Wang Tai Holdings Limited
宏太控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1400)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

— The Group's total revenue was approximately RMB670.3 million in 2015 decreased from the total revenue of approximately RMB810.8 million in 2014.

— The Group's gross profit was approximately RMB8.4 million in 2015 decreased from the gross profit of approximately RMB149.3 million in 2014. Gross profit margin was approximately 1.3% in 2015, decreased from gross profit margin of approximately 18.4% in 2014.

— The Group turned to loss of approximately RMB23.3 million in 2015 from profit of approximately RMB66.4 million in 2014.

— Basic and diluted earnings per share turned from earnings per share of RMB7.19 cents in 2014 to loss per share of RMB1.90 cents in 2015.

— As at 31 December 2015, the Group's total cash and bank balances and restricted bank deposits amounted to approximately RMB398.4 million (2014: approximately RMB194.2 million), representing an increase of 105.0% as compared to that as at 31 December 2014.

— The Board did not propose the payment of a final dividend.

CONSOLIDATED BALANCE SHEET
As at 31 December 2015

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights	*4*	**24,896**	25,453
Property, plant and equipment	*5*	**477,453**	478,430
Deferred income tax assets		**13,007**	1,963
Available-for-sale financial assets		**4,500**	4,500
Other non–current assets	*6*	**80,000**	–
		599,856	510,346
Current assets			
Inventories	*7*	**64,019**	68,001
Trade and other receivables and prepayments	*8*	**415,306**	239,670
Cash and bank balances		**374,983**	135,223
Restricted bank deposits		**23,368**	59,031
		877,676	501,925
Total assets		**1,477,532**	1,012,271
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*9*	**119,745**	80,215
Other reserves	*10*	**616,404**	204,588
Retained earnings		**172,340**	195,657
Total equity		**908,489**	480,460
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**300,955**	202,636
Other payables	*12*	**8,160**	14,130
Deferred income		**19,232**	26,590
		328,347	243,356

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Current liabilities			
Borrowings	*11*	**104,111**	124,946
Trade and other payables	*12*	**135,758**	151,109
Current income tax liabilities		**827**	12,399
		240,696	288,455
Total liabilities		**569,043**	531,810
Total equity and liabilities		**1,477,532**	1,012,271

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**670,255**	810,795
Cost of sales	*14*	**(661,859)**	(661,489)
Gross profit		**8,396**	149,306
Selling and distribution costs	*14*	**(5,374)**	(4,213)
General and administrative expenses	*14*	**(29,990)**	(36,959)
Other income	*13*	**17,488**	6,000
Other (losses)/profit — net		**(1,492)**	(1,310)
Operating (loss)/profit		**(10,972)**	112,825
Finance income	*15*	**2,138**	1,790
Finance costs	*15*	**(25,527)**	(23,575)
Finance costs — net	*15*	**(23,389)**	(21,785)
(Loss)/Profit before income tax		**(34,361)**	91,039
Income tax expense	*16*	**11,044**	(24,637)
(Loss)/Profit for the year and attributable to owners of the Company		**(23,317)**	66,402
Other comprehensive income for the year		**–**	–
Total comprehensive (loss)/income for the year and attributable to owners of the Company		**(23,317)**	66,402
Earnings per share for (loss)/profit attributable to owners of the company			
Basic (loss)/earnings per share	*17*	**RMB(1.90) cents**	RMB7.19 cents
Diluted (loss)/earnings per share	*17*	**RMB(1.90) cents**	RMB7.19 cents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

Wang Tai Holdings Limited (the "Company") was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Unit 02, 15th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries in the PRC (together the "Group") are principally engaged in the design, manufacturing and sales of fabrics and yarns .

The Company successfully completed its initial public offering and its shares have been listed on The Stock Exchange of Hong Kong Limited since 25 April 2014 (the "Listing").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 30 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Changes in accounting policies and disclosures

(a) *New amendments to IFRS adopted by the Group during 2015*

The following amendments to existing IFRS standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2015.

Amendment to IAS 19 regarding defined benefit plans is effective for annual periods beginning on or after 1 July 2014. It applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Annual improvements 2012 include changes from the 2010–2012 cycle of the annual improvements project, that affect 7 standards, only the below are effective for annual periods beginning on or after 1 July 2014:

- Amendment to IFRS2, "Share-based payment" clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".

