per share is calculated on the Group's loss for the year of RMB43,292,000 (2013: RMB19,520,000) divided by the number of ordinary shares of 301,500,000 (2013: 301,500,000) in issue during the financial year.

There is no dilution of loss per share as there were no potential dilutive ordinary shares outstanding at the end of the current and previous financial years.

32 Dividends Paid

	Group	
	2014 RMB'000	2013 RMB'000
Declared and paid during the financial year:		
2012 final tax exempt dividend of S$0.00455 per share (S$1,371,825)	–	6,681

The above-mentioned dividends paid to the shareholders by the Company had no income tax consequences.

33 Operating Lease Arrangements

	Group	
	2014	2013
	RMB'000	RMB'000
Minimum lease payments paid under operating leases and recognised as an expense during the financial year	800	769

At the statement of financial position date, the Group has outstanding commitments under non-cancellable operating leases but not recognised as liabilities in the financial statements, which fall due as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Within one year	630	53
Two to five years	53	–
	683	53

34 Commitments

	Group	
	2014	2013
	RMB'000	RMB'000
Commitments for future capital expenditure not contracted for	101,000	180,000

35 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's and Company's activities expose it to credit risk, interest rate risk, currency risk, liquidity risk and price risk. The Group and the Company seeks to minimise the effects of these risks by continually monitoring the financial risk management process to ensure that an appropriate balance between risk and control is achieved. The Board of Directors is responsible for setting the objectives and policies implemented to mitigate the risk exposures. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The following section provide details regarding the Group's and Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The trade and other receivables that are neither past due nor impaired relate to customers that the Group and the Company has assessed to be creditworthy, based on the credit evaluation process performed by management.

35 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Significant concentration of credit risk

The Group's and the Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statements of financial position are net of allowance for impairment loss, if any, made by the Group's management based on prior experience and the current economic environment. 42% (2013: 30%) of the Group's trade receivables are due from four (2013: four) customers. Management has assessed the creditworthiness of the customers and is satisfied that the debts are recoverable and no allowance is necessary.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired at the statement of financial position date are substantially creditworthy companies or individuals with a good collection record with the Group. Bank deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings.

Financial assets that are past due and/or impaired

There is no other material class of financial assets that is past due and/or impaired except for trade receivables. The table below is an analysis of trade receivables as at the statement of financial position date:

	Group	
	2014	2013
	RMB'000	RMB'000
Not past due and not impaired	39,000	37,701
Past due but not impaired	32,432	21,403
	71,432	59,104
Impaired receivables-individually assessed		
Past due more than 12 months	2,607	2,607
Less: Allowance for impairment losses	(2,607)	(2,607)
	–	–
Total trade receivables, net	71,432	59,104
Aging of trade receivables that are past due but not impaired:		
61 to 120 days	10,636	13,477
121 to 180 days	6,543	3,252
> 180 days	15,253	4,674
	32,432	21,403

Trade receivables which are impaired as at the statement of financial position date relate to debtors that are in significant financial difficulties and have defaulted in payments. These debts are not secured by any collateral. The movement in the allowance for impairment of trade receivables is set out in Note 19.

35 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in the PRC and is exposed to foreign currency risk when transactions such as sales and purchases are denominated in currencies other than RMB. The currencies giving rise to this risk are primarily the United States dollar (USD) and Singapore dollar (SGD).

The Group does not enter into any forward currency contracts or any hedging instruments to manage the foreign currency risk. This exposure is managed as far as possible by natural hedges of matching assets and liabilities.

The Group's foreign currency exposures based on the information provided by key management as at the statement of financial position date are as follows:

	RMB RMB'000	SGD RMB'000	USD RMB'000	Total RMB'000
Group				
2014				
Financial assets				
Cash and bank balances	88,921	61	1,758	90,740
Trade and other receivables	74,536	–	3,118	77,654
Held-for-trading investments	3,174	–	–	3,174
	166,631	61	4,876	171,568
Financial liabilities				
Trade and other payables	(228,345)	(1,046)	–	(229,391)
Bank borrowings (Note 25)	(411,000)	–	–	(411,000)
Loans from a related party	–	–	(854)	(854)
	(639,345)	(1,046)	(854)	(641,245)
Net financial (liabilities)/assets	(472,714)	(985)	4,022	(469,677)
Group				
2013				
Financial assets				
Cash and bank balances	143,754	75	741	144,570
Trade and other receivables	60,955	–	5,338	66,293
Held-for-trading investments	2,559	–	–	2,559
	207,268	75	6,079	213,422
Financial liabilities				
Trade and other payables	(251,244)	(906)	–	(252,150)
Bank borrowings (Note 25)	(422,000)	–	–	(422,000)
Loans from a related party	–	–	(610)	(610)
	(673,244)	(906)	(610)	(674,760)
Net financial (liabilities)/assets	(465,976)	(831)	5,469	(461,338)

35 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Currency risk (cont'd)

A 10% strengthening of SGD and USD against RMB at the statement of financial position date would decrease/(increase) the Group's loss before income tax by the amounts shown below. This analysis assumes that all other variables, including tax, remain constant.

