

**MERCURIUS CAPITAL INVESTMENT LIMITED**  
**(previously known as CCFH LTD.)**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.198200473E)

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**Full Financial Statement Announcement for the Financial Year Ended 31/12/2015 of Mercurius Capital Investment Limited. (“MCIL” or the “Company” and together with its subsidiaries, the “Group”)**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, R & T Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“Exchange”). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

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*The contact person for the Sponsor is Mr. Howard Cheam Heng Haw (Telephone Number: +65 6232 0685), R & T Corporate Services Pte. Ltd., at 9 Battery Road #25-01, Straits Trading Building, Singapore 049910.*

**PART I -INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
TWELVE-MONTHS ENDED 31 DECEMBER 2015**

	12 Months Ended		Change %
	31/12/2015 S\$'000	31/12/2014 S\$'000	
<b>Continuing Operations</b>			
Revenue	26,605	45,287	-41%
Cost of sales	(22,701)	(37,145)	-39%
Gross profit	3,904	8,142	-52%
Other income	3,023	1,898	NM
Other losses, net	(19,645)	(24)	NM
Selling and distribution expenses	(886)	(1,678)	-47%
Administrative expenses	(2,763)	(6,110)	-55%
Finance costs	(996)	(723)	38%
<b>(Loss)/profit before income tax</b>	<b>(17,363)</b>	<b>1,505</b>	NM
Income tax expenses	(153)	(340)	-55%
<b>Net (loss)/profit for the financial year from continuing operations</b>	<b>(17,516)</b>	<b>1,165</b>	NM
<b>Discontinued operations</b>			
<b>Net profit for the financial year from discontinued operations, net of tax</b>	<b>-</b>	<b>2,095</b>	100%
<b>Total net (loss)/profit for the financial year</b>	<b>(17,516)</b>	<b>3,260</b>	NM
<b>Other comprehensive (loss)/income</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
-Gains	278	699	-60%
-Reclassification	-	-	NM
<b>Total comprehensive (loss)/income</b>	<b>(17,238)</b>	<b>3,959</b>	NM
<b>Net (loss)/profit attributable to:</b>			
Equity holders of the Company - Continuing operations	(17,516)	1,165	NM
Equity holders of the Company - Discontinued operations	-	2,095	100%
Non-controlling interests	-	-	NM
	<b>(17,516)</b>	<b>3,260</b>	NM
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company - Continuing operations	(17,238)	1,864	NM
Equity holders of the Company - Discontinued operations	-	2,095	100%
Non-controlling interests	-	-	NM
	<b>(17,238)</b>	<b>3,959</b>	NM

NM = Not Meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit for the financial year was arrived at after crediting/(charging) the following:

	Continuing Operations			Discontinued Operations		
	12 Months Ended		Change	12 Months Ended		Change
	31/12/2015	31/12/2014		31/12/2015	31/12/2014	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	12	26	-54%	-	4	-100%
(Loss)/gain on liquidation/disposal/strike off of subsidiaries	(401)	250	NM	-	-	NM
Allowance for impairment of trade and other receivables, net	(11,645)	(1,115)	NM	-	-	NM
Write down of inventories, net	-	(2,186)	NM	-	-	NM
Amortisation of intangible assets	-	(1,356)	NM	-	(36)	NM
Depreciation of property, plant and equipment	(248)	(330)	-25%	-	(59)	-100%
Loss on disposal of property, plant and equipment	-	(22)	-100%	-	-	NM
Allowance for impairment of property, plant and equipment	(444)	(55)	707%	-	-	NM
Property, plant and equipment written off	-	(3)	-100%	-	-	NM
Allowance for impairment of intangible assets	(1,468)	-	NM	-	-	NM
Salaries, bonuses and allowances	(4,041)	(10,945)	-63%	-	(817)	-100%
Rental expenses on operating lease	(413)	(441)	-6%	-	(108)	-100%
Interest expense	(996)	(723)	38%	-	(322)	-100%
Under provision of income tax in prior financial year	-	(2)	-100%	-	(17)	-100%
Currency translation gains, net	2,280	1,171	95%	-	177	-100%

