

Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2014

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		
	2014 RMB'000	2013 RMB'000	Changes %
Revenue	364,342	435,610	(16.4)
Cost of sales	(341,179)	(393,883)	(13.4)
Gross profit	23,163	41,727	(44.5)
Other operating income	11,881	5,036	>100
Selling and distribution expenses	(14,350)	(13,583)	5.6
Administrative expenses	(43,323)	(42,659)	1.6
Finance costs	(28,857)	(11,760)	>100
Share of profit of Associate	401	-	NM
Loss before income tax	(51,085)	(21,239)	>100
Income tax benefit	7,574	1,719	>100
Loss for the year representing total comprehensive loss for the year	(43,511)	(19,520)	>100
Notes to the above statement of comprehensive income:			
Other operating income including			
Interest income	2,258	3,995	(43.5)
Government grants	780	841	(7.3)
Gain/(Loss) on disposal of held for trading investments	145	(79)	>100
Fair value gain/(loss) on held for trading investments	791	(100)	>100
Loss on disposal of property, plant and equipment	(1,853)	(792)	>100
Gain on disposal of excess pollution quota	8,000	-	NM
Insurance claims	2,806	1,151	>100
Interest on borrowings	28,857	11,760	>100
Depreciation and amortisation expenses	27,721	30,264	(8.4)

(NM: Not meaningful)

1(a)(ii) Statement of other comprehensive income for the Year Ended 31 December 2014

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Current assets:				
Cash and bank balances	90,740	144,570	1,360	152
Held-for-trading investments	3,174	2,559	-	-
Trade receivables	65,478	59,104	-	-
Other receivables and prepayments	8,635	10,229	4,196	6,347
Inventories	37,936	48,394	-	-
Prepaid leases	509	519	-	-
Development properties held for sale	459,605	459,605	-	-
Assets classified as held for sales	19,090	-	-	-
Total current assets	685,167	724,980	5,556	6,499
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,401	26,000	-	-
Property, plant and equipment	146,375	171,843	-	-
Prepaid leases	24,207	25,437	-	-
Deferred tax assets	38,500	32,479	-	-
Assets classified as held for sales	-	18,802	-	-
Total non-current assets	235,483	274,561	144,587	144,587
Total assets	920,650	999,541	150,143	151,086
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	369,000	380,000	-	-
Deferred income	62,325	-	-	-
Trade payables	171,518	193,667	-	-
Other payables	60,261	60,999	24,244	23,298
Loans from a related party	854	610	854	610
Tax payable	14,611	16,348	-	-
Liabilities associated with assets classified as held for sale	42,000	-	-	-
Total current liabilities	720,569	651,624	25,098	23,908
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Liabilities associated with assets classified as held for sale	-	42,000	-	-
Deferred income	84,151	146,476	-	-
Total non-current liabilities	104,968	209,293	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
(Accumulated losses)/retained earnings	(55,549)	(12,038)	(763)	1,370
Other reserves	24,854	24,854	-	-
Total equity	95,113	138,624	125,045	127,178
Total liabilities and equity	920,650	999,541	150,143	151,086

The Group's working capital was negative as at 31 December 2014. The current liabilities exceeded current assets by RMB35.4 million, mainly due to the tranches of purchase consideration amounted to RMB62.3 million received from the purchaser of Zhejiang Extra Width Co., Ltd during FY2014 was reclassified to deferred income under current liabilities from long term liabilities as the equity transfer occurred on 7 January 2015.

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 31/12/2014		Group As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
495,053	854	435,156	80,610

Details of any collateral

As at 31 December 2014, the Group secured facilities comprising notes payable of RMB84.1 million and bank loan of RMB411.0 million (31 December 2013: notes payable – RMB93.2 million and bank loan – RMB342.0 million). These facilities were secured by certain bank deposits, pollution quota and part of the prepaid lease.

