ART TEXTILE TECHNOLOGY INTERNATIONAL COMPANY LIMITED
錦藝紡織科技國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 565)

2015 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Art Textile Technology International Company Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 June 2015 together with the comparative figures in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	**2015** ***HK$'000***	2014 *HK$'000*
Turnover		**373,849**	492,939
Cost of sales		**(357,855)**	(404,154)
Gross profit		**15,994**	88,785
Other income	*5*	**8,278**	5,586
Administrative expenses		**(57,895)**	(35,303)
Selling and distribution costs		**(8,977)**	(16,909)
Other expenses		**(1,135)**	(3,232)
Fair value gain on investment properties		**101,266**	–
Finance costs	*6*	**(36,630)**	(7,532)
Profit before tax		**20,901**	31,395
Income tax expense	*7*	**(25,555)**	(15,993)
(Loss)/profit for the year	*8*	**(4,654)**	15,402

	NOTES	2015 HK$'000	2014 HK$'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation		**11**	–
Other comprehensive income for the year (net of income tax)		**11**	–
Total comprehensive (loss)/income for the year		**(4,643)**	15,402
Loss for the year attributable to:			
Owners of the Company		**(12,441)**	–
Non-controlling interests		**7,787**	–
		(4,654)	–
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(12,430)**	–
Non-controlling interest		**7,787**	–
		(4,643)	–
(LOSS)/EARNINGS PER SHARE	*10*		
Basic (HK cents per share)		**(0.40)**	1.48
Diluted (HK cents per share)		**(0.39)**	1.48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

		2015	2014
	NOTES	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**95,746**	91,236
Prepaid lease payments		**18,121**	18,619
Investment properties		**2,645,570**	–
Goodwill		**34,764**	–
		2,794,201	109,855
CURRENT ASSETS			
Inventories		**1,164**	12,325
Trade and other receivables	*11*	**76,036**	351,476
Pledged bank deposits		**–**	25,316
Bank balances and cash		**300,990**	740,659
		378,190	1,129,776
CURRENT LIABILITIES			
Trade and other payables	*12*	**40,296**	82,272
Tax liabilities		**–**	2,880
Secured bank and other borrowings		**365,190**	56,962
		405,486	142,114
NET CURRENT (LIABILITIES)/ASSETS		**(27,296)**	987,662
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,766,905**	1,097,517

	NOTES	2015 HK$'000	2014 HK$'000
CAPITAL AND RESERVES			
Share capital		**12,986**	10,406
Share premium and reserves		**1,136,588**	1,066,534
Equity attributable to owners of the Company		**1,149,574**	1,076,940
Non-controlling interests		**245,844**	–
Total equity		**1,395,418**	1,076,940
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**362,200**	10,808
Secured bank and other borrowings		**984,177**	–
Bonds		**25,110**	9,769
		1,371,487	20,577
		2,766,905	1,097,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Fully Chain Limited, a private company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Chen Jinyan. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HKD") and the functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in HKD for the convenience of the shareholders because the Company's shares are listed in Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in dyeing process of grey fabrics and property operating.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC)–Int") (hereinafter collectively referred to as the "new HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on or after 1 July 2014.

HKFRSs 10, 12 and HKAS 27 (Amendments)	Investment Entities
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis which is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

Information reported to the Board of the Company, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Therefore, the chief operating decision maker only considers the Group's business from a product perspective, rather than from a geographic perspective. From a product perspective, management assesses the performance from textile products which includes garment fabrics, textile materials and dyeing process of grey fabrics, and from property operating for the year ended 30 June 2015.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit or loss from each segment without allocation of income tax expense and central administration costs.

Two external customers with each of their turnover amounted to 10 per cent or more of the Group's turnover for the years ended 30 June 2015 and 30 June 2014. The total amount of turnover from the first customer was HK$63,834,000 (2014: HK$63,986,000) and from the second customer was HK$43,079,000 (2014: HK$60,623,000) and all of them were from textile products segment.