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

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**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**

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	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,954	3,548	20	96
Trade and other receivables	47,215	51,919	32,975	42,156
Income tax recoverable	18	35	-	-
Inventories	20,221	23,159	-	-
	<u>71,408</u>	<u>78,661</u>	<u>32,995</u>	<u>42,252</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	20,429	45,571
Property, plant and equipment	320	914	13	16
Intangible assets	-	1,431	-	-
	<u>320</u>	<u>2,345</u>	<u>20,442</u>	<u>45,587</u>
<b>TOTAL ASSETS</b>	<u>71,728</u>	<u>81,006</u>	<u>53,437</u>	<u>87,839</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	18,694	25,142	32,561	32,130
Borrowings	28,107	13,370	-	-
Current income tax liabilities	78	407	-	-
	<u>46,879</u>	<u>38,919</u>	<u>32,561</u>	<u>32,130</u>
<b>TOTAL LIABILITIES</b>	<u>46,879</u>	<u>38,919</u>	<u>32,561</u>	<u>32,130</u>
<b>NET ASSETS</b>	<u>24,849</u>	<u>42,087</u>	<u>20,876</u>	<u>55,709</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	49,074	49,074	132,732	132,732
Other reserves	8,889	8,611	-	-
Accumulated losses	(32,893)	(15,377)	(111,856)	(77,023)
	<u>25,070</u>	<u>42,308</u>	<u>20,876</u>	<u>55,709</u>
<b>Non-controlling interests</b>	<u>(221)</u>	<u>(221)</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>	<u>24,849</u>	<u>42,087</u>	<u>20,876</u>	<u>55,709</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**- Amount repayable in one year or less, or on demand**

**- Amount repayable after one year**

	<b>Group 31/12/2015</b>		<b>Group 31/12/2014</b>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
Borrowings	28,107	-	13,370	-
Of which:				
Amount due within 1 year	28,107	-	13,370	-

**Details of any collateral**

Secured borrowings consist of term loans, bills payable and factoring of trade receivables. The bank borrowings are secured over a pledge of certain properties, plant and equipment provided by a related company and related party.

Shishi Haotian Dress Industry Co Ltd ("Shishi Haotian"), a fully owned subsidiary of the Group, had extended a corporate guarantee to Hua Xia Bank in China for Eagleton (Xiamen) Import & Export Co Ltd's ("Eagleton") banking facilities with the bank. The corporate guarantee is effective from 12 August 2014 to 12 August 2017 for an amount up to RMB32,000,000. As at 31 December 2015, the outstanding banking facility drawn down by Eagleton was RMB24,000,000 (FY2014: RMB20,000,000). Following the completion of the disposal of the Group's stake in Eagleton on the 23 January 2015, the Group is working towards the release of the corporate guarantee, and getting the purchasers of Eagleton to provide an indemnity in the favour of Shishi Haotian for the corporate guarantee.

As at to date, the corporate guarantee provided by Shishi Haotian had yet to be discharged.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2015 AND 2014**

