



DAPAI INTERNATIONAL HOLDINGS CO. LTD.
(Company Registration No: 41211)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS
AND DIVIDEND ANNOUNCEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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

	Full Year		
	2014	2013	%
	RMB'000	RMB'000	Change
	Unaudited	Audited	
Revenue	285,452	341,136	(16.3)
Cost of sales	(219,241)	(267,189)	(18.0)
Gross profit	66,211	73,947	(10.5)
Other operating income	2,857	5,085	(43.8)
Selling and distribution expenses	(5,110)	(10,758)	(52.5)
Administrative expenses	(36,910)	(50,074)	(26.3)
Finance costs	(14,833)	(17,604)	(15.7)
Profit before taxation	12,215	596	NM
Income tax	(2,888)	4,307	NM
Profit attributable to shareholders	9,327	4,903	90.2
Other comprehensive income	-	-	-
Total comprehensive income attributable to shareholders	9,327	4,903	90.2
Gross profit margin	23.2%	21.7%	
Profit before tax margin	4.3%	0.2%	
Net profit after tax margin	3.3%	1.4%	
Basic and fully diluted EPS (RMB cents)	0.94	0.49	



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Notes to statement of comprehensive income:

	Full Year		
	2014	2013	%
	RMB'000	RMB'000	Change
	Unaudited	Audited	
(a) Income statement includes the following:			
Amortisation of land use rights	594	594	-
Amortisation of intangible assets	28	28	-
Depreciation of property, plant and equipment	16,455	16,490	(0.2)
Interest expenses	14,833	17,604	(15.7)
Exchange (gains)/ losses	(762)	783	NM
Property, plant and equipment written off	-	2	NM
Reversal for impairment loss on trade receivables	-	(1,988)	NM
(b) Other operating income includes the following:			
Interest income	237	391	(39.4)
Awards, incentives and subsidies	264	1,406	(81.2)
Rental lease income	1,601	-	NM
Gain on disposal of property, plant and equipment	333	3,097	(89.2)
Other sundry income	422	191	120.9

NM - *Not meaningful*



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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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group		The Company	
	As at 31 December 2014 RMB '000 Unaudited	As at 31 December 2013 RMB '000 Audited	As at 31 December 2014 RMB '000 Unaudited	As at 31 December 2013 RMB '000 Audited
Non-Current assets				
Land use rights	26,312	26,906	-	-
Intangible assets	87	115	-	-
Property, plant and equipment	171,915	221,380	-	-
Investment property	32,013	-	-	-
Investment in subsidiaries	-	-	100,509	104,339
	230,327	248,401	100,509	104,339
Current assets				
Inventories	49,531	48,477	-	-
Trade receivables	60,040	45,413	-	-
Prepayment and other receivables	21,346	17,504	43	43
Cash and bank balances	36,920	15,261	101	367
	167,837	126,655	144	410
Less: Current Liabilities				
Trade and bills payables	15,228	17,061	-	-
Accrued liabilities and other payables	8,185	6,952	2,831	1,895
Loan from a director	11,229	15,000	-	-
Interest-bearing bank borrowings	226,378	208,881	-	-
Income tax payables	655	-	-	-
	261,675	247,894	2,831	1,895
Net current liabilities	(93,838)	(121,239)	(2,687)	(1,485)
Net assets	136,489	127,162	97,822	102,854
Share capital and reserves				
Share capital	5,042	5,042	5,042	5,042
Share premium	475,527	475,527	475,527	475,527
Merger reserve	65,939	65,939	65,939	65,939
Statutory reserves	166,883	166,883	-	-
Accumulated losses	(576,902)	(586,229)	(448,686)	(443,654)
Total equity	136,489	127,162	97,822	102,854



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

Amount repayable in one year or less, or on demand

	As at 31 December 2014		As at 31 December 2013	
	Secured RMB '000	Unsecured RMB '000	Secured RMB '000	Unsecured RMB '000
Interest-bearing bank borrowings	226,378	-	208,881	-

Amount repayable after one year

Not applicable.