As at 31 December 2014, the unsecured facilities comprised a loan of RMB0.9 million (31 December 2013: RMB0.6 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	
	2014 RMB'000	2013 RMB'000
Operating activities		
Loss before income tax	(51,085)	(21,239)
Adjustment for:		
Share of profit from Associate	(401)	-
Depreciation and Amortisation expense	27,721	30,264
Fair value (gain)/loss on held-for-trading investments	(791)	100
(Gain) /loss on disposal of held-for-trading investments	(145)	79
Loss on disposal of property, plant and equipment	1,853	792
Interest income	(2,258)	(3,995)
Interest expense	28,857	11,760
Operating cash flows before movements in working capital	3,751	17,761
Development properties held for sales	-	(15,344)
Trade receivables	(6,374)	(1,900)
Other receivables and prepayments	337	44
Inventories	10,458	13,725
Trade payables	(22,149)	19,245
Other payables	4,966	10,084
Cash generated from operations	(9,011)	43,615
Income tax paid	(184)	(6,334)
Net cash generated from operating activities	(9,195)	37,281
Investing activities		
Prepaid leases	2,561	(48,344)
Long term investment in Associate	-	(26,000)
Proceed from disposal of held-for-trading investments	5,888	-
Interest received	2,258	3,995
Proceed from disposal of property, plant and equipment	1,303	1,267
Deposits payment from disposal of assets classified as held for sales	-	62,325
Purchase of property, plant and equipment	(3,386)	(6,684)
Purchase of held-for-trading investments	(5,566)	(183)
Net cash used in investing activities	3,058	(13,624)
Financing activities		
(Repayment)/Addition of bank loans	(11,000)	27,448
Note payable	-	(85,000)
Repayment to related parties	(9,756)	(19)
Decrease in pledged fixed deposits	10,199	75,954
Dividend paid	-	(6,681)
Interest paid	(28,901)	(11,751)
Net cash used in financing activities	(39,458)	(49)
Net (decrease) increase in cash and cash equivalents	(45,595)	23,608
Cash and cash equivalents at beginning of the year	60,188	36,580
Cash and cash equivalents at end of the year (Note)	14,593	60,188

Note:		
Cash and cash equivalents comprise the following:		
Fixed deposits	74,183	84,382
Cash and bank balances	16,557	60,188
Less: Pledged fixed deposits	(74,183)	(84,382)
Less: Cash and bank held on behalf of buyer	(1,964)	-
	14,593	60,188

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 2013	125,808	24,759	14,258	164,825
Dividend paid	-	-	(6,681)	(6,681)
Total comprehensive loss for the year	-	-	(19,520)	(19,520)
Transfer	-	95	(95)	-
Balance at 31 December 2013	125,808	24,854	(12,038)	138,624
Dividend paid	-	-	-	-
Total comprehensive loss for the year	-	-	(46,968)	(46,968)
Transfer	-	-	-	-
Balance at 31 December 2014	125,808	24,854	(59,006)	91,656

The Company			
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	125,808	7,291	133,110
Dividend paid	-	(6,681)	(6,681)
Total comprehensive income for the year	-	759	759
Balance at 31 December 2013	125,808	1,370	127,178
Dividend paid	-	-	-
Total comprehensive loss for the year	-	(2,133)	(2,133)
Balance at 31 December 2014	125,808	(763)	125,045

- (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 2014 and 31 December 2013. There was no change in the issued capital and paid-up capital of the Company since end of September 2014. The Company does not have any shares that may be issued on conversion of any outstanding convertibles 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,

	31 December 2014	31 December 2013
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 (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 2013 have been applied in the preparation for the financial statements as at 31 December 2014.