	12 Months Ended	
	31/12/2015	31/12/2014
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Total net (loss)/profit	(17,516)	3,260
<b>Adjustments for:</b>		
Income tax expense	153	1,072
Allowance for impairment of receivables, net	11,645	1,115
Write down of inventories	-	2,186
Amortisation of intangible assets	-	1,392
Depreciation of property, plant and equipment	248	389
Impairment loss on plant and equipment	444	55
Impairment loss on Intangible assets	1,468	-
Interest expense	996	1,045
Interest income	(12)	(30)
Property, plant and equipment written off	-	3
Loss/(gain) on liquidation/disposal/strike off of subsidiaries	401	(250)
Loss on disposal of property, plant and equipment	-	22
Unrealised currency translation (gain)/loss	(2,425)	1,348
<b>Operating cash flows before working capital changes</b>	<u>(4,598)</u>	<u>11,607</u>
<b>Changes in working capital</b>		
Trade and other receivables	(4,398)	(29,640)
Inventories	2,938	(8,450)
Trade and other payables	(6,421)	16,834
<b>Cash used in operations</b>	<u>(12,479)</u>	<u>(9,649)</u>
Interest received	12	30
Income tax paid	(474)	(527)
<b>Net cash used in operating activities</b>	<u>(12,941)</u>	<u>(10,146)</u>
<b>Cash flows from investing activities</b>		
Additions of intangible assets	-	(109)
Additions of property, plant and equipment	(74)	(1,390)
Proceeds from disposal of property, plant and equipment/asset held for sales	-	1,362
Liquidation/disposal/strike off of subsidiaries, net of cash disposed of	(61)	(2,304)
<b>Net cash used in investing activities</b>	<u>(135)</u>	<u>(2,441)</u>
<b>Cash flows from financing activities</b>		
Proceeds from placement of ordinary shares	-	8,052
Proceeds from borrowings	58,722	35,010
Repayment of borrowings	(44,333)	(37,290)
Interest paid	(996)	(1,045)
(Increase)/decrease in bank deposits and bank balances pledged	(1,773)	5,795
<b>Net cash provided by financing activities</b>	<u>11,620</u>	<u>10,522</u>
<b>Net decrease in cash and cash equivalents</b>	(1,456)	(2,065)
<b>Cash and cash equivalent</b>		
Cash and cash equivalent at beginning of financial year	2,557	4,570
Effects of currency translation on cash and cash equivalents	88	52
Cash and cash equivalent at end of financial year	<u>1,189</u>	<u>2,557</u>

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)**

Notes to consolidated statement of cash flows:-

a) Cash and cash equivalents included in the consolidated statement of cash flows comprises the followings:

	<b>12 Months Ended</b>	
	31/12/2015	31/12/2014
	S\$'000	S\$'000
Cash and bank balances as per statement of financial position	3,954	3,548
Less : bank balances pledged with banks	(2,765)	(991)
	<u>1,189</u>	<u>2,557</u>

**1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**GROUP**

	Equity attributable to owners of the parent							
	Share capital S\$'000	Statutory surplus reserve S\$'000	Capital reserve S\$'000	Foreign currency translation account S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2015	49,074	1,911	6,992	(292)	(15,377)	42,308	(221)	42,087
Issue of shares via placement	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	-	278	(17,516)	(17,238)	-	(17,238)
Balance at 31 December 2015	49,074	1,911	6,992	(14)	(32,893)	25,070	(221)	24,849
Balance at 1 January 2014	41,022	1,905	6,992	(991)	(18,631)	30,297	(221)	30,076
Issue of shares via placement	8,052	-	-	-	-	8,052	-	8,052
Total comprehensive income for the financial year	-	-	-	699	3,260	3,959	-	3,959
Transfer to statutory reserve	-	6	-	-	(6)	-	-	-
Balance at 31 December 2014	49,074	1,911	6,992	(292)	(15,377)	42,308	(221)	42,087

**COMPANY**

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 January 2015	132,732	(77,023)	55,709
Total comprehensive loss for the financial year	-	(34,833)	(34,833)
Balance at 31 December 2015	132,732	(111,856)	20,876
Balance at 1 January 2014	124,680	(73,630)	51,050
Issue of shares via placement	8,052	-	8,052
Total comprehensive loss for the financial year	-	(3,393)	(3,393)
Balance at 31 December 2014	132,732	(77,023)	55,709



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital from 31 December 2014 to 31 December 2015.

As at 31 December 2015 and 31 December 2014, there were no outstanding convertibles and share options in respect of the unissued ordinary shares of the Company under the Friven & Co. Employee Share Options Scheme.