	Loss before tax 2014 RMB'000	Loss before tax 2013 RMB'000
SGD	(99)	(83)
USD	402	547

A 10% weakening of the SGD and USD against RMB would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, including tax, remain constant.

The Company has not disclosed its exposure to foreign currency risk as the Company's risk exposure is not significant.

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates.

Interest-earning financial assets primarily relate to bank balances which are placed with reputable financial institutions. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

Interest-bearing financial liabilities mainly relate to bank borrowings. Information relating to the Group's interest rate exposure is also disclosed in the note on the Group's bank borrowings.

Bank borrowings are in the desired currencies at both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rate interest. There is exposure to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change.

35 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Interest risk (cont'd)

The tables below set out the Group's exposure to interest rate risk. Included in the tables are the financial assets and financial liabilities at carrying amounts as at the statement of financial position date, categorised by the earlier of contractual repricing or maturity dates.

	Fixed Rate		Variable Rate			
	Within 1 year RMB'000	More than 1 year RMB'000	Within 1 year RMB'000	More than 1 year RMB'000	Non–interest bearing RMB'000	Total RMB'000
Group						
2014						
Financial assets						
Cash and bank balances	74,183	–	–	–	16,557	90,740
Trade and other receivables	–	–	–	–	77,654	77,654
Held-for-trading investments	–	–	–	–	3,174	3,174
	74,183	–	–	–	97,385	171,568
Financial liabilities						
Trade and other payables	–	–	–	–	(229,391)	(229,391)
Bank borrowings (Note 25)	(411,000)	–	–	–	–	(411,000)
Loans from a related party	–	–	–	–	(854)	(854)
	(411,000)	–	–	–	(230,245)	(641,245)
Net financial liabilities	(336,817)	–	–	–	(132,860)	(469,677)
Group						
2013						
Financial assets						
Cash and bank balances	84,382	–	–	–	60,188	144,570
Trade and other receivables	–	–	–	–	66,293	66,293
Held-for-trading investments	–	–	–	–	2,559	2,559
	84,382	–	–	–	129,040	213,422
Financial liabilities						
Trade and other payables	–	–	–	–	(252,150)	(252,150)
Bank borrowings (Note 25)	(372,000)	–	(50,000)	–	–	(422,000)
Loans from a related party	–	–	–	–	(610)	(610)
	(372,000)	–	(50,000)	–	(252,760)	(674,760)
Net financial liabilities	(287,618)	–	(50,000)	–	(123,720)	(461,338)

As at 31 December 2013, if variable interest rates increased/decreased by 1%, the Group's loss before tax would be higher/lower by approximately RMB0.5 million as a result of higher/lower net interest expenses. This analysis assumed that all other variables, including tax remained constant.

As at 31 December 2014, the Group has no significant financial assets/liabilities that are arranged at variable interest rates.

The Company has not disclosed its exposure to interest rate risk as the Company's risk exposure is not significant.

35 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its obligations due to shortage of funds. The Group and the Company manages liquidity risk by maintaining adequate cash reserves in meeting its day to day operational needs, including having committed and/or stand-by credit facilities. Further discussion on the Group's liquidity risk is disclosed in Note 2(b).

The table below analyses the maturity profile of the financial liabilities of the Group and of the Company as at the statement of financial position date based on contractual undiscounted cash flows of the financial liabilities on the earlier date on which the Group and the Company can be required to pay.

			←	Cash flows	→
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000	After 5 years RMB'000
Group					
2014					
Trade and other payables	229,391	229,391	229,391	–	–
Bank borrowings (Note 25)	411,000	424,363	424,363	–	–
Loans from a related party	854	854	854	–	–
	641,245	654,608	654,608	–	–
2013					
Trade and other payables	252,150	252,150	252,150	–	–
Bank borrowings (Note 25)	422,000	433,123	433,123	–	–
Loans from a related party	610	610	610	–	–
	674,760	685,883	685,883	–	–
Company					
2014					
Other payables	24,244	24,244	24,244	–	–
Loans from a related party	854	854	854	–	–
	25,098	25,098	25,098	–	–
2013					
Other payables	23,298	23,298	23,298	–	–
Loans from a related party	610	610	610	–	–
	23,908	23,908	23,908	–	–

Price risk

The Group is exposed to equity price risks arising from equity investments classified as held-for-trading. The held-for-trading investments are held for short-term profit-taking.