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 2014. 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

FRS 27 (revised) Separate Financial Statements

FRS 28 (revised) Investments in Associate and Joint Venture

FRS 110 Consolidated Financial Statements

FRS 112 Disclosure of Interests in Other Entities

Amendments to FRS 36 Recoverable Amount Disclosure for Non-Financial Assets

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied (cont'd)

Not yet effective

Improvements to FRS 2014 : FRS Related Party Disclosures

Improvements to FRS 2014: FRS 108 Operating Segments

Amendment to FRS 103 Business Combinations (Scope of exception for joint ventures)

Amendment to FRS 113 Fair Value Measurement

Amendment to FRS 27 Equity method in separate financial statements

FRS 115 Revenue from Contracts with Customers

FRS 109 Financial Instruments

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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Year ended 31 December	
	2014	2013
(Loss) for the year (RMB'000)	(43,511)	(19,520)
Basic basis (RMB cents)	(14.43)	(6.47)
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 issued share capital of the issuer at the end of the(a) current period reported on and(b) immediately preceding financial year

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net assets (RMB'000)	920,650	138,624	125,045	127,178
Net asset value per ordinary share (RMB cents)	30.5	46.0	41.4	42.2
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 in FY2014 decreased by 16.4% to RMB364.2 million as compared to FY2013 mainly due to a lower fabric processing volume, as a result of the overall slowdown in China's economy.

Gross Profit and Gross Profit Margin

Gross profit decreased by 44.5% to RMB23.2 million in FY2014 as compared to FY2013, and gross profit margin decreased from 9.6% in FY2013 to 6.4% in FY2014. The decrease in gross profit margin was mainly due to an increase in raw material prices as well as the manpower costs, in addition to lower revenue for FY2014.

Other Operating Income

The higher operating income was mainly due to disposal of excess pollution quota of RMB8.0 million and insurance claims received amounting to RMB2.8 million during the year.

Finance costs

The increase in finance costs in FY2014 was mainly due to the non capitalization of interest expense under Development properties held for sales as property development activities were temporarily suspended due to the ongoing economic uncertainties. An interest expense of approximately RM15.3 million was capitalized in FY2013.

Profit for the year

The Group made a net loss of RMB43.5 million in FY2014 as compared to a loss of RMB19.5 million in FY2013, mainly due to dampened demand from domestic markets and uncertainties in China's economy as highlighted 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 2014.

Trade receivables increased by RMB6.4 million, which was mainly due to higher sales recorded towards the end of year.

Other receivables decreased by RMB1.6 million which was mainly due to a refund of security deposit for land development in Binhai Industrial zone.

Inventories decreased by RMB10.5 million as the Group is keeping lower inventories in anticipation of the slow demand for the year.

Property, plant and equipment decreased by RMB25.5 million, which was mainly due to the depreciation of RMB26.5 million provided during FY2014, and disposal of RMB1.3 million, offset by addition of properties, plant and equipment of RMB2.3 million during the year.

Deferred tax asset increased by RMB6.0, mainly due to the provision of deferred tax assets for losses for the year.

Trade payables decreased by RMB22.1 million mainly due to repayment made during the year.

Deferred income comprises of the sale consideration received from the disposal of Zhejiang Jishan Extra Width Co., Ltd in FY2013 and the received-but-not-utilised compensation from the local government, for the compensation for assets for the planned relocation and other losses to be incurred.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group maintained a positive cash flow from its operating activities during the year under review. For FY2014, the Group achieved cash inflow of RMB3.8 million from its operating activities. However, net cash flow from operating activities came in negative mainly due to repayment of trade and other payables during the year.

The Group has repaid net bank borrowings of RMB11.0 million and loan to related parties of RMB9.8 million in FY2014, and recorded a decrease in pledged fixed deposits of RMB10.2 million and payment of interest of RMB28.9 million during the year. This resulted in net cash used in financing activities during FY2014 amounting to approximately RMB39.5 million.

Due to the above mentioned reasons, the Group's cash and cash equivalents decreased by RMB45.6 million in FY2014.

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

Not applicable.

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

The Group's print and dye business continues to face challenges such as higher cost of labour, raw materials, as well as energy and environmental protection.

As China embarks on economic transformation, by shifting from a mass production country to one that places more emphasize on quality, we expect the economy's growth to remain moderate. As such, the Group remains cautious on its textile print and dye business outlook for the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividends declared for the current financial period reported on?