There were no treasury shares as at 31 December 2015 and 31 December 2014.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2015 and 31 December 2014, the total number of issued shares was 1,104,008,940. There were no treasury shares as at 31 December 2015 and 31 December 2014.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon.**

Not applicable. The Company did not have any treasury shares during and as at the current financial year reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's independent auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

Save as disclosed in Section 5 below, the Group had applied the same accounting policies and methods of computation in the financial statements for the current financial year reported on, as in the recently audited financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”).

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group had adopted all the applicable new and revised Financial Reporting Standards ("FRS") including related interpretations (“INT FRS”) which become effective for the financial year beginning on or after 1 January 2015. The adoption of these new and revised FRS and INT FRS did not give rise to any material impact on the Group's financial statements for the current financial year reported on.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	12 Months Ended		12 Months Ended	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	Continuing operations	Continuing operations	Discontinued operations	Discontinued operations
Net (loss)/profit for the financial year (S\$'000)	(17,516)	1,165	-	2,095
Weighted average number of ordinary shares in issue for computation of basic earnings and diluted earnings per share	1,045,849,949	1,045,849,949	1,045,849,949	1,045,849,949
Basic and diluted earnings per share (cents)	(1.67)	0.11	-	0.20

For the financial year ended 31 December 2015 and 31 December 2014, the fully diluted earnings per share was equivalent to the basic earnings per share as the Company did not have any potentially dilutive securities.

7. **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>Group</b>	
	31/12/2015	31/12/2014
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial period/year	2.25 cents	3.81 cents
- Number of existing issued shares at the end of financial period/year	1,104,008,940	1,104,008,940
	<b>Company</b>	
	31/12/2015	31/12/2014
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial period/year	1.89 cents	5.05 cents
- Number of existing issued shares at the end of financial period/year	1,104,008,940	1,104,008,940

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**Turnover**

Divisions	12 months ended		Variance
	31/12/15 ("FY2015") S\$'000	31/12/14 ("FY2014") S\$'000	
Original Design Manufacturing ("ODM")	26,605	38,922	-31.6
Bedding and bed linen retail	-	897	(100.0)
Sourcing and Procurement	-	5,468	(100.0)
<b>Total</b>	<b>26,605</b>	<b>45,287</b>	<b>(41.3)</b>

Turnover decreased by S\$18.7 million from S\$45.3 million in FY2014 to S\$26.6 million in FY2015. The decrease was mainly driven by:-

- Decrease in revenue from the Original Design Manufacturing ("ODM") business by S\$12.3 million as result of declining sales volume from existing customers from the European and South America region.

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (Continued)**

**Turnover (Continued)**

- No revenue generated from the bedding and bed linen retail business due to the discontinuation of the bedding and linen retail in Singapore and Malaysia. However, the Company had entered into a licensing agreement with Casa Granduer Pte Ltd for the right to sell bedding and bed linen products under the Group's proprietary brands, including without limitation, the Friven brand. Income generated from the licensing agreement is categorised under other income.
- No revenue contributed from sourcing and procurement business in FY2015.

**Gross Profit**

Gross profit decreased by S\$4.2 million to S\$3.9 million in FY2015 from S\$8.1 million in FY2014. Gross profit margin decreased from 18.0% in FY2014 to 14.7% in FY2015, mainly affected by the decreased sale volume in FY2015.

**Other Income**

Other income increased by S\$1.1 million from S\$1.9 million in FY2014 to S\$3.0 million in FY2015. This was mainly due to an increase from exchange gain as a result of translation of USD denominated trade receivables by S\$1.1 million.

**Other losses**

Significant increase in other losses by S\$19.6 million was mainly due to the following:-

- Increase in provision for doubtful debts by S\$10.5 million from S\$1.1 million in FY2014 to S\$11.6 million in FY2015 in view of the slow recovery from trade receivable. During the year, the Company had evaluated its trade recovery, hence provision for doubtful debts has been partially allocated for overdue balances of S\$4.0 million and customers with slow recovery amounting to S\$7.6 million.

