

Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2016

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group Year ended 31 December		
	2016 RMB'000	2015 RMB'000	Changes %
Revenue	65,172	181,972	(64.2)
Cost of sales	(40,574)	(146,919)	(72.4)
Gross profit	24,598	35,053	(29.8)
Other operating income	18,276	91,266	(80.0)
Selling and distribution expenses	(1,588)	(5,080)	(68.7)
Administrative expenses	(34,746)	(27,459)	26.5
Finance costs	(20,235)	(23,769)	(14.9)
Share of profit of Associate	882	384	>100
(Loss)/Profit before income tax	(12,813)	70,395	NM
Income tax	2,432	(9,241)	NM
(Loss)/Profit for the year representing total comprehensive income for the year	(10,381)	61,154	NM
Notes to the above statement of comprehensive income:			
Other operating income including			
Interest income	548	1,391	(60.6)
Government grants	28,576	1,886	>100
Gain on disposal of subsidiary	-	85,235	NM
Gain on disposal of held for trading investments	48	1,162	(95.9)
Fair value (loss)/gain on held for trading investments	(597)	1,132	NM
(Loss) on disposal of property, plant and equipment	(8,137)	(5,681)	43.2
(Loss) on disposal of inventories	(2,329)	-	NM
Sale of excess pollution quota	-	4,980	NM

(NM: Not meaningful)

1(a)(ii) Statement of other comprehensive income for the Year Ended 31 December 2016

There is no other comprehensive income other than those disclosed in the statement of comprehensive income for the period.

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

	The Group		The Company	
	31/12/2016 RMB'000	31/12/2015 RMB'000	31/12/2016 RMB'000	31/12/2015 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	94,135	58,806	204	1,062
Held-for-trading investments	2,898	3,326	-	-
Trade receivables	29,386	66,886	-	-
Other receivables and prepayments	11,136	9,511	4,498	4,334
Inventories	3,978	15,484	-	-
Prepaid leases	647	519	-	-
Development properties held for sale	-	459,605	-	-
Asset classified as held for sale	497,680	-	-	-
Total current assets	639,860	614,137	4,702	5,396
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	27,667	26,785	-	-
Property, plant and equipment	78,446	109,333	-	-
Investment property	71,158	-	-	-
Prepaid leases	23,535	24,182	-	-
Deferred tax assets	3,275	38,917	-	-
Total non-current assets	204,081	199,217	144,587	144,587
Total assets	843,941	813,354	149,289	149,983
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	379,000	379,000	-	-
Trade payables	23,789	91,104	-	-
Other payables	197,501	62,619	28,108	25,479
Loans from a related party	968	906	968	906
Tax payable	21,729	21,729	-	-
Total current liabilities	622,987	555,358	29,076	26,385
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Deferred income	54,032	80,693	-	-
Total non-current liabilities	74,849	101,510	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	(1,381)	9,000	(5,595)	(2,210)
Other reserves	21,678	21,678	-	-
Total equity	146,105	156,486	120,213	123,598
Total liabilities and equity	843,941	813,354	149,289	149,983

1(b)(ii) Aggregate amount of group's borrowings and debts securities
Amount repayable in one year or less, or on demand

Amount repayable in one year or less, or on demand			
Group As at 31/12/2016		Group As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
381,854	968	419,999	906

Details of any collateral

As at 31 December 2016, the Group secured facilities comprising notes payable of RMB 2.8 million and bank loan of RMB379.0 million (31 December 2015: notes payable – RMB41.0 million and bank loans: RMB379.0 million). These facilities were secured by certain bank deposits, certain equipment and part of the prepaid leases.

As at 31 December 2016, the unsecured facilities comprised loans of RMB1.0 million (31 December 2015: RMB0.9 million) from a related party.