Nil

(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

The date payable for the proposed final dividend will be announced at a later date.

(d) Book Closure Date

The book closure date for the proposed final dividend will be announced at a later date.

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

No dividend is declared for FY2014.

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.

14. Interested Person Transactions (“IPT”)

Name of Interested Person	Aggregate value of all IPT During the year (excluding Transactions below \$ 100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920) RMB	Aggregate value of all IP Conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions below \$ 100,000) RMB
Amount receivables from Zhejiang Jishan Industry Co., Ltd	3,334,778	-
Amounts due to: Thriving Pte. Ltd.	853,853	-
Year-end balance of loans guaranteed by: Jin Guan Liang	120,000,000	-
Year-end balance of loans guaranteed by: Jin Yao Yun	85,000,000	-
Year-end balance of loans guaranteed by: Jishan House Estate Ltd	50,000,000	-
Investment in Shaoxing Keqiao District Jishan Uni-Power Private Capital Management Co., Ltd with: Zhejiang Jishan Holdings Group Co., Ltd	26,000,000	-

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
FY2014

	Printing & Dyeing	Fabric Processing	Property Holding	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	49,944	314,398	-	364,342
Result				
Segment results	(5,455)	(25,014)	(24,082)	(54,551)
Other operating income				15,469
Other gains and losses				(3,589)
Interest expenses				(6,547)
Share of profit from Associate				401
Central administration costs				(2,268)
Loss before income tax				(51,085)
Income tax				7,574
Net loss for the year				(43,511)

FY2013

	Printing & Dyeing	Fabric Processing	Property Holding	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	77,816	357,794	-	435,610
Result				
Segment results	(963)	(8,766)	(2,394)	(12,123)
Other operating income				6,007
Other gains and losses				(971)
Interest expenses				(11,760)
Central administration costs				(2,392)
Profit before income tax				(21,239)
Income tax				1,719
Net profit for the year				(19,520)

(ii) Geographical segment

	FY2014	FY2013
	RMB'000	RMB'000
Domestic sales		
PRC	322,877	417,156
Export sales		
Asia	20,063	17,890
Europe	8,586	23
America	12,817	-
Others	-	541
Total	364,342	435,610

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	FY2014 RMB'000	%	FY2013 RMB'000	%
Printing & dyeing	49,944	14	77,816	18
Fabric Processing	314,398	86	357,794	82
Total	364,342		435,610	

Segment Result	FY2014 RMB'000	%	FY2013 RMB'000	%
Printing & dyeing	(5,455)	17	(963)	8
Fabric processing	(25,014)	78	(8,766)	72
Property development	(1,772)	5	(2,394)	20
Total	(32,241)		(12,123)	

The Group's key business segment, its fabric processing services, accounted for 86% of the Group's total revenue in FY2014, which is inline with FY2013. The Group's segment loss increased by RMB23.6million to a segment loss of RMB35.7 million as a result of the decrease in gross margin, which was mainly due to the increasing raw material and man power costs corresponding with the lower sales in FY2014. 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 RMB1.8 million, mainly due to 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		
	2014	2013	Changes
	RMB'000	RMB'000	%
Sales reported for the first half year	161,230	205,766	(21.6)
Total comprehensive loss reported for the first half year	(18,575)	(10,854)	(71.1)
Sales reported for the second half year	203,112	229,844	(11.6)
Total comprehensive loss reported for the second half year	(28,393)	(8,666)	(>100)

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
Mr. Jin Rong Hai	48	The brother-in-law of the Executive Chairman and substantial shareholder, Mr. Jin Guan Liang	CEO of the issuer (2009) and executive director of the principal subsidiaries, Zhejiang Jishan Printing & Dyeing Company Limited (1997), Zhejiang Jishan Extra Width Printing Company Limited (2009), and Shaoxing Yuesheng Property Development Company Limited (2010). He is responsible for overall factory operation.	No change.

BY ORDER OF THE BOARD

Jin Rong Hai
Executive Director
28th February 2015