In assessing the provision for doubtful debts, the Company had taken into consideration the work performed in recovering these outstanding balances. On a periodic basis over the last 12 months, the Company had contacted the customers for settlement of the outstanding invoices via telephone calls and issuing company's demand letters to such customers. Our company had yet to resort to legal action as these customers are still active and the Group intends to maintain the business relationship with its customers during this difficult period.

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (Continued)**

**Other losses (Continued)**

Therefore, in view of the long overdue balances for trade receivables, slow down in payments from customers and the current challenging business environment in the market, management believes there are indications that customers may default their payments, therefore allowance for impairment is required.

- Loss from disposal off of slow moving and obsolete raw materials (Cotton fabric) amounting to approximately S\$5.7 million.
- Strike off of subsidiary in the Group, Smart Easy Corporation, which resulted in a loss of \$0.4 million. The during the year, the Group had confirmed striking off of Smart Easy Corporation. As a result from the strike off, a loss of S\$0.4 million was derived from the deconsolidation of the company's equity and reserves.
- Increase in allowance for impairment of non-current assets by S\$1.9 million as result of an impairment assessment on non-financial assets performed during the year. From the impaired value of S\$1.9 million, S\$1.5 million and S\$0.4 million had been allocated to intangible assets and property, plant and equipment respectively.

**Expenses**

Selling and distribution expenses decreased by S\$0.8 million from S\$1.7 million in FY2014 to S\$0.9 million in FY2015. This was primarily mainly due to decrease in exhibitions cost which was in line with the decrease in ODM revenue and closure of bedding and bed linen retail business in Singapore and Malaysia.

Administrative expenses decreased by S\$2.1 million to S\$2.8 million in FY2015 as compared to S\$4.9 million in FY2014. This was primarily due to closure of bedding and bed linen retail business in Singapore and Malaysia which brought down the administrative expenses by \$0.9 million in terms of staff costs (S\$0.5mil), professional fees (S\$0.2 million), and other expenses (S\$0.1 million). The decrease in administrative expenses was also due to decrease in staff cost (S\$0.8 million), rental charges (S\$0.1 million), and other expenses (S\$0.4 million) as a result of lower ODM business activities.

The increase of finance cost by 38% from S\$0.7 million in FY2014 to S\$1.0 million in FY2015 was due to increase in interest expenses resulting from higher borrowing during the financial year.

The Group reported a net loss of S\$17.5 million from continuing operation in FY2015 as compared to a net profit of S\$1.2 million in FY2014.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Trade and other receivables decreased by S\$4.7 million to S\$47.2 million as at 31 December 2015 as compared to S\$51.9 million as at 31 December 2014, mainly due to increase in allowance for doubtful debts by S\$10.5 million, as explained on page 12 "Other Losses". This was offset by an increase in advances to suppliers by S\$7.4 million as a result of lower purchase volume during year end to offset the advances initially paid to supplier.

Inventories decreased by S\$3.0 million from S\$23.2 million as at 31 December 2014 to S\$20.2 million as at 31 December 2015. The decrease was mainly due to disposal of slow moving and obsolete raw material amounting to S\$7.6 million, offset by increase in inventories by S\$4.6 million via purchases of of new inventories.

Non-current assets decreased by S\$2.0 million to S\$0.3 million as at 31 December 2015 as compared to S\$2.3 million as at 31 December 2014. The decrease was mainly due to impairment of non-current assets as explained in page 13, "Other losses".

Trade and other payables decreased by S\$6.4 million to S\$18.7 million as at 31 December 2015 compared to S\$25.1 million as at 31 December 2014. This was mainly due to decrease trade and other other payables, deposit received from ODM customers, and accrued expenses by S\$3.1 million, S\$2.8 million and S\$0.6 million respectively.

Total borrowings increased by S\$14.7 million from S\$13.4 million as at 31 December 2014 to S\$28.1 million as at 31 December 2015, mainly attributed by increase in bills payable by S\$14.3 million during the second half of FY2015 for purchase of inventories and payment of advances to suppliers.

The Group had a positive working capital of S\$24.5 million as at 31 December 2015 as compared to S\$39.7 million as at 31 December 2014.