Details of any collateral

Certain Group's assets were pledged against interest bearing bank borrowings of the Group. The aggregate carrying amount were:

	As at 31 December 2014 RMB '000	As at 31 December 2013 RMB '000
Land Use Right	26,312	26,906
Property, Plant and Equipment	104,296	144,965
Investment property	32,013	-



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

	Full Year	
	2014	2013
	RMB'000	RMB'000
	Unaudited	Audited
Cash flows from operating activities		
Profit before taxation	12,215	596
Adjustments for:		
Depreciation of property, plant and equipment	16,455	16,490
Amortization of land use rights	594	594
Amortization of intangible assets	28	28
Write off of property, plant and equipment	-	2
Gain on disposal of property, plant and equipment	(333)	(3,097)
(Reversal)/ allowance for impairment loss on trade receivables	-	(1,988)
Interest income	(237)	(391)
Interest expenses	14,833	17,604
Operating profits before working capital changes	43,555	29,838
Increase in inventories	(1,054)	(7,354)
(Increase)/ decrease in trade receivables	(14,627)	8,331
(Increase)/ decrease in prepayments and other receivables	(3,842)	67,721
Decrease in trade and bills payables	(1,833)	(44,976)
(Decrease)/ increase in accrued liabilities and other payables	1,233	(3,712)
Net cash generated from operations	23,432	49,848
Income taxes (paid)/ refund	(2,233)	4,307
Net cash generated from operating activities	21,199	54,155
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,357)	(5,920)
Proceeds from disposal of property, plant and equipment	2,687	3,500
Interest received	237	391
Net cash generated from/ (used in) investing activities	1,567	(2,029)
Cash flows from financing activities		
(Repayment to)/ loan from director	(3,771)	9,000
Bank borrowings obtained	271,243	271,288
Repayment of bank borrowings	(253,746)	(332,401)
Decrease/ (increase) in bank deposits pledged	4,900	(4,460)
Interest paid	(14,833)	(17,604)
Net cash generated from/ (used in) financing activities	3,793	(74,177)
Net increase/ (decrease) in cash and cash equivalents	26,559	(22,051)
Cash and cash equivalents at beginning of the year	7,261	29,312
Cash and cash equivalents at end of the year	33,820	7,261
Cash and bank balances at end of the year	36,920	15,261
Less: fixed deposits pledged	(3,100)	(8,000)
Cash and cash equivalents at end of the year	33,820	7,261



1(d)(i) A statement (for the Group and Company) 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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Group						
At 1 January 2013 (Audited)	5,042	475,527	65,939	166,883	(591,132)	122,259
Total comprehensive income for the year	-	-	-	-	4,903	4,903
At 31 December 2013 (Audited)	5,042	475,527	65,939	166,883	(586,229)	127,162
Total comprehensive income for the year	-	-	-	-	9,327	9,327
At 31 December 2014 (Unaudited)	5,042	475,527	65,939	166,883	(576,902)	136,489

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Company						
At 1 January 2013 (Audited)	5,042	475,527	65,939	-	(438,125)	108,383
Total comprehensive loss for the year	-	-	-	-	(5,529)	(5,529)
At 31 December 2013 (Audited)	5,042	475,527	65,939	-	(443,654)	102,854
Total comprehensive income for the year	-	-	-	-	(5,032)	(5,032)
At 31 December 2014 (Unaudited)	5,042	475,527	65,939	-	(448,686)	97,822



- 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 were no changes to the issued and paid-up share capital of the Company since the end of the previous period reported on, up to 31 December 2014.

Details of the issued and paid-up share capital of the Company are as follows:

	As at 31 December 2014	As at 31 December 2013
Number of shares	992,250,000	992,250,000
Issued and paid up capital (S\$)	992,250	992,250

There were no outstanding convertibles or treasury shares held as at 31 December 2014 and 31 December 2013.

- 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 2014	As at 31 December 2013
Total number of issued shares	992,250,000	992,250,000

- 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 on.**

Not applicable.

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

These figures have not been audited or reviewed by the Company's auditors.



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.**

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2013.

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.**

Not applicable.

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.**

	Full Year	
	2014	2013
Basic earnings per share (RMB cents)	0.94	0.49
Weighted average number of ordinary shares ('000)	992,250	992,250

The basic earnings per share has been calculated based on net profit attributable to shareholders divided by the weighted average number of ordinary shares of 992,250,000 shares for the full year ended 31 December 2014 and 31 December 2013, respectively.

There is no difference between the basic and diluted earnings per share.