- Amendments to IFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

- Amendment to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- Amendment to IAS 24 'Related Party Disclosures' does not require to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but requires to disclose the amounts charged to the reporting entity by the management entity for services provided.

Annual improvements 2013 include the following changes from the 2011–2013 cycle of the annual improvements project, are effective for annual periods beginning on or after 1 July 2014:

- Amendment to IFRS 3 'Business Combinations' clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement.

- Amendment to IFRS 13 'Fair Value Measurement' clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non–financial contracts) within the scope of IAS 39 or IFRS 9.

Except for the amendments to IFRS 8, IAS 24 and IFRS 13 which are relevant to the Group's operations, the other amendments are not relevant to the Group's operations, the adoption of the above new amendments did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2015.

(b) New Hong Kong Companies Ordinance

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and amendments issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group

A number of new standards and amendments to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2015, and have not been early adopted by the Group in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intents to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

IFRS 14 'Regulatory Deferral Accounts', effective for annual periods beginning on or after 1 January 2016.

Amendment to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operation', effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation', effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 'Agriculture: Bearer Plants', effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

Amendment to IAS 27 'Equity Method in Separate Financial Statements', effective for annual periods beginning on or after 1 January 2016.

Annual improvements 2014 that affect the following standards: IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial instruments: Disclosures', IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting', effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception', effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 'Disclosure Initiative', effective for annual periods beginning on or after 1 January 2016.

IFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2018.

IFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018.

IFRS 16 'Leases', effective for annual periods beginning on or after 1 January 2019.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Group. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The directors consider the business and assess the performance on the basis of product lines, including (i) fabrics and (ii) cotton yarns.

In 2014, no geographical segment information is presented as more than 90% of the sales and operating profits of the Group are derived within the PRC and substantially all the operating assets of the Group are located in the PRC. In 2015, the operations are further evaluated on a geographic basis including Mainland China and Hong Kong.

Segment assets consist primarily of land use rights, property, plant and equipment, inventories, trade and other receivables and prepayments. They exclude deferred income tax assets, prepaid tax, restricted bank deposits and cash and bank balances.

Segment liabilities comprise operating liabilities. They exclude borrowings, income tax liabilities and other payables due to related parties.

The segment information for the year ended 31 December 2015 is as follows:

	Fabrics		Yarns	Total
	Mainland China	**Hong Kong**		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2015				
Segment results				
Total segment revenue	**582,769**	**162,586**	**87,022**	**832,377**
Inter-segment revenue	**(147,827)**	**–**	**(14,295)**	**(162,122)**
Revenue from external customers	**434,942**	**162,586**	**72,727**	**670,255**
Segment profit	**(2,455)**	**9,318**	**1,533**	**8,396**
Other operating expenses				**(35,364)**
Other income — net				**15,996**
Finance costs — net				**(23,389)**
Profit before income tax				**(34,361)**
Income tax expense				**11,044**
Profit for the period				**(23,317)**
Other segment items				
Capital expenditure	**36,583**	**–**	**4,124**	**40,707**
Amortisation of leasehold land and land use right	**497**	**–**	**60**	**557**
Depreciation of property, plant and equipment	**36,186**	**–**	**4,369**	**40,555**
As at 31 December 2015				
Segment asset and liabilities				
Segment assets	**649,645**	**244,107**	**74,904**	**968,656**
Unallocated assets				**508,876**
Total assets				**1,477,532**
Segment liabilities	**101,713**	**–**	**11,971**	**113,684**
Unallocated liabilities				**455,359**
				569,043

The segment information for the year ended 31 December 2014 is as follows:

	Fabrics *RMB'000*	Cotton yarns *RMB'000*	Total *RMB'000*
Year ended 31 December 2014			
Segment results			
Segment revenue	723,191	100,275	823,466
Inter-segment sales	–	(12,671)	(12,671)
External revenue	723,191	87,604	810,795
Segment profit	140,719	10,735	149,306
Other operating expenses			(41,172)
Other income and other losses — net			4,690
Finance costs — net			(21,785)
Profit before income tax			91,039
Income tax expense			(24,637)
Profit for the year			66,402
Other segment items			
Capital expenditure	35,530	5,784	41,314
Amortisation of leasehold land and land use right	523	26	549
Depreciation of property, plant and equipment	33,568	5,464	39,032
As at 31 December 2014			
Segment asset and liabilities			
Segment assets	728,941	80,177	809,118
Unallocated assets			203,153
Total assets			1,012,271
Segment liabilities	225,950	29,108	255,058
Unallocated liabilities			276,752
Total liabilities			531,810

4. LEASEHOLD LAND AND LAND USE RIGHTS

Leasehold land and land use rights represent the net book amount of prepaid operating lease payments. All the land use rights of the Group are located in the PRC and are held on leases with remaining periods of between 41 to 50 years.