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

	The Group	
	2016 RMB'000	2015 RMB'000
Operating activities		
Profit/(Loss) before income tax	(12,813)	70,395
Adjustment for:		
Share of profit from Associate	(882)	(384)
Impairment of trade and other receivable	1,856	2,560
Depreciation and amortisation expense	20,428	26,626
Written off of property, plant and equipment	5,580	-
Gain on disposal of subsidiary	-	(85,235)
Fair value loss/(gain) on held-for-trading investments	597	(1,132)
Gain on disposal of held-for-trading investments	(48)	(1,162)
Loss on disposal of property, plant and equipment	8,137	5,680
Loss on disposal of inventory	2,329	-
Utilised of deferred income	(26,661)	-
Interest income	(548)	(1,391)
Interest expense	20,235	23,769
Unrealised loss of foreign exchange	62	52
Operating cash flows before movements in working capital	18,272	39,778
Trade receivables	35,644	2,734
Other receivables and prepayments	(1,625)	(1,624)
Inventories	9,177	16,717
Trade payables	(67,315)	(80,414)
Other payables	12,020	(2,067)
Cash generated from/(used in) operations	6,173	(24,876)
Income tax	-	(2,541)
Net cash generated from/(used in) operating activities	6,173	(27,417)
Investing activities		
Proceed from disposal of held-for-trading investments	1,188	21,329
Interest received	548	1,391
Net cash flow on disposal of subsidiary	-	72,244
Deposit received from disposal of investment in subsidiary	80,000	-
Deposit received for dismantle of property, plant and equipment	5,150	-
Proceed from disposal of property, plant and equipment	11,690	7,682
Purchase of property, plant and equipment	(7,241)	(3,244)
Purchase of investment property	(34,956)	-
Purchase of held-for-trading investments	(1,308)	(19,187)
Net cash generated from investing activities	55,071	80,215
Financing activities		
Addition of bank loans	-	10,000
Repayment of loan from former subsidiary	-	(75,567)
Decrease in pledged fixed deposits	38,145	33,184
Interest paid	(20,235)	(23,769)
Net cash generated from financing activities	17,910	(56,152)
Net increase/(decrease) in cash and cash equivalents	79,154	(3,354)
Cash and cash equivalents at beginning of the year	11,239	14,593
Cash and cash equivalents at end of the year (Note)	90,393	11,239

Note:		
Cash and cash equivalents comprise the following:		
Fixed deposits	2,854	40,999
Cash and bank balances	90,393	11,239
Cash at bank held in trust for third party	888	6,568
Less: Pledged fixed deposits	(2,854)	(40,999)
Less: Cash at bank held in trust for third party	(888)	(6,568)
	90,393	11,239

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

The Group				
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	125,808	24,854	(55,330)	95,332
Dividend paid	-	-	-	-
Total comprehensive profit for the year	-	-	61,154	61,154
Reserve transferred on disposal of subsidiary	-	(3,176)	3,176	-
Balance at 31 December 2015	125,808	21,678	9,000	156,486
Dividend paid	-	-	-	-
Total comprehensive loss for the year	-	-	(10,381)	(10,381)
Transfer	-	-	-	-
Balance at 31 December 2016	125,808	21,678	(1,381)	146,105

The Company			
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	125,808	(763)	125,045
Dividend paid	-	-	-
Total comprehensive loss for the year	-	(1,447)	(1,447)
Balance at 31 December 2015	125,808	(2,210)	123,598
Dividend paid	-	-	-
Total comprehensive loss for the year	-	(3,385)	(3,385)
Balance at 31 December 2016	125,808	(5,595)	120,213

- (a) In accordance with the Company Law of the People's Republic of China (the "PRC"), the Group's subsidiaries in the PRC are required to allocate 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations applicable to the PRC subsidiaries, to the statutory surplus reserve ("SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of such PRC subsidiaries.

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, issues of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. States also the number of shares that may be issued on conversion of all the outstanding convertibles 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

The number of issued shares excluding treasury shares of the company was 301,500,000 as at 31 December 2016 and 31 December 2015. There was no change in the issued capital and paid-up capital of the Company since end of December 2015. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2016 and 31 December 2015.

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,

	31 December 2016	31 December 2015
Number of issued shares excluding treasury shares	301,500,000	301,500,000
Number of treasury shares held	NIL	NIL

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 standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

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

Except as disclosed below, the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2015 have been applied in the preparation for the financial statements as at 31 December 2016.

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

Effective

Amendments to FRS 1 Disclosure Initiative

Amendments to FRS 27 Equity Method in Separate Financial Statements

FRS 107 Financial Instruments: Disclosures

Not yet effective

Amendments to FRS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 7 Statement of Cash Flows

FRS 115 Revenue from Contracts with Customers

The adoption of the above FRS and INT FRS did not have any significant impact on the financial statements of the Group.

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

NA

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

	Year ended 31 December	
	2016	2015
(Loss)/Profit for the year (RMB'000)	(10,381)	61,154
Basic basis (RMB cents)	(3.44)	20.28
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A	N.A
Number of shares in calculating EPS ('000)	301,500	301,500

⁽¹⁾ Diluted earnings per share have not been calculated, as no dilution events existed during these periods. No share options were granted to any employees during these periods.