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7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	The Group		The Company	
	As at 31	As at 31	As at 31	As at 31
	December 2014	December 2013	December 2014	December 2013
	Unaudited	Audited	Unaudited	Audited
Net assets value per share based on existing issued capital as at the respective period (RMB cents)	13.76	12.82	9.86	10.37
Number of ordinary shares in issue at the end of financial period/year ('000)	992,250	992,250	992,250	992,250

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

Commentary on Financial Results

Revenue, Cost of Sales and Gross Profit

For the financial year ended 31 December 2014 ("FY 14"), the Group recorded a revenue of RMB285.5 million, a decrease of RMB55.7 million or 16.3%, from RMB341.1 million for the financial year ended 31 December 2013 ("FY 13"). The backpack segment accounted for 99.3% of the Group's revenue with the balance of 0.7% coming from luggage segment. The decrease in overall revenue was a resultant of lower average selling prices arising from a change in product mix in FY 14.

Comparing FY 14 to FY 13, volume for backpacks increased by approximately 1.8 million units or 23.6% from 7.5 million units to 9.2 millions units in FY 14. The increase in volume was due largely to the increased in efforts of our existing distributors and points of sales, coupled with the current product mix, to market the Group's products to the consumers.

Comparing FY 14 to FY 13, the average selling price for backpacks was lowered by RMB14.3 or 31.6%, from RMB45.0 in FY 13 to RMB30.7 in FY 14, due to lower price ranges of backpacks being pushed to the mass market in FY 14 as compared to the corresponding period.

For FY 14, overall cost of sale decreased by RMB47.9 million or 18.0% to RMB219.2 million, and this was a direct result of the change in the product mix in FY 14, leading to



the lower cost of sales during the period under review when compared to the previous corresponding period. There was better cost control in direct manufacturing costs, particularly in terms of direct materials and direct labour costs.

The Group managed to bring about a gross profit for the financial year ended FY 14, the Group had a gross profit amounting to RMB66.2 million in FY 14, as compared to RMB73.9 million in FY 13. In FY 14, the gross profit margin for the backpacks segment had improved marginally from 21.7% to 23.2%. The gross profit margin for the luggage segment had remained comparable at approximately 25.3%.

Other operating income

For the year FY 14, the decline of RMB2.2 million was mainly due to a decline in awards, incentives and subsidies of RMB1.1 million, a decline in gain on disposal of property, plant and equipment of RMB2.8 million and interest income of RMB0.2 million. The overall decrease was partially offset by the rental lease income of our Anhui plant of RMB1.6 million, which there was no such income in FY 13.

Operating expenses

(a) Selling and distribution expenses

Our selling and distribution expenses decreased by RMB5.6 million or 52.5% from RMB10.8 million in FY 13 to RMB5.1 million in FY 14. The significant decrease was due mainly to the decrease in:

- advertising and promotional expenses of RMB1.7 million;
- staff costs and related expenses of RMB2.4 million;
- delivery and related expenses of RMB1.0 million; and
- other expenses of RMB0.5 million.

-

(b) Administrative expenses

Our administrative expenses decreased by approximately RMB13.2 million, or 26.2% from RMB50.1 million in FY 13, to RMB36.9 million in FY 14. This was due mainly to a decrease in salaries and related expenses of RMB15.1 million. The reduction of staff headcount led to a corresponding reduction in other staff related expenses within the Group. In addition, decrease in other expenses of RMB1.7 million also contributed to the overall decline in administrative expenses for FY 14. However, the occurrence of the property, building and land use taxes of RMB3.6 million for FY 14 partially offset the above overall decrease in expenses.

(c) Finance costs

In FY 14, our finance costs decreased by RMB2.8 million. The decrease in interest expense was due mainly to the decrease in the bank borrowings outstanding for the year, notwithstanding that additional bank borrowings were drawn down in 4Q 14, as such only minimal borrowing interest had been incurred.



(d) Taxation

Taxation in FY 14 was due to the local tax authorities initially assessing the profits for respective quarters, which amounted to RMB0.7 million and RMB2.2 million, respectively. In addition, upon the finalisation of the previous financial year's tax assessments for certain subsidiaries as at FY 14, an underprovision of tax of RMB0.7 million was charged to the profit and loss in FY 14, resulting in the total taxation of RMB2.9 million in FY 14.

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

Commentary on Financial Position

Non-current assets

Our non-current assets comprised mainly land use rights, intangible assets, property, plant and equipment and investment property.

Land use rights amounted to RMB26.3 million and RMB26.9 million as at 31 December 2014 and 31 December 2013, respectively. They comprised mainly the land use rights for Dapai (China) Bags Co., Ltd, Dapai (China) Co., Ltd and Dapai Anhui Co. Ltd ("Dapai Anhui"). The decrease was due mainly to the amortization of the land use rights during the year.