	2015	2014
	RMB'000	*RMB'000*
Opening amount	**25,453**	24,690
Addition	**–**	1,312
Amortisation *(Note 14)*	**(557)**	(549)
Closing amount	**24,896**	25,453
Cost	**27,868**	27,868
Accumulated amortisation	**(2,972)**	(2,415)
Net book amount	**24,896**	25,453

The leasehold land and land use rights with net book value of approximately RMB24,896,000 (2014: RMB24,159,000) as at 31 December 2015 were pledged as collaterals for certain bank borrowings of the Group (Note 10).

Amortisation expense has been charged to "administrative expenses" in the consolidated statement of comprehensive income.

The Group has obtained land use right certificates of all the leasehold land of the Group.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	**Machinery and equipment**	**Office Equipment, Furniture and vehicle**	**Construction in-progress**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
At 1 January 2014					
Cost or valuation	293,479	274,304	6,017	1,206	575,006
Accumulated depreciation	(29,335)	(66,552)	(1,650)	–	(97,537)
Net book amount	264,144	207,752	4,367	1,206	477,469
Year ended 31 December 2014					
Opening net book amount	264,144	207,752	4,367	1,206	477,469
Additions	1,313	2,849	127	35,713	40,002
Disposals	–	(9)	–	–	(9)
Depreciation charges *(Note 14)*	(13,412)	(25,058)	(562)	–	(39,032)
Closing net book amount	252,045	185,534	3,932	36,919	478,430
At 31 December 2014					
Cost or valuation	294,792	277,122	6,144	36,919	614,977
Accumulated depreciation	(42,747)	(91,588)	(2,212)	–	(136,547)
Net book amount	252,045	185,534	3,932	36,919	478,430

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Office Equipment, Furniture and vehicle *RMB'000*	Construction in-progress *RMB'000*	Total *RMB'000*
Year ended 31 December 2015					
Opening net book amount	**252,045**	**185,534**	**3,932**	**36,919**	**478,430**
Additions	**13**	**184**	**1,199**	**39,311**	**40,707**
Disposals	**–**	**(685)**	**(444)**	**–**	**(1,129)**
Depreciation charges *(Note 14)*	**(13,144)**	**(26,439)**	**(972)**	**–**	**(40,555)**
Closing net book amount	**238,914**	**158,594**	**3,715**	**76,230**	**477,453**
At 31 December 2015					
Cost or valuation	**294,805**	**259,515**	**5,132**	**76,230**	**635,682**
Accumulated depreciation	**(55,891)**	**(100,921)**	**(1,417)**	**–**	**(158,229)**
Net book amount	**238,914**	**158,594**	**3,715**	**76,230**	**477,453**

During the year ended 31 December 2015, the Group capitalised interest on borrowings amounting to approximately RMB324,000 (2014: RMB3,198,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 7.9% (2014: 9.72%) per annum.

As at 31 December 2015, buildings of the Group with net book value of approximately RMB209,969,000 (2014: RMB221,586,000), and machinery and equipment of the Group with net book value of approximately RMB55,995,000 (2014: RMB59,770,000), were pledged as collaterals for certain bank borrowings of the Group (Note 11).

As at 31 December 2015, machinery and equipment of the Group with net book value of approximately RMB42,375,000 (2014: RMB54,074,000) were pledged as collaterals for certain other borrowings of the Group (Note 11).

As at 31 December 2015 and 2014, the net book value of the Group's machinery and equipment under finance leases were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cost	**–**	16,325
Accumulated depreciation	**–**	(3,846)
Net book amount	**–**	12,479

6. OTHER NON-CURRENT ASSET

	2015	2014
	RMB'000	*RMB'000*
Prepayment for long-term investment	**80,000**	–

Other non-current asset represents a deposit payment for a proposed investment in Baixin (China) Co., Ltd ("Baixin"), a company in the business of manufacturing and sale of fabrics in Hubei province, China. On 29 December 2015, the Group entered into a letter of intent with the owners of Baixin for the acquisition of 50% stock equity of Baixin in 2016.

7. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	**19,681**	19,596
Work-in-progress	**13,618**	15,978
Finished goods	**30,720**	32,427
	64,019	68,001

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB578,248,000 (2014: RMB582,192,000).

The Group did not recognise a provision in respect of the obsolete inventories and write down of inventories to their net realisable value for the year ended 31 December 2014 and 2015.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**256,583**	125,065
Bills receivables	**–**	24,400
	256,583	149,465
Prepayments for purchase of raw materials	**155,598**	80,963
Deductible value-added tax ("VAT")	**7,549**	2,435
Others	**76**	6,807
	163,223	90,205
Less: provision for unrecoverable of prepayments	**(4,500)**	–
	158,723	90,205
	415,306	239,670

As at 31 December 2015, the Group made a provision for unrecoverable prepayment for purchase of raw materials amounting to RMB4,500,000 (2014: Nil).

There is no concentration of credit risk with respect to trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables by invoice date is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**133,623**	95,257
4 to 6 months	**122,476**	21,810
Over 6 months	**484**	32,398
Trade and bills receivables — net	**256,583**	149,465

As at 31 December 2015 and 2014, trade receivables of approximately RMB122,960,000 and RMB54,208,000 were aged more than 3 months and regarded as past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amount can be recovered.

As at 31 December 2015, the Group made a provision for unrecoverable prepayment for purchases of raw materials amounting to RMB4,500,000 (2014: nil).

Trade and other receivables and prepayments are denominated in the following currencies:

	2015	2014
	RMB'000	*RMB'000*
RMB	**312,376**	209,220
USD	**107,430**	28,543
HKD	**–**	1,907
	419,806	239,670

The carrying amounts of the trade and other receivables and prepayments approximated their fair values as at the balance sheet date.

9. SHARE CAPITAL

(a) Share capital

	Number of shares *(thousands)*	Share capital *HKD'000*
Authorised:		
As at 31 December 2014	10,000	1,000
Increase of authorized shares	9,990,000	999,000
As at 31 December 2014	10,000,000	1,000,000
As at 1 January 2015 and 31 December 2015	10,000,000	1,000,000

	Number of shares *(thousands)*	Share capital *HKD'000*	*RMB'000*
Issued and fully paid:			
As at 1 January 2014	10	1	1
Issue of ordinary shares to original shareholders *(i)*	749,990	74,999	59,414
Issue of ordinary shares upon initial public offering *(ii)*	260,000	26,000	20,800
As at 31 December 2014	1,010,000	101,000	80,215
As at 1 January 2015	1,010,000	101,000	80,215
Issue of placing shares *(iii)*	440,000	44,000	35,590
Proceeds from share issued for exercise of share option scheme *(iv)*	50,000	5,000	3,940
As at 31 December 2015	1,500,000	150,000	119,745

Notes:

(i) On 27 March 2014, the directors of the Company were authorised to capitalise an amount of HKD74,999,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 749,990,000 shares, such shares to be allotted and issued to the original shareholders of the Group prior to the listing of the Company's shares.

(ii) On 25 April 2014, the Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited following the completion of its initial public offering of 260,000,000 ordinary shares at HKD 0.72 per share to investors. The proceeds of HKD 26,000,000 (equivalent to approximately RMB 20,800,000), representing per value of the ordinary shares of the Company, were credited to the Company's share capital account. The remaining proceeds of HKD 151,596,250 (equivalent to approximately RMB121,277,000), after deducting listing expenses, were credited to the Company's share premium account.

(iii) On 19 May 2015, an aggregate of 200,000,000 shares of the Company were successfully placed by a placing agent to the investors at the placing price of HK$0.76 per placing share. The proceeds of HKD20,000,000 (equivalent to approximately RMB15,760,000), representing par value of the ordinary shares, were credited to the Company's share capital account and after deducting issurance expenses, the remaining proceeds of HKD131,091,000 (equivalent to approximately RMB103,107,000) were credited to the Company's share premium account.

On 28 August 2015, an aggregate of 240,000,000 shares of the Company were successfully placed by a placing agent to the investors at the placing price of HK$1.50 per placing share. The proceeds of HKD24,000,000 (equivalent to approximately RMB19,830,000), representing par value of the ordinary shares, were credited to the Company's share capital account, and after deducting issurance expenses, the remaining proceeds of HKD332,338,000 (equivalent to approximately RMB274,116,000) were credited to the Company's share premium account.