**Group's Cash Flow Position**

Net cash used in operating activities increased by S\$2.8 million to S\$12.9 million for FY2015 as compared to S\$10.1 million for FY2014. The net cash outflows before working capital changes were S\$4.5 million for FY2015. The net cash outflows from changes in working capital were mainly due to increase in trade and other receivables by S\$4.4 million due to the increase in advances to suppliers for purchase of goods during the financial year, accompanied by a decrease in trade and other payable by S\$6.5 million as a result of advances and deposits from customers.

Net cash provided by financing activities of S\$11.6 million for FY2015 was mainly due to proceeds from borrowings amounting to S\$58.7 million. It was offset by repayment for borrowings and increase in balances pledged with bank amounting to S\$44.3 million and S\$1.8 million respectively.

- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on (Continued).**

**Group's Cash Flow Position (Continued)**

The Group had a net cash outflow of S\$1.5 million for FY2015 and S\$2.1 million for FY2014.

As at 31 December 2015, cash and cash equivalents of the Group excluding pledged cash in bank stood at S\$1.2 million (FY2014: S\$2.6 million).

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Based on our disclosure in the first quarter, second quarter and third quarter of 2015 announcements, no prospect statement was provided.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

In 2015, global economic activity remained subdued. Overall growth in China is evolving broadly as envisaged, but with a faster-than-expected slowdown in imports and exports, in part reflecting weaker investment and manufacturing activity<sup>1</sup>. The risks to the global outlook remained tilted to the downside and relate to ongoing adjustment in the global economy which in turn affects the market generally: a generalised slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States<sup>1</sup>. Based on these factors and the Group's financial performance in FY2015, the Group is expecting its ODM business to operate under challenging business environment.

Apart from the macro effect, various domestic factors such as rising material and labor costs, have a direct effect on our business performance. Hence, the Group is mindful of the various risk inherent in these market and would focus on cost rationalization in the next financial year.

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<sup>1</sup> International Monetary Fund, *World Economic Outlook: "Subdued Demand, Diminished Prospects"*, published online on Jan 2016

**11. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the financial year ended 31 December 2015.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”) the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interested person	Aggregate value of all interested person transactions during the financial year ended 31 December 2015 under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial period ended 31 December 2015 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Four Season Capital Pte Ltd (Note 1)	S\$28,800	Nil (Note 3)
Shishi Jijile Garments Weaving Co., Ltd. (Note 2)	S\$364,876	Nil (Note 3)

Note 1: Rental of office space from a company owned by the spouse of Xu Rongsen, CEO of the Company.

Note 2: Rental of office and production space from a company owned by the father-in-law of Xu Rongsen, CEO of the Company.

Note 3: The Group does not have a general mandate from shareholders for IPTs.



**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	ODM	Bedding and Bedlinen Retail	Sourcing business	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 Dec 15</b>					
<b>Revenue</b>					
External Sales	26,605	-	-	-	26,605
Inter-segment sales	12,578	-	-	(12,578)	-
	<u>39,183</u>	<u>-</u>	<u>-</u>	<u>(12,578)</u>	<u>26,605</u>
<b>Results</b>					
Segment results	(16,379)	-	-	-	(16,379)
Unallocated expenses					-
Operating loss	(16,379)	-	-	-	(16,379)
Interest income	12	-	-	-	12
Interest expense	(996)	-	-	-	(996)
Loss before income tax					(17,363)
Income tax expense					(153)
Loss for the financial year from continuing operations					(17,516)
Profit for the financial year from discontinued operations					-
Loss attributable to owners of the company					<u>(17,516)</u>
<b>Assets and liabilities</b>					
Segment assets	71,728	-	-	-	71,728
Unallocated assets					-
Consolidated total assets					<u>71,728</u>
Segment liabilities	46,879	-	-	-	46,879
Unallocated Liabilities					-
Consolidated total liabilities					<u>46,879</u>
Capital expenditure	74	-	-	-	74
Depreciation and amortisation	248	-	-	-	248
Allowance for impairment of property, plant and equipment	444	-	-	-	444
Allowance for impairment of intangible assets	1,468	-	-	-	1,468
Allowance for impairment of trade and other receivables	11,645	-	-	-	11,645