Net book value of property, plant and equipment amounted to RMB171.9 million and RMB221.4 million as at 31 December 2014 and 31 December 2013, respectively. Property, plant and equipment comprised mainly buildings, plant and machinery, furniture, fixtures, office equipment and motor vehicles. The decrease was due mainly to the depreciation charged amounting to RMB16.5 million and a reclassification of the Anhui facility to the asset class- Investment property, upon the commencement of the rental lease in June 2014. However, the decrease was partially offset by additions of RMB1.3 million during the financial period under review.

With the commencement of the leasing out of the Anhui facility to Anhui Sanda Textile Technology Co. Ltd ("Sanda"), the net book value as at 31 December 2014 had been reclassified from Property, plant and equipment to Investment property. There was no such lease as at 31 December 2013.

Current Assets

Our current assets comprised mainly inventories, trade receivables, prepayments and other receivables and cash and bank balances.

The slight increase in inventories was due mainly to the Group stocking up more raw materials for preparation for next year's production.

Trade receivables amounted to RMB60.0 million and RMB45.4 million as at 31 December 2014 and 31 December 2013, respectively. The higher trade receivables as at 31 December 2014 was due to majority of the sales being completed in the months of November and December 2014. As at 31 December 2014, 98% of the trade receivables are current and not past due.



Prepayments and other receivables amounted to RMB21.3 million and RMB17.5 million as at 31 December 2014 and 31 December 2013, respectively. The increase of RMB3.8 million during the year was due to mainly to deposits, amounting to RMB9.2 million, placed with suppliers, for the purchase of raw materials. However, the above increase was partially offset by the utilization of VAT recoverable of RMB5.4 million in FY 14.

Current Liabilities

Our current liabilities comprised mainly trade and bills payables, accrued liabilities and other payables, loan from a director, interest-bearing bank borrowings and income tax payables.

Trade and bills payables amounted to RMB15.2 million and RMB17.1 million as at 31 December 2014 and 31 December 2013, respectively. The decrease was due mainly to the Group making payments during the financial year.

Accrued liabilities and other payables amounted to RMB8.2 million and RMB7.0 million as at 31 December 2014 and 31 December 2013, respectively. Accrued liabilities and other payables comprised mainly accrued liabilities (mainly accrued wages, insurance and staff welfare), other payables and advance payments from customers (mainly deposits received from overseas customers). The increase of RMB1.2 million was due to additional accruals made as at year end.

Interest-bearing bank borrowings amounted to RMB226.4 million and RMB208.9 million as at 31 December 2014 and 31 December 2013, respectively. The increase was due mainly to the drawing down of bank borrowings during the month of December in 2014.

The provision for income tax payables for the period ended 31 December 2014 was due to the initial assessment by the local tax authorities on the profits for the year ended FY 14.

Commentary on Cash Flow

Cash and cash equivalents amounted to RMB33.8 million and RMB7.3 million as at 31 December 2014 and 31 December 2013, respectively.

For FY 14, net cash generated from operating activities amounted to approximately RMB20.8 million.

Net cash generated from investing activities amounted to approximately RMB1.6 million, which was the direct result of the proceeds of RMB2.7 million from the disposal of certain property, plant and equipment and interest received of RMB0.2 million. This was partially offset by additions of property, plant and machinery of RMB1.3 million.

Net cash inflow from bank borrowings and the releasing of pledged bank deposits, amounting to approximately RMB17.5 million and RMB4.9 million respectively. However, interest payments of RMB14.5 million and the repayment of advance of RMB3.8 million due to a director during the year partially offset the overall cash generated from financing activities. Therefore, net cash generated from financing activities amounted to RMB4.1 million for the year ended FY 14.



As a result, the net increase in cash and cash equivalents for FY 14 amounted to approximately RMB26.6 million as compared to the net decrease in cash and cash equivalents of RMB22.1 million.

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 11 November 2014.

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.

Comparing to the financial performance of FY 13, the Group had in FY 14 remained profitable and had generated positive cashflows for the financial year. The Group is, and will continuously be working closely with the existing distributors to continue targeting mass market consumers with affordable products, yet yielding decent margins for the Group. In addition, the Group will continue to control both manufacturing costs and overheads via the right sizing of its operations, barring any unforeseen circumstances.

The industry still remains competitive and domestic customers, being exposed to international options have a greater choice to choose from. The management team will continue to closely monitor market developments and adjust its strategy accordingly.