(iv) In 2015, 50,000,000 shares were issued pursuant to the exercise of share options granted in 2014. The proceeds of HKD5,000,000 (equivalent to approximately RMB3,940,000), representing par value of the ordinary shares, were credited to the Company's share capital account, and the remaining proceeds of HKD43,900,000 (equivalent to approximately RMB34,593,000) were credited to the Company's share premium account. The related weighted average price at the time of exercise was HK$1.5 per share.

10. OTHER RESERVES

	Share Premium account *RMB'000*	Capital reserve *RMB'000*	Share-based Compensation reserve *RMB'000*	Statutory reserves *RMB'000*	Total *RMB'000*
At 1 January 2014	–	113,510	–	16,756	130,266
Capitalisation for issue of ordinary shares to original shareholders *(Note 9(i))*	(59,414)	–	–	–	(59,414)
Share-based compensation	–	–	5,064	–	5,064
Issue of ordinary shares upon the initial public offering *(Note 9(ii))*	121,277	–	–	–	121,277
Appropriation to statutory reserves	–	–	–	7,395	7,395
At 31 December 2014	61,863	113,510	5,064	24,151	204,588

	Share Premium account ***RMB'000***	**Capital reserve** ***RMB'000***	**Share-based Compensation reserve** ***RMB'000***	**Statutory reserves (a)** ***RMB'000***	**Total** ***RMB'000***
At 1 January 2015	**61,863**	**113,510**	**5,064**	**24,151**	**204,588**
Issue of placing shares *(9(iii))*	**377,223**	**–**	**–**	**–**	**377,223**
Share-based compensation *(9(iv))*	**39,657**	**–**	**(5,064)**	**–**	**34,593**
At 31 December 2015	**478,743**	**113,510**	**–**	**24,151**	**616,404**

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure. In 2015, no statutory reserve was accrued due to the losses of corresponding subsidiaries in Mainland China.

11. BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Current		
Bank borrowings		
— short term — secured	**64,000**	68,400
— short term — unsecured	**35,000**	33,000
— current portion of long term — secured	**2,500**	8,452
— current portion of long term — unsecured	**–**	5,000
Finance lease liabilities	**–**	1
Other borrowings — secured	**2,611**	10,093
	104,111	124,946
Non-current		
Bank borrowings — secured	**123,147**	126,078
Other borrowings — secured	**–**	2,680
Loan from government — unsecured	**–**	46,144
Bonds — unsecured	**177,808**	27,734
	300,955	202,636
Total borrowings	**405,066**	327,582

12. TRADE AND OTHER PAYABLES

	2015 *RMB'000*	2014 *RMB'000*
Non-current		
Payables for purchase of property, plant and equipment	**8,160**	14,130
Current		
Trade payables	**44,350**	30,845
Bills payables	**48,100**	75,578
	92,450	106,423
Advanced payments from customers	**10,837**	16,383
Payables for purchase of property, plant and equipment	**6,477**	8,681
Other taxes payable	**11,482**	9,213
Salary payable	**14,225**	9,857
Other payables	**287**	552
	43,308	44,686
	135,758	151,109
Total	**143,918**	165,239

The ageing analysis of the trade and bills payables by invoice date is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Within 3 months	**41,516**	91,852
4 months to 12 months	**46,149**	11,063
Over 12 months	**4,785**	3,508
	92,450	106,423

Advanced payment from customers represent cash advances received from customers for purchases of the Group's products and will be applied to settlements when sales occur.

The carrying amounts of the Group's trade and other payables approximated their fair values as at the balance sheet dates.