The chief operating decision maker assesses the performance of the operating segments based on sales and net profit.

	Textile Products *HK$'000*	**Property Operating** *HK$'000*	**Total** *HK$'000*
Year ended 30 June 2015			
Turnover	352,353	21,496	373,849
Segment results	(21,775)	49,375	27,600
Income tax expense			(25,555)
Central administration costs			(6,699)
Loss for the year			(4,654)
Depreciation	18,168	27	18,195

	Textile Products *HK$'000*	Property Operating *HK$'000*	Total *HK$'000*
Year ended 30 June 2014			
Turnover	492,939	–	492,939
Segment results	52,585	(108)	52,477
Income tax expense			(15,993)
Central administration costs			(21,082)
Profit for the year			15,402
Depreciation	23,201	–	23,201

No geographical market analysis is provided as the Group's turnover and contribution to segment results were substantially derived from the customers in the PRC and the assets are substantially located in the PRC.

5. OTHER INCOME

	2015 ***HK$'000***	2014 *HK$'000*
Bank interest income	**3,170**	5,078
Car parking income	**962**	–
Gain on disposal of property, plant and equipment	**294**	–
Reversal of overprovision of other payables	**3,010**	–
Exchange gain	**638**	–
Others	**204**	508
	8,278	5,586

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on		
– Bank and other borrowings wholly repayable within five years	**21,193**	6,862
– Bank and other borrowings wholly repayable over five years	**13,553**	–
– Bonds	**1,884**	670
	36,630	7,532

7. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Income tax recognised in profit or loss		
PRC Enterprise Income Tax ("EIT")		
– Current income tax	**239**	13,330
– Under provision in the prior years	**–**	698
Deferred tax	**25,316**	1,965
	25,555	15,993

Hong Kong Profits Tax was calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the financial year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for both years.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25%.

No deferred tax (2014: HK$1,965,000) has been provided for in the consolidated financial statements in respect of the undistributed profits earned by the Company's PRC subsidiaries attributable to the Group under the EIT Law that are subject to withholding tax upon the distribution of such profits to the shareholders outside the PRC.

8. (LOSS)/PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Staff costs		
– directors' emoluments	**3,854**	4,122
– other staff's salaries and other benefits	**20,822**	24,404
– other staff's retirement benefit scheme contributions	**3,541**	4,116
– share-based payment	**–**	15,480
	28,217	48,122
Impairment of doubtful debts	**28**	123
Auditor's remuneration	**850**	750
Depreciation of property, plant and equipment	**18,198**	23,204
Exchange gain, net	**(624)**	(23)
(Gain)/loss on disposal of property, plant and equipment	**(97)**	80
Release of prepaid lease payments	**498**	498
Research and development costs	**896**	3,024

9. DIVIDENDS PAID

No dividend was paid or proposed for the year ended 30 June 2015 nor has any dividend been proposed since the end of the reporting period (2014: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company was based on the following data:

	2015	2014
	HK$'000	*HK$'000*
(Loss)/earnings:		
(Loss)/profit for the year attributable to the owners of the Company and (loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	**(4,654)**	15,402

	2015	2014
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,175,296**	1,040,602
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	**26,023**	3,168
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,201,319**	1,043,770

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**7,896**	85,597
Less: Allowance for doubtful debts	**(884)**	(856)
	7,012	84,741
Deposits to suppliers	**13,336**	263,635
Deposits paid for acquisition of a subsidiary	**55,190**	–
Others	**–**	2,602
Prepaid lease payments –current portion	**498**	498
Total trade and other receivables	**76,036**	351,476

At 30 June 2015, no trade receivables of the Group were denominated in USD (2014: Nil).