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

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net assets (RMB'000)	146,105	156,486	120,213	123,598
Net asset value per ordinary share (RMB cents)	48.5	51.9	39.9	41.0
Number of shares calculating NAV ('000)	301,500	301,500	301,500	301,500

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

- (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
(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 THE CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD

Revenue

The Group's revenue decreased by 64.2% to RMB65.2 million in FY2016 as compared to FY2015 as the demand for textile products remained soft following the persistent slowdown in China's textile manufacturing industry amid a sluggish China economy, the cessation of production for approximately 20 days during the G20 summit held in Hangzhou to avoid the pollution of air quality in the surrounding area, and the relocation of existing factory to new factory in Binhai during the third and fourth 2016.

The revenue for FY2016 consist of rental income of RMB23.1 million (FY2015: RMB18.9 million) for renting out part of the factory space mentioned above and revenue generated from "extra width" of RMB42.1 million (FY2015: RMB163.0 million) as the factory space and plant and equipment of the "narrow width" division have already been rented out.

Gross Profit and Gross Profit Margin

The gross profit margin of the Company has increased from 19.3% in FY2015 to 37.7% in FY2016 was mainly due to the

overall decrease in the extra width revenues which bear lower gross profit margin as compared to rental income.

Other Operating Income

Other operating income mainly comprise of Government grant of RMB28.6 million and interest income of RMB0.5 million. Government grant consists of compensation amounted to total RMB 26.7 million that reversed from deferred income as the Group has met criteria of certain compensation received for the relocation in accordance with the terms and conditions of the compensation agreement.

Selling and distribution expenses

The decrease in overall selling and distribution expenses was in line with the reduction in revenue for the period under review.

Administrative expenses

The increase in administrative expenses of RMB7.3 million was mainly due to relocation of the old factory to the new factory in Binhai, the Group has therefore temporarily ceased production. Approximately RMB6.78 million is charged to administration expenses instead of cost of sales as there were no production activities during that period. In addition, relocation expenses approximately RMB3.5 million is incurred during the year. The above is further offset by decrease in salaries of RMB3.3 million and other expenses due to decrease in the production during the period.

Finance costs

The decrease in finance costs in FY2016 was mainly due to the interest rates cut by China's central bank during the year.

Loss for the year

A net loss of RMB10.4 million was mainly due to the lower revenue as explained above.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key statement of financial position items over the 12 months ended 31 December 2016.

Trade receivables decreased by RMB37.5 million, which was mainly due to repayment during the period.

Inventories decreased by RMB11.5 million which is in line with the reduction of the scale of the Group's operation as addition of factory space have been rented to third parties during the year.

Property, plant and equipment decreased by RMB30.9 million, which was mainly due to the depreciation provided during FY2016 and disposal of certain plant and equipments during the year offset with the addition during the year.

Investment property, there is approximately RMB71.2 million investment properties as workshop in Binhai land that lease out for respective lessees which had completed towards the year end.

Trade payables decreased by RMB67.3 million mainly due to repayment during the year.

Other payables increased by RMB134.9 million mainly due to increase in deposit of RMB80 million received from the signing of Sales and Purchase agreement on disposal of a fully owned subsidiary, Shaoxing Yue Sheng Real Estate Property Development Co., Ltd., the completion of the disposal is upon approval of the SGX and shareholders approval at the EGM. On top of the deposit received, the increase also due to the increase in payables for the contractors for the construction of the new factory in Binhai of approximately RMB43.0 million.

Deferred tax liabilities mainly included the income tax effect of RMB20.3 million resulting from the gain from disposal of the industrial land, which may be payable in future.

Deferred income mainly represented the received-but-not-utilised compensations from local government, which is the compensation for assets for the planned relocation and other losses to be incurred. In July 2016, the Group commenced the relocation of its operations from Kegiao Land to Binhai Land. Consequent to the commencement of the Group's relocation, as the Group has met the criteria of certain compensation received for the relocation in accordance with the terms and conditions of the compensation agreement. Accordingly, compensation amounted to total RMB 26.7 million has been reversed from deferred income.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's operating cash flows before movements in working capital and cash flow generated from operations were positive in FY2016. Net cash flow from operating activities is also positive mainly due to repayment of trade receivables, decrease in inventories and increase in other payables which is offset with the repayment of trade payables for the year.

The positive cash flows in investing activities is mainly due to the deposits of RMB 80.0 million received from the disposal of a subsidiary during the year.

The net decrease in pledged fixed deposits in FY2016 has resulted in the positive net cash flow from financing activities.