Trade and other payables are denominated in the following currencies:

	2015 *RMB'000*	2014 *RMB'000*
RMB	**143,918**	151,548
USD	**–**	13,690
	143,918	165,239

13. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Foreign exchange gain	**3,184**	–
Government grants received	**11,781**	4,831
Amortisation of deferred income of government grants relating to assets	**2,523**	1,169
	17,488	6,000

14. EXPENSES BY NATURE

	2015	2014
	RMB'000	*RMB'000*
Raw materials and consumables used	**574,181**	593,248
Change of inventories of finished goods and work in progress	**4,067**	(11,056)
Employee benefit expenses	**30,054**	27,824
Amortisation of leasehold land and land use rights	**557**	549
Depreciation of property, plant and equipment	**40,555**	39,032
Impairment of prepayment	**4,500**	–
Repairs and maintenance expenses	**924**	872
Miscellaneous tax charges other than VAT and income tax	**4,202**	6,118
Utility expenses	**30,881**	28,199
Auditors' remuneration	**2,000**	1,799
Advertisement expenses	**233**	580
Professional fees in respect of the initial public offering	**–**	5,702
Office and other expenses	**5,069**	9,795
Total of cost of sales, selling and distribution costs and general and administrative expenses	**697,223**	702,661

15. FINANCE INCOME AND COSTS

	2015	2014
	RMB'000	*RMB'000*
Finance income:		
Interest income on bank deposits	**(2,138)**	(1,790)
Finance cost:		
Interest expense on bank borrowings	**21,418**	22,692
Interest expense on bond and other borrowings	**12,670**	1,996
Less: capitalised interest expense	**(324)**	(3,198)
Exchange (losses)/gains on financing activities	**(9,189)**	731
Bank charges	**952**	1,354
Finance costs–net	**25,527**	23,575
Net finance costs	**23,389**	21,785

16. INCOME TAX EXPENSE

The amount of income tax charged to the consolidation income statement represents:

	2015	2014
	RMB'000	*RMB'000*
Current income tax	**–**	25,220
Deferred income tax	**(11,044)**	(583)
	(11,044)	24,637

The tax on the Group's (losses)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

	2015	2014
	RMB'000	*RMB'000*
(Losses)/profit before income tax, after excluding share of profit of an associate	**(34,361)**	91,039
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	**(10,055)**	22,760
Profits not subject to tax	**(4,133)**	–
Expenses not deductible for tax purposes	**117**	1,877
Loss for which deferred tax assets were recognized	**3,027**	–
	(11,044)	24,637

The weighted average applicable tax rate was 19.0% (2014: 25.0%).

(a) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(b) Hong Kong profits tax

Subsidiaries established in Hong Kong are subject to income tax at rate of 16.5% (2014: 16.5%).

(c) Mainland China enterprise income tax ("EIT")

In accordance with the Corporate Income Tax Law of the PRC, subsidiaries of the Group established in Mainland China are subject to EIT at rate of 25% (2014: 25%) during the year.

(d) PRC withholding income tax

According to the New CIT Law, starting form 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

No deferred income tax liabilities for unremitted earnings of the PRC subsidiaries that was earned from 1 January 2008 to 31 December 2015 have been recognised as there is no plan of distribution of dividends from such earnings in the foreseeable future. Management intend to reinvest such earnings in the PRC permanently.

17. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	2015	2014
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(23,317)**	66,402
Weighted average number of ordinary shares in issue (thousands)	**1,230,000**	923,333
Basic earnings per share (RMB per share)	**(1.90) cents**	7.19 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no share options as at 31 December 2015 accordingly; there is no difference between the basic and dilutive loss per share.

18. DIVIDEND

No dividend was declared by the Board to the shareholders during the year ended 31 December 2015.

CHAIRMAN'S STATEMENT

Results

During 2015, we witnessed a complex global economic situation as various nations faced a sluggish recovery, with slowdown in global economic and trade growth and increasing volatility in the international financial market. As the PRC economy was also under downward pressure, the operational pressure of Chinese textile industry increased.

Being affected by various adverse factors including a weak economy and sluggish growth in domestic demand, the development of the textile industry in China during the year ended 31 December 2015 (the "year") faced severe challenges, with a dramatic drop in domestic cotton consumption. Meanwhile, the implementation of cotton policy reform by the PRC government led to cotton prices being increasingly market-oriented and narrowed the gap between domestic and overseas prices, showing a volatile and downward trend. In the crop year of 2015/16, despite the improvement in the supply-and-demand condition in the domestic cotton market and the commencement of the destocking cycle, it will still be some time before cotton demand picks up.

During the year, though the Group has strived to reduce inventory of textile products, given several adverse factors such as the ongoing sluggish market demand for textile products and a declining domestic cotton price, sales price of the Group's textile products and the sales volume of fabric and denim decreased as compared with the corresponding period of last year, leading to a year-on-year decrease in the revenue and squeezing the gross profit margin of the Group's textile products.