The sensitivity analysis below has been determined based on the exposure to equity price risks as at the statement of financial position date.

In respect of held-for-trading equity investments, if equity prices had been 10% higher/lower as at the statement of financial position date, the Group's loss before income tax would decrease/increase by RMB 317,000 (2013: RMB255,000).

35 Financial Instruments (cont'd)

(b) Fair Value

Fair value of the Group's/Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Group's held-for-trading investments (Note 18) which fair value measurement is classified as Level 1 under the fair value hierarchy.

Fair value of the Group's/Company's financial assets and liabilities that are not measured at fair value on a recurring basis

The carrying amount of the Group's and Company's other financial assets and financial liabilities with a maturity of less than one year, which are primarily cash and bank balances, trade and other receivables, bank borrowings, trade and other payables and loans from a related party is a reasonable approximation of fair value because of their relatively short term period of maturity.

36 Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of net debts (total liabilities excluding deferred income and income taxes, less cash and bank balances) and equity of the Group (comprising all components of shareholders' equity).

The Group is not subject to any externally imposed capital requirements for the financial years ended 31 December 2014 and 2013, other than the statutory reserve requirements of the Group's subsidiaries in the PRC as disclosed in Note 23.

36 Capital Management

The Group monitors capital with reference to a net debt-to-equity ratio, which as at the statement of financial position date is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Total debts	643,633	677,276
Less: Cash and bank balances (Note 21)	(90,740)	(144,570)
Net debt	552,893	532,706
Total equity	95,332	138,624
Net debt-to-equity ratio	5.8	3.8

37 Subsequent Events

On 7 January 2015, the disposal of the entire equity interest in Zhejiang Jishan Extra Width Co., Ltd ("Extra Width") and its related assets and liabilities (the "Disposal") approved by shareholders of the Company has been completed and the Group recognised a gain on disposal of subsidiary of approximately RMB85.2 million. Pursuant to the completion of the Disposal, Extra Width is no longer a subsidiary of the Group.

Statistics of Shareholders

As at 18 March 2015

Issued share capital	:	SGD25,819,935.00
Number of shares	:	301,500,000
Voting rights	:	one vote per share

Shareholders Distribution

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 - 99	1	0.06%	2	0.00%
100 - 1,000	38	2.34%	38,000	0.01%
1,001 - 10,000	1,055	64.92%	6,975,000	2.31%
10,001 - 1,000,000	521	32.06%	29,491,950	9.78%
1,000,001 AND ABOVE	10	0.62%	264,995,048	87.89%
	1,625	100%	301,500,000	100%

Based on information available to the Company as at 18 March 2015, approximately 20.52% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Top Twenty Shareholders As At 18 March 2015

S/No.	Name	No. of Shares	Percentage
1	DBS NOMINEES PTE LTD	218,715,500	72.54%
2	JIN GUAN LIANG	16,649,500	5.52%
3	TEO CHENG TUAN DONALD	6,663,000	2.21%
4	OCBC SECURITIES PRIVATE LTD	5,924,048	1.96%
5	MAYBANK KIM ENG SECS PTE LTD	4,192,000	1.39%
6	JIN CHENG INTERNATIONAL HOLDINGS LIMITED	3,800,000	1.26%
7	CHEN GANG	2,652,000	0.88%
8	KALANDORO TJITRA SIANTAR	2,609,000	0.87%
9	TAN AH CHYE	2,600,000	0.86%
10	YANG JINKUI	1,190,000	0.39%
11	UNITED OVERSEAS BANK NOMINEES	980,000	0.33%
12	LAM YAT HOONG	540,000	0.18%
13	DBS VICKERS SECS (S) PTE LTD	508,000	0.17%
14	LEE KUM YOKE	495,000	0.16%
15	TAY CHENG FUAN	440,000	0.15%
16	QIAN YUECHAO	395,000	0.13%
17	YEOH POH LENG	383,000	0.13%
18	GOH WOON KEAT	350,000	0.12%
19	SHARON CHOO HOWE SEONG	348,000	0.12%
20	TEE POI TENG	327,000	0.11%
		269,761,048	89.47%

Statistics of Shareholders

As at 18 March 2015

Substantial Shareholders

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares Direct Interest	No of Shares Deemed Interest
Jin Cheng International Holdings Limited [1]	220,322,500	–
Jin Guan Liang [2]	16,649,500	220,322,500

(1) Jin Cheng International Holdings Limited ("Jin Cheng") holds 220,322,500 shares in the company under DBS Nominees Pte Ltd.