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued).**

	<b>ODM</b>	<b>Bedding and Bedlinen Retail</b>	<b>Sourcing business</b>	<b>Eliminations</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 Dec 14</b>					
<b>Revenue</b>					
External Sales	38,922	897	5,468	-	45,287
Inter-segment sales	34,239	43	-	(34,282)	-
	<u>73,161</u>	<u>940</u>	<u>5,468</u>	<u>(34,282)</u>	<u>45,287</u>
<b>Results</b>					
Segment results	2,838	(1,252)	(162)	202	1,626
Unallocated income					576
Operating profit	2,838	(1,252)	(162)	202	<u>2,202</u>
Interest income	24	(1)	3	-	26
Interest expense	(622)	(14)	(87)	-	<u>(723)</u>
Profit before income tax					1,505
Income tax expense					<u>(340)</u>
Profit for the financial year from continuing operations					1,165
Profit for the financial year from discontinued operations					<u>2,095</u>
Profit attributable to owners of the company					<u><b>3,260</b></u>
<b>Assets and liabilities</b>					
Segment assets	156,533	4,011	22,820	(106,777)	76,587
Unallocated assets					4,420
Consolidated total assets					<u>81,007</u>
Segment liabilities	68,315	3,627	7,973	(41,050)	38,865
Unallocated Liabilities					53
Consolidated total liabilities					<u>38,918</u>
Capital expenditure	95	2	-	-	97
Depreciation and amortisation	1,685	12	-	-	1,697
Allowance for impairment of trade and other receivables	299	816	-	-	1,115
Write down of inventories	3,350	-	-	-	3,350
Reversal of write-down of inventories	(1,162)	-	-	-	(1,162)
Impairment loss on property, plant and equipment	55	-	-	-	55

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to section 8 for further details.

**16. A breakdown of sales.**

	<b>FY2015</b>	<b>FY2014</b>	<b>% increase /</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>(decrease)</b>
	<b>Group</b>	<b>Group</b>	<b>Group</b>
(a) Sales reported for first half year	5,990	21,848	-73%
(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(610)	1,806	-134%
(c) Sales reported for second half year	20,615	23,439	-12%
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(7,233)	(641)	1029%

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend was declared and paid for the FY2015 and FY2014.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer.

**19. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors that may render the unaudited financial statements for 12-month ended 31 December 2015 to be false or misleading in any material aspect.

**20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company is in the process of procuring the undertakings from all its directors and executive officers (in the updated format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules by 30 April 2016 (being the expiry of the transition period prescribed by the SGX-ST for compliance with such requirements).

**21. Utilisation of Proceeds**

The Company completed a private placement of 244,000,363 new shares in the capital of the Company at an issue price of \$0.033 share in March 2014, which raised net proceeds of approximately S\$8.1 million. As at the date of this announcement, the net proceeds of S\$8.1 million have been fully utilised as follows:-

<b>Purpose</b>	<b>Intended use (before reallocation)</b>	<b>Intended use (after reallocation)</b>	<b>Utilisation (after reallocation)</b>	<b>Balance of Proceeds (after reallocation)</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
1. Brand promotion, retail distribution network expansion, Business-to-Customer (B2C) platform enhancements and new product offerings in relation to the Group's Children's fashion business and JIL Kids brand	6,000,465	7,003,216	7,003,216	-
2. Expansion of the Group's bed linen brand into Chinese market	1,002,751	-	-	-
3. General corporate working capital	1,018,796	1,018,796	1,018,796	-
<b>Total</b>	<b>8,022,012</b>	<b>8,022,012</b>	<b>8,022,012</b>	<b>-</b>

**BY ORDER OF THE BOARD**

**Chang Wei Lu**  
**Executive Chairman**

**29 February 2016**