The Group recorded revenue of approximately RMB670.3 million for the year, representing a decrease of approximately 17.3% on a year-on-year basis, and the gross profit margin of the Group's products was approximately 1.3%, representing a decrease of approximately 17.1 percentage points over the previous year. Profit attributable to owners of the company for the Year turned from profit of approximately RMB66.4 million in 2014 to loss of approximately RMB23.3 million, representing a decrease of approximately 135.1% over the previous year. Earnings per share also turnover from profit of RMB7.19 cents in 2014 to loss of RMB1.90 cents, representing a decrease of approximately 126.4% as compared with the corresponding period of last year, which was mainly attributable to the substantial decrease in revenue and gross profit. During the year, the Group adhered to the strategy of maintaining the quality of the products with product innovation through the research and development capability. In the future, the Group will continue to focus on enhancing its core competitiveness and innovation capability, so as to increase the added-value of products.

Outlook

Looking ahead into 2016, the external environment for the textile industry will remain complex and challenging. Recovery of the global economy remains slow, and an improvement in international demand is unlikely to occur in the near future. With continued progress in structural reform of the supply front, the PRC economy is expected to maintain medium-to-high growth within a reasonable range. In 2016, it is expected that over-supply in the global cotton market will remain unchanged, and the international cotton price will remain in a relatively low range. Although the issues affecting the development of the Chinese textile industry, such as the intensified competition in domestic and overseas markets and rising labour cost and other production costs, remain unresolved, the implementation of the "Made in China 2025" plan and efforts to accelerate the transformation from a large manufacturing power into a strong manufacturing power by the PRC government also present the textile industry an opportunity to transform from "large" to "large and strong". China is speeding up the integration of new generations of information technology into the textile and apparel sector to promote the green and low carbon, digital, intelligent and flexible development of the industry. In addition, driven by various factors such as increasing household income, improved urbanization, implementation of the "comprehensive two-child policy" and destocking of the real estate industry, China's domestic consumption will continue to grow steadily. At the same time, demand for diversified, personalized and stylish products has become the mainstream trend, which will further accelerate the ongoing upgrade in consumption structure. With the increasing demand for middle to high-end and functional textile products, the market for high value-added products will continue to expand.

Facing the challenges and opportunities amidst this shifting environment, the Group will strengthen technological research and development to pursue for an economically resourceful growth pattern of low input, low consumption, low emission and high efficiency. At the same time, the Group will adhere to a strategy of developing middle to high-end products to improve its gross margin. While placing equal emphasis on domestic and export markets, the Group will further optimize its product mix to cater for the domestic market demand for middle to high-end textile products.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year, the Group recorded revenue of approximately RMB670.3 million, representing a decrease of approximately 17.3% as compared with the corresponding period of last year, and profit attributable to owners of the company turned around to loss of approximately RMB23.3 million, representing a decrease of approximately 135.1% as compared with last year. The decrease in revenue was mainly attributable to the decrease in both selling prices of the textile products of the Group and the sales volume of fabric and yarns due to reduced market demand for textile products and the decrease in cotton price. The decrease in net profit attributable to owners of the company was in line with decrease in revenue and gross profit with the increase in finance cost for higher borrowings to finance the working capital and the increase in selling expenses for sales promotion.

Industry review

During the year, the PRC economy was at the stage of transformation with structural adjustment, showing increasing downward pressure. The growth of GDP for the year was only 6.9%. Negatively affected by the macro economy, the Chinese textile industry was also under growing pressure, featuring a shift in growth drivers, continuous adjustments and an overall stable performance.

According to the statistics released by the China Cotton Textile Association, the production volume of the yarns increased by 4.7% to approximately 35.38 million tonnes in 2015 whereas the production volume of fabrics decreased by 0.08% to approximately 70.312 billion meters in 2015. This demonstrated a slowing down production volume of textile products in 2015 mainly because of sluggish demand from the garment manufacturing customers.

In terms of raw materials, as implementation of the cotton policy reform by the PRC government drove cotton prices being increasingly market-oriented and narrowed the gap between domestic and overseas prices, coupled with the weak growth in end-user spending, cotton prices showed a volatile and downward trend. According to the Cotton A Index, the average price for cotton in China during the year was approximately RMB13,766 per ton, representing a year-on-year decrease of approximately 22.8%. Overseas cotton prices also decreased due to weak demand. The average global market price for cotton, according to the Cotlook A Index, was approximately 70.39 US cents per pound, representing a year-on-year decrease of approximately 15.3%. In the long run, the narrowing gap between domestic and overseas cotton prices will help improve the overall competitiveness of China's exporting textile manufacturing industry.