Although the Group is in a negative working capital position, it has generated positive operating cash flow for FY 13 and FY 14, with adequate credit facilities. The Group has been maintaining and renewing its short term borrowings when they fall due and the management is not aware of any adverse circumstances that might cause the financial institutions to withdraw credit facilities granted to the Group. As at the date of this results announcement, the Group still has unutilised credit facilities amounting to approximately RMB127.6 million with its principal bankers. In-addition, the Group will continue to maintain and tighten cost controls to continue improving profitability and to generating positive operational cashflows. As such, the Group believes that it will be able to meet its short term obligations and to continue to operate as a going concern.

As disclosed previously, the Group had on 1 June 2014, leased out the Anhui facility, to generate additional income and contribute beneficially to the Group. Please refer to the earlier announcement released on the SGX-ST on 2 June 2014. The Group will continue to explore opportunities to further streamline production, reduce excess capacity and also assess viable options to reduce the dependence on financial institutions. The Board of Directors will provide updates as and when available.



11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(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 recommended or declared for the financial year ended 31 December 2014.

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

Not applicable.



PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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.

Income tax expenses			<u>(2,888)</u>
Profit after taxation			<u>9,327</u>
Other information			
Capital expenditure	1,347	10	1,357
Depreciation	16,336	119	16,455
Amortisation of land use rights	590	4	594
Amortisation of intangible asset	28	-	28
Segment assets	358,643	2,601	361,244
Unallocated corporated assets			<u>36,920</u>
Consolidated total assets			<u>398,164</u>
Segment liabilities	23,895	173	24,068
Unallocated corporate liabilities			<u>237,607</u>
Consolidated total liabilities			<u>261,675</u>

For the year ended 31 December 2013

	Backpacks RMB'000	Luggage RMB'000	Total RMB'000
Revenue	335,998	5,138	341,136
Segment result:	62,236	952	63,188
Corporate expenses			(50,073)
Other operating income			5,085
Finance costs			<u>(17,604)</u>
Profit before taxation			596
Income tax expenses			<u>4,307</u>
Profit after taxation			<u>4,903</u>
Other information			
Capital expenditure	5,831	89	5,920
Depreciation	16,242	248	16,490
Amortisation of land use rights	585	9	594
Amortisation of intangible asset	28	-	28
Segment assets	354,376	5,419	359,795
Unallocated corporated assets			<u>15,261</u>
Consolidated total assets			<u>375,056</u>
Segment liabilities	23,651	362	24,013
Unallocated corporate liabilities			<u>223,881</u>
Consolidated total liabilities			<u>247,894</u>



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

Our overall sales had experienced a material decrease in FY 14. The decrease was mainly attributable to the following reason:

- (i) the change of product mix with lower average selling prices in reaching the consumers, while maintaining a reasonable gross profit margin; and

Nevertheless, the Group's profit after tax increased mainly attributable to:

- (i) the continual stringent costs controlling measures in FY 14.

16. A breakdown of sales.

Group	2014 RMB'000	2013 RMB'000	% Change
Sales reported for the first half year	152,609	187,129	(18.4)
Operating profits/ (loss) after tax before deducting minority interests for the first half year	6,379	(10,859)	NM
Sales reported for the second half year	132,843	154,007	(13.7)
Operating profits after tax before deducting minority interests for the second half year	2,948	15,762	(81.3)

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

No dividend has been recommended or declared for the year ended 31 December 2014 and 2013.

18. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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 conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Chen Yi	S\$332,000	NIL



- * *Ms Chen Yi, daughter of Mr. Chen Xizhong (our Company's Executive Chairman, Director and controlling shareholder), has 45% of the shareholding interest in Anhui Sanda Textile Technology Co. Ltd, which the Group had leased its Anhui facility to, since 1 June 2014. The aggregate amount of lease rental collected by the Group to-date had been rounded up to the nearest thousand.*

Loan from a director, Mr. Chen Xizhong, amounting to RMB11.2 million was still outstanding as at 31 December 2014. The loan is unsecured, interest-free, and it is for the benefit of the Group's operational cashflow. The loan is repayable within 6 months of any notice of demand for repayment from the lender.

The Audit Committee of the Company is of the view that the transaction which is interest free and other than that is on normal commercial terms, is not prejudicial to the interests of the Company and its minority shareholders.

- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director of chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Nil.

BY ORDER OF THE BOARD

Chen Xizhong
Executive Chairman

18 February 2015