(2) Jin Guan Liang is deemed to be interested in the shares held by Jin Cheng by virtue of the fact that he owns 100% of the issued share capital of Jin Cheng.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of China Jishan Holdings Limited (the "Company") will be held at Furama RiverFront Singapore, Jupiter III (Level 3), 405 Havelock Road, Singapore 169633 on Thursday, 30 April 2015 at 10 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve Directors' Fees of RMB478,500 (2014: RMB490,061) to be paid half-yearly in arrears for the financial year ending 31 December 2015. **[Resolution 2]**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

   a) Mr Lien Kait Long [retiring pursuant to Article 89] **[Resolution 3(a)]**

   b) Mr Yip Wei Jen [retiring pursuant to Article 89] **[Resolution 3(b)]**

4. To re-appoint Messrs Moore Stephens LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution with or without any modifications:-

ORDINARY RESOLUTION

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and they are hereby authorised to issue shares and convertible securities in the Company [whether by way of rights (renounceable or non-renounceable), bonus or otherwise] at any time and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 per centum of the total number of issued shares excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per centum of the total number of issued shares excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution and that such authority shall continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, unless revoked or varied at a general meeting of the Company."
   [See Explanatory Note (i)] **[Resolution 5]**

BY ORDER OF THE BOARD

Chan Wai Teng Priscilla
Company Secretary
Singapore, 14 April 2015

NOTES:

A Member is entitled to appoint up to two proxies to attend and vote in his place. A proxy need not be a Member of the Company. Members wishing to vote by proxy at the meeting may use the proxy form enclosed. The completed proxy form must be lodged at the Registered Office of the Company at 1 Sophia Road #05-03 Peace Centre Singapore 228149 not less than 48 hours before the time appointed for the Meeting.

Note to item no. 3:-

The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Messrs Lien Kait Long and Yip Wei Jen.

Note to item no. 3(a):-

Mr Lien Kait Long is the Lead Independent Director, Chairman of the Audit and Risk Committee and Nominating Committee, and member of the Remuneration Committee. He will continue in the said capacities upon re-election as a Director of the Company.

Note to item no. 3(b):-

Mr Yip Wei Jen is an Independent Director and member of the Audit and Risk Committee and Remuneration Committee. He will continue in the said capacities upon re-election as a Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the capital of the Company (the "shares") and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue Shares pursuant to such instruments, up to an amount not exceeding in total 50 per centum of the total number of issued shares excluding treasury shares, with a sub-limit of 20 per centum of the total number of issued shares excluding treasury shares for issue other than on a pro-rata basis to existing shareholders of the Company, for such purposes as they consider would be in the interests of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.

The percentage of the issued share capital is based on the number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this Resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and (c) any subsequent bonus issue, consolidation or subdivision of shares.

Rule 816(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited states that subject to Rule 816(2), a rights issue must provide for the rights to subscribe for securities to be renounceable in part or in whole in favour of a third party at the option of the entitled shareholders.

Rule 816(2)(a)(ii) states that an issuer can undertake non-renounceable rights issues in reliance on this general mandate to issue rights shares if the rights shares are priced at not more than 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the rights issue is announced. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the rights issue is announced. Rule 816(2)(b) states that the non-renounceable rights issue must comply with Part V of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited except Rule 816(1).

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CHINA JISHAN HOLDINGS LIMITED

(Company Registration No.: 200310591E)

Important

1. For investors who have used their CPF monies to buy China Jishan Holdings Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

PROXY FORM

I/We ____

of ____

being a *member/members of China Jishan Holdings Limited, hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Furama RiverFront Singapore, Jupiter III (Level 3), 405 Havelock Road, Singapore 169633 on Thursday, 30 April 2015 at 10 a.m. and at any adjournment thereof.

The proxy is required to vote as indicated with an "X" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his discretion.

Resolution No.		For	Against
1.	To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2014 together with the Auditors' Report thereon.		
2.	To approve payment of Directors' Fees for the financial year ending 31 December 2015.		
3(a).	To re-elect Mr Lien Kait Long as a Director.		
3(b).	To re-elect Mr Yip Wei Jen as a Director.		
4.	To re-appoint Messrs Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration.		
5.	To authorise the Directors to issue/allot shares in the Company.		

Signed this ________ day of ____________________ 2015

Total No. of Shares in:	No. of Shares
1) CDP Register	
2) Register of Members	

____

Signature(s) of Member(s)
or Common Seal of Corporate Shareholder

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

3. The instrument appointing a proxy must be signed by the appointer or his duly authorised attorney or if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.

4. A corporation which is a member may also appoint by resolution of its directors or other governing body, an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Singapore Companies Act, Chapter 50, to attend and vote on its behalf.

5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company, 1 Sophia Road #05-03 Peace Centre Singapore 228149 at least 48 hours before the time fixed for holding the Annual General Meeting.

6. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the aggregate number of Ordinary Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered in his name in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

China Jishan Holdings Limited

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