As a result of the above, the overall effect is net increase in cash and cash equivalents of RMB79.2 million for the FY2016.

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 commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarter results announcement.

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

The Group maintains a cautious outlook of its core print and dye business for the foreseeable future amid softer demand for its textile products and slower economic growth in China. The Group also continues to face challenges arising from higher cost of labor, raw materials, as well as cost related to energy and environmental protection.

The Group will continue to exercise prudence while monitoring the current business climate closely. The Group will also look to rent out more of its factory space and plant and equipment to increase recurring lease income.

We will provide updates when appropriate or when there are concrete business developments.

11. Dividend

(a) Current Financial Period Reported On

Any dividends declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date Payable

Not applicable

(d) Book Closure Date

Not applicable

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

No dividend is declared for FY2016.

13. If the Group has obtained a general mandate from Shareholders for Interested Person Transactions ("IPTs"), 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.

The Group did not obtain any general mandate from its shareholders for IPTs.

Interested Person Transactions (“IPT”)

There is no IPT during the year ended 31 December 2016.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).
The Company confirms that it has procured undertakings from all its directors and executive officer in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.**

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

15. Segmented revenue and results for business or geographical 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

(i) Business segment FY2016

	Printing & Dyeing	Fabric Processing	Leasing of properties	Property Development	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,834	36,255	23,085	-	65,174
Result					
Segment results	(3,669)	(22,804)	18,780	(18,933)	(26,626)
Other operating income					29,290
Other gains and losses					(11,014)
Interest expenses					(2,811)
Share of profit from Associate					882
Central administration costs					(2,534)
Loss before income tax					(12,813)
Income tax					2,432
Net loss for the year					(10,381)

FY2015

	Printing & Dyeing	Fabric Processing	Leasing of properties	Property Development	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	32,543	130,470	18,959	-	181,972
Result					
Segment results	(1,467)	(5,883)	13,253	(21,487)	(15,584)
Other operating income					9,417
Other gains and losses					81,849
Interest expenses					(3,949)
Share of profit from Associate					384
Central administration costs					(1,722)
Loss before income tax					70,395
Income tax					(9,241)
Net loss for the year					61,154

(ii) Geographical segment

	FY2016	FY2015
	RMB'000	RMB'000
Domestic sales		
PRC	60,729	153,214
Export sales		
Asia	3,918	28,248
Europe	527	510
Total	65,174	181,972

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Revenue	FY2016 RMB'000	%	FY2015 RMB'000	%
Printing & dyeing	5,834	9	32,543	18
Fabric Processing	36,255	56	130,470	72
Leasing of properties	23,085	35	18,959	10
Total	65,174		181,972	

Segment Result	FY2016 RMB'000	%	FY2015 RMB'000	%
Printing & dyeing	(3,669)	14	(1,467)	9
Fabric processing	(22,804)	86	(5,883)	38
Leasing of properties	18,780	(71)	13,253	(85)
Property development	(18,933)	71	(21,487)	138
Total	(26,626)		(15,584)	

The Group's key business segment, its fabric processing services, accounted for 56% of the Group's total revenue in FY2016, which is inline with FY2015. The Group recorded a segment loss of RMB26.7 million as compared to a segment loss of RMB15.6 million in FY2015 mainly due to the rental income from leasing of factory space and certain plant and equipment. The property holding segment, which relates to the land use rights of the piece of commercial and residential land successfully bid at the end of the financial year ended 31 December 2009, recorded a loss of RMB18.9 million, mainly due to the interest cost, annual tax payable for usage of land and other miscellaneous costs directly related to the land.

17. A breakdown of sales

	The Group		
	For the year ended 31 December		
	2016	2015	Changes
	RMB'000	RMB'000	%
Sales reported for the first half year	31,036	83,804	(63.0)
Total comprehensive profit/(loss) reported for the first half year	(5,627)	65,458	NM
Sales reported for the second half year	34,138	98,168	(65.2)
Total comprehensive loss reported for the second half year	(4,754)	(4,304)	10.5

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

No dividend payment was made in the current and the previous year.

19. 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 shareholders of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Xiao Zi Liang	46	Mr Xiao is the cousin of Mr Jin Guan Liang, Executive Chairman and Substantial Shareholder of the Company	Held the position of Chief Executive Officer and Executive Director since 11.05.2016. Responsibilities include overseeing the Group's overall operations, general management, investment, business development and strategic planning.	No change.

BY ORDER OF THE BOARD

Xiao Zi Liang
Executive Director
1st March 2017