The Group allows average credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**6,435**	77,078
Over 90 days	**577**	7,663
Trade receivables	**7,012**	84,741

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. 92% (2014: 91%) of the trade receivables that are neither past due nor impaired have good credit rating under internal credit assessment adopted by the Group.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$577,000 (2014: HK$7,663,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables was between 0 to 60 days (2014: 0 to 60 days) for the year ended 30 June 2015.

Ageing of trade receivables which are past due but not impaired

Overdue by:	**2015**	2014
	HK$'000	*HK$'000*
1 – 60 days	**–**	1,972
61 – 90 days	**–**	3,963
Over 90 days	**577**	1,728
Total	**577**	7,663

The Group has provided an impairment loss of HK$831,000 for the year ended 30 June 2015 (2014: HK$123,000). The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts:

	2015	2014
	HK$'000	*HK$'000*
Balance at beginning of the year	**856**	733
Impairment loss recognised on receivables	**831**	123
Reversal of impairment loss recognised	**(803)**	–
Balance at end of the year	**884**	856

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**3,521**	23,337
Bill payables	**–**	50,633
Other payables	**36,775**	8,302
	40,296	82,272

The average credit period on trade payables was 45 days (2014: 45 days) for the year ended 30 June 2015. The average credit period on bill payables ranged from 180 days to 365 days for the year ended 30 June 2014.

The following is an aged analysis of trade and bill payables based on the invoice date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**3,425**	22,570
Over 90 days	**96**	51,400
Trade and bill payables	**3,521**	73,970

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

The Group was principally engaged in the manufacture and sale of garment fabrics targeting at mid-to-high-end markets and property operation in the PRC during the current year.

The Group had vertically integrated its production process to include research and development, grey fabric trial weaving, garment fabric dyeing and setting, cloth finishing such as pattern pressing and calendaring. The Group's garment fabrics were used for manufacturing down wear, sportswear, household products such as sofas and curtains and men's and women's fashions. For the purpose of maintaining steady supply and better quality control of grey fabrics for the dyeing process, the Group used to designate some suppliers to produce these fabrics based on the samples researched and developed by it. The Group also processed the dyeing of grey fabrics provided by its customers starting from the end of December 2014. With an aim to reduce production cost and strike for better financial performance, the Group did not involve in the production of grey fabrics since January 2015. Instead the Group engaged in the dyeing process of grey fabrics provided by its long-term relationship customers and new customers. However, due to a number of adverse factors including slow recovery of the global economy, reduction of demand in both domestic and overseas textile markets, a more cautious purchasing approach adopted by downstream customers and declining sales price of textile products leading to a reduction of gross sales margin, a loss of textile products segment was eventually incurred for the year ended 30 June 2015 regardless of the trim of the Group's business strategy and implementation of some cost cutting policies.

Furthermore, the Group continued to diversify its operations into different kinds of business during the year and resources had been put into property operating aspects since the year ended 30 June 2014 in order to explore future prospects and develop relevant markets. On 18 December 2014, an indirect wholly-owned PRC subsidiary of the Company entered into a sale and purchase agreement with two independent third parties in connection with the acquisition of 75% equity interests in Jiachao, of which, its major asset is a shopping mall situated in Zhengzhou City in the People's Republic of China (the "PRC"), at a cash consideration of RMB591,660,000 (equivalent to approximately HK$748,937,000). Jiachao is engaged in property investment, general management and agency in the PRC. For further details of the acquisition, please refer to the announcement of the Company dated 18 December 2014 and the circular of the Company dated 30 January 2015.

TURNOVER

For the financial year ended 30 June 2015, the Group recorded a turnover of approximately HK$373,849,000 (2014: HK$492,939,000), approximately 24.2% less than that in 2014. The decrease in turnover of the textile products segment, which composed of sales of garment fabrics and textile materials and dyeing process of grey fabrics, was due to a few factors, such as a slowdown in the PRC's textile industry as a consequence of a fall in textile and garment prices in the second half year of 2014 which was attributable to the slow recovery of the global economy and reduction of demand in both domestic and overseas textile and garment markets. Downstream customers have adopted a cautious approach in purchasing and a chain reaction has thereby occurred, which in turn affected each upper level of upstream suppliers to place orders to their own immediate level of suppliers, and eventually caused a negative impact on the sales volume and selling prices of the Group's textile products, of which, the Group is one of the upstream manufacturers in the textile industry in the PRC. A decrease in the Group's sales volume of garment fabrics and textile materials accordingly affected its revenue along with a decline in selling prices of the Group's garment fabrics and textile materials. In view of the retrenchment of the sale of garment fabrics and significant challenges and uncertainties in the business environment in the PRC, the Group processed the dyeing of grey fabrics before the period ended 31 December 2014 with an aim to reduce production cost and strike for better financial performance, the Group did not produce grey fabrics, instead it only engaged in the dyeing process of grey fabrics provided by its long-term relationship customers and new customers. Since then, turnover of the Group included the income from dyeing process of grey fabrics and sale of textile materials.

On the other hand, a sale and purchase agreement was entered into by the Group on 18 December 2014 in connection with the acquisition of 75% equity interests in Jiachao, of which, its major asset is a shopping mall situated in Zhengzhou City, Henan Province, the PRC. The acquisition was completed during the year; turnover of the property operating segment which was the monthly incomes of rental, management fee, operating services received and/or receivable from the tenants of the shopping mall was recorded by the Group accordingly after the completion of the sale and purchase agreement. The shopping mall had been subdivided into various units and leased out to various tenants for various lease terms under the respective tenancy agreements. The term of the tenancy agreements with the existing tenants range from one year to eighteen years. Almost all the shops in Jiachao's shopping mall were rented out as at 30 June 2015. Jiachao's shopping mall has rented to over 120 tenants who offer a wide range of services and goods including shopping, dining and entertainment, such as a cinema, jewellery and watches, beauty, electrical appliances, international labels for fashion, lifestyle, casual wear/sport, kid's paradise and food and beverages outlets.

Another sale and purchase agreement was entered into by the Group on 26 June 2015 in connection with the acquisition of entire equity interests in Jiacong, of which, its major assets is 164 shops which form part of a giant theme shopping mall selling textile materials, accessories and products in Zhengzhou City, Henan Province, the PRC. This acquisition is expected to complete in October 2015 and therefore no contribution of turnover for the year ended 30 June 2015.

GROSS PROFIT

The gross profit margin of the Group was approximately 4.3% for the year ended 30 June 2015, which compared with that for the year ended 30 June 2014 of approximately 18.0%. The substantial decrease was due to a number of adverse factors including the slow recovery of the global economy, reduction of demand in both domestic and overseas textile markets, the downward cotton price expectations and a cautious purchasing approach adopted by downstream customers, which impaired the selling prices and sales volume of the Group's garment fabrics. The trading of textile materials and dyeing process of grey fabrics tended to have lower gross profit margin than sale of garment fabrics, therefore, the Group's gross profit margin had reduced during the year as more than half of the turnover was earned from the sale of textile materials and dyeing process of grey fabrics. In addition, some fixed production costs, such as salaries and wages and depreciation costs, increased the average cost of production which in turn also brought down the gross profit margin of textile products segment. The gross profit margin of the property operating segment tended to be higher than that of the textile products segment as its costs of sales were relatively simple based on the business nature. However, as the financial results of the property operating segment was only taken up by the Group for a few months during the year ended 30 June 2015; the whole gross profit margin was encumbered by the decrease in textile products segment in the current year.

LOSS FOR THE YEAR

The Group incurred loss for the current year while the Group had recorded a profit for the year ended 30 June 2014. The Group's loss incurred during the year was approximately HK$4,654,000 (profit in 2014: HK$15,402,000). The loss of the textile products segment was due to a number of adverse factors happened during the year including the slow recovery of the global economy, reduction of demand in both domestic and overseas textile markets, the downward cotton price expectations and a cautious purchasing approach adopted by downstream customers, which greatly reduced the selling prices and sales volume of the Group's textile products. All the above mentioned factors contributed to the increased cost of sales of the textile products segment and simultaneously reduced its profit margin and eventually incurred serious loss. Despite the Group's effort in improving the financial performance through measures including (i) trimming its business strategy, (ii) closing down its sales outlets in major cities of the PRC in order to further limit the Group's operating expenditures, (iii) implementing conservative and stringent cost control policies for the purpose of ensuring sufficient working capital by imposing control over operating costs and capital expenditure and strengthening accounts receivable management, the financial results of the Group's textile business was still not favourable. On the other hand, the profit of the property operating segment was mainly due to an increase in fair value of the investment properties based on an independent valuation as at 30 June 2015. Nevertheless, some expenses related to the acquisition of 75% equity interests in Jiachao and entire equity interests in Jiacong were incurred during the current year. Therefore, the profit margin decreased from approximately 3.1% for the year ended 30 June 2014 to the loss margin of 1.2% for the year ended 30 June 2015 and such decrease was also due to the same reasons mentioned above.

OTHER INCOME

The Group's other income for the financial year ended 30 June 2015 was approximately HK$8,278,000 (2014: HK$5,586,000), which was approximately 48.2% more than that in 2014. Such increase was attributable to an overprovision of the PRC enterprise income tax made in the past.

EXPENSES

Administrative expenses amounted to approximately HK$57,895,000 (2014: HK$35,303,000), representing approximately 15.5% (2014: 7.2%) of turnover for the year ended 30 June 2015. Administrative expenses increased by approximately 64.0% when compared with that of 2014 because some related expenses for two acquisitions were incurred as well as taking up of administrative expenses of Jiachao, of which, its acquisition was completed during the year.

Selling and distribution costs amounted to approximately HK$8,977,000 (2014: HK$16,909,000), representing approximately 2.4% (2014: 3.4%) of turnover for the year ended 30 June 2015. Selling and distribution costs decreased by approximately 46.9% compared to those for the year ended 30 June 2014, which was due to the closure of the sales outlets in major cities of the PRC and lay off of a number of employees in the sales and marketing team as a consequence of the dim view and prospect of future textile industry trend.

Other expenses amounted to approximately HK$1,135,000 (2014: HK$3,232,000), representing approximately 0.3% (2014: 0.7%) of turnover for the year ended 30 June 2015. The decrease was due to streamline headcounts and resources input in the research and development department during the year as a consequence of the dim view and prospect of future textile industry trend.

Finance costs amounted to approximately HK$36,630,000 (2014: HK$7,532,000), representing approximately 9.8% (2014: 1.5%) of turnover for the year ended 30 June 2015. The substantial increase was due to the drawdown of bank loans and other borrowings during the year for settling the purchase cost of the shopping mall by Jiachao.

The carrying value of the Group's investment properties as at 30 June 2015 of approximately HK$2,645,570,000 (2014: Nil) was stated at fair value based on an independent valuation as at that date, which produced a revaluation gain of HK$101,266,000 (2014: Nil), mainly reflecting the continuous rental growth of the investment properties. The attributable net revaluation gain of HK$56,962,000 (2014: Nil), after deducting related deferred tax and non-controlling interests, was credited to the consolidated income statement.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2015 (2014: Nil).

FUTURE PLANS AND PROSPECTS

Due to a number of adverse factors including slow recovery of the global economy, reduction of demand in both domestic and overseas textile markets, a more cautious purchasing approach adopted by downstream customers and declining sales price of textile products leading to a reduction of gross sales margin, a serious loss was eventually incurred for the year ended 30 June 2015 regardless of the trim of the Group's business strategy and implementation of some cost cutting policies. Since these adverse situations are expected to be continued in future, the Board decided to dispose to an independent third party six wholly-owned subsidiaries which are principally engaged in the dyeing process of grey fabrics so as to mitigate its financial burden and negative impact and allocate its resources on the property operating segment for its long-term advantage.

The Group in the long-term plans to upgrade its tenant segment of the shopping malls by offering tenancies to more popular brands and will continue to diversify the types of tenants to meet the needs and interests of customers from different ages and backgrounds. To achieve these aims, the Group may conduct large scale of marketing and promotion activities so that a stable and constant stream of rental income and fairly rigid cash flow can be continuously generated to the Group. Simultaneously, the Group has been continuously implementing conservative and stringent cost control policies so as to ensure sufficient working capital by imposing control over operating costs and capital expenditure and strengthening accounts receivable management. In this regard, positive results will be expected in the future.

Jiacong owns 164 shops in the giant theme shopping mall selling textile materials, accessories and products with the targeted handover time of those shops by the end of October 2015. More caliber management and skillful employees will be recruited in the future when the rental business of Jiacong proceeds. The extensive knowledge, experience and network in the textile business will enable the Group to grasp decisive opportunities in the promotion of renting these shops; hence, more suitable tenants running profitable textile business can be pinpointed as tenants of the 164 shops of Jiacong.

The PRC's economy is expected to maintain a relatively stable growth in the next decade. Economic, financial and social reforms covering a wide range of areas will lead the economy and the society towards a more healthy and sustainable development. The PRC government's focus is on targeted control measures to ensure a moderate pace of growth while continuing its economic restructuring. By leveraging on the Group's current strategic plan and established strengths, experience and foresight, the Group continues to seize opportunities to penetrate into property operating markets, explore other new market potentials, such as property development or property agency, and increase profit margin. Furthermore, the Group intends to manage and operate the property operating segment by the current and new caliber management and competent employees of newly acquired subsidiaries.

Looking forward, the Group continues to place additional resources to realize growth momentum from the development of property operating markets. The shopping mall acquired by the Group recently are situated in Zhengzhou City and with good economic and demographic fundamentals, which enables the Group to diversify its business operations into property operating market in depth. The business growth of the Group is expected to accelerate and accordingly, the positive outcome will be gradually reflected in the future with full recovery of the worldwide economy. By continually diversifying the Group's business, the market value of the Company and the return to its shareholders will be maximized in long-term, which in return for the constant trust and support bestowed to the Company by its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had net current liabilities and total assets less current liabilities of approximately HK$27,296,000 (net current assets in 2014: HK$987,662,000) and HK$2,766,905,000 (2014: HK$1,097,517,000), respectively. The Group maintains a sound financial position by financing its operations with internally generated resources, bonds, loans and net proceeds from the Placing (as defined below). As at 30 June 2015, the Group had cash and bank deposits of approximately HK$300,990,000 (2014: HK$765,975,000). The current ratio of the Group was approximately negative 93.3% (2014: positive 795.0%).

Total equity of the Group as at 30 June 2015 was approximately HK$1,395,418,000 (2014: HK$1,076,940,000). As at 30 June 2015, the total borrowings of the Group, repayable from within 12 months to 10 years from the end of the reporting period, denominated in RMB1,066,000,000 were equivalent to HK$1,349,367,000 (2014: HK$56,962,000) and three bonds measured at amortised cost was HK$25,110,000 (one bond in 2014: HK$9,769,000). As at 30 June 2015, the gross debt gearing ratio (i.e. total borrowings and bonds/total equity) was approximately 98.5% (2014: 6.2%).

On 2 December 2014, the Company completed a placing of 208,000,000 ordinary shares of HK$0.01 each at a placing price of HK$0.335 per share to not less than six placees in accordance with the placing agreement dated 12 November 2014 (the "Placing"). The placees and their ultimate beneficial owners are independent third parties. For further details of the Placing, please refer to the announcements of the Company dated 12 November 2014 and 25 November 2014, respectively. The net proceeds from the Placing after deducting commission and Placing expenses were approximately HK$68,449,000. The Board was of the view that the Placing was in the interests and for the benefit of the Company and its shareholders as a whole because the Placing on one hand raised additional funds to the Group to support its investments in property operating projects and on the other hand had not increased the finance cost of the Group. As at 31 December 2014, all the net proceeds from the Placing had been utilized to settle part of the consideration of the acquisition of Jiachao which was incorporated in the PRC and is engaged in property investment, general management and agency in the PRC.

The Group has maintained and will continue to maintain significant amount of working capital on hand in order to maintain a healthy financial position, and adequate resources are expected to be generated from its business operations in meeting its short-term and long-term obligations.

FINANCING

As at 30 June 2015, the total borrowing facilities of the Group amounted to approximately HK$1,349,367,000 (2014: HK$94,937,000), of which, all facilities (2014: HK$82,278,000) was utilized. In addition, three bonds (2014: one bond) amounted to approximately HK$25,110,000 (2014: HK$9,769,000), measured at amortised cost, was arranged with three independent third parties.

The Board believes that the existing financial resources will be sufficient to meet its future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

CAPITAL STRUCTURE

As at 30 June 2015, the share capital of the Company comprises ordinary shares only.

FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

During the current year, the Group was not subject to any significant exposure to foreign exchange rates risk as the majority of its transactions were denominated in RMB. Hence, no financial instrument for hedging was employed.

The Board monitors interest rate change exposure and may consider a hedging policy should the need arise.

CHARGE ON GROUP'S ASSETS

As at 30 June 2015, certain investment properties and leasehold interest in land of the Group with aggregate carrying values of approximately HK$1,149,131,000 and HK$3,657,000, respectively, were pledged to banks to secure banking facilities granted to the Group. As at 30 June 2014, certain leasehold land and buildings of the Group with aggregate carrying values of approximately HK$49,294,000 were pledged to banks to secure banking facilities granted to the Group; together with the bank deposits of the Group of approximately HK$25,316,000.

CAPITAL EXPENDITURE

During the year ended 30 June 2015, the Group invested approximately HK$22,631,000 (2014: HK$19,195,000) in property, plant and equipment, of which 5.5% (2014: 96.5%) was used for purchase of plant and machinery, 92.8% (2014: 3.5%) for construction of auxiliary facilities, and the remaining was used for purchase of other property, plant and equipment (2014: Nil).

As at 30 June 2015, the Group had capital commitments of approximately HK$5,229,000 (2014: HK$7,716,000) in property, plant and equipment. The capital commitments for the year ended 30 June 2014 were funded by internally generated resources and bank loans.

STAFF POLICY

The Group had 439 employees altogether in the PRC and Hong Kong as at 30 June 2015. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. Moreover, the Group and its employees in the PRC are required to make respective contribution to fund the endowment insurance, unemployment insurance, medical insurance, housing provident fund and employees' compensation insurance at the rates specified in the relevant PRC laws and regulations. The Group has adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) for its employees in Hong Kong.

The Group also provides periodic internal training to its employees.

Three independent non-executive directors are appointed for a term of 1 year commencing from either 19 September or 15 October each year.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors of the Company who has reviewed with the management and the external auditor the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the consolidated financial statements and annual results for the year ended 30 June 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE "MODEL CODE")

The Group has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2015.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at http://arttextile.etnet.com.hk. An annual report for the year ended 30 June 2015 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the board
Art Textile Technology International Company Limited
Chen Jinyan
Chairman

Hong Kong, 25 September 2015

As at the date of this announcement, the executive directors of the Company are Mr. Chen Jinyan, Mr. Chen Dong and Mr. Chen Jinqing; and the independent non-executive directors of the Company are Mr. Lin Ye, Mr. Yang Zeqiang and Ms. Yau Lai Ying.