Business review

During 2015, as the domestic cotton price was on a decline path due to weak recovery of the global economy, sluggish textile demand and impact from imported textile products, the selling price of China's textile products decreased accordingly, narrowing down the gross profit margin of textile products of the Group.

Revenue of the Group comprises sales of grey and dyed garment fabrics and cotton yarns. During the year, fabrics continued to be the major products of the Group, which contributed to approximately 89.1% of the Group's total revenue for the year, amounting to approximately RMB597.5 million, representing a decrease of approximately 17.4% when compared to that of last year. Sluggish demand dragged down the sales volume. The Group's production capacities were similar to the last year's level whereas the utilisation rate decreased given the decreasing the sales volume. For the year ended 31 December 2015, the production of yarn was hindered by the staged market demand and so the revenue of yarn decreased by around 17.0% to approximately RMB72.7 million when compared to that of last year.

The average selling price of fabrics and yarns decreased by approximately 21.5% to 15.3 per meter and 16.8% to RMB15,868.5 per tonne, respectively (2014: RMB19.1 meter and RMB19,725 per tonne, respectively) when compared with the last year. The average unit cost of fabrics and yarns maintained at similar level over the last two years (2015: RMB15.0 per meter and RMB15,109 per tonne, respectively whereas 2014: RMB15.0 per meter and RMB15,745 per tonne respectively). The gross profit margin for the year ended 31 December 2015 fell down significantly from 18.4% in 2014 to 1.3% in 2015 because of the above mentioned reason.

Increase in selling expenses and finance costs outweighed by decrease in administrative expenses turned profit attributable to the owners of the company to become loss of approximately RMB23.3 million for the year ended 31 December 2015 from profit of approximately RMB66.4 million for the year ended 31 December 2014.

During the year, the Group adjusted product portfolio in response to the ever-changing market, resulting in a reduction of its inventory level.

Prospect

This is still a fierce competition in the PRC's textile industry, yet the market is immense and highly fragmented. A number of players in the textile industry are consolidated with survival of relatively strong competitive manufacturers in the industry. In 2016, the Group will remain focusing on extending its reach into domestic market, retain the existing market presence and step forward to the overseas trading market. The Group is more determined than ever to enhance its profitability to optimising the existing product portfolio and developing new invented and improved quality products that meet market demand.

The Group still develops the overseas trading activities through its Hong Kong subsidiary in 2016.

The Group will complete the construction of the second phase of Hubei Production Facilities in the second quarter of 2016, but as the textile industry is still gloomy, the Group is finding a suitable time to arrange installation of production equipment and commence production. The Group will make further announcement as and when appropriate.

Looking ahead, the Group will also consider the possibility of adoption of environmental protection technology to recycle the waste materials during the production process, but we are still investigating on the feasibility of the technical and cost effectiveness. If the adoption becomes feasible, the Group can save the wastage during the production process to slim down the production cost.

With the above strategies, we hope not only to maintain the strategic position but to enhance the quality of products, boost our revenue and improve the profitability and customer loyalty.

FINANCIAL REVIEW

Turnover

Our revenue decreased by 17.3% from approximately RMB810.8 million for the year ended 31 December 2014 to approximately RMB670.3 million for the year ended 31 December 2015. Such decrease in the revenue was mainly due to following factors:

(i) revenue of our fabrics products decreased from approximately RMB723.2 million in 2014 to approximately RMB597.5 million in 2015. Such decrease in the revenue of our fabric products was primarily due to decline in the average selling price from around RMB19.5 per meter in 2014 to RMB15.3 per meter in 2015 mainly due to downward market trend of domestic prices. In addition, the decrease in the average selling price from around RMB16.3 per meter in the first half year of 2015 to RMB15.5 per meter in the second half year of 2015 dragged down the revenue of the second half year of 2015; and

(ii) revenue of yarn products decreased from approximately RMB87.6 million in 2014 to approximately RMB72.7 million in 2015. Such decrease in the revenue of our yarn products was primarily due to lower demand for the yarn products in 2015 and the decline in the average selling price from around RMB19,064.4 per tonne in 2014 to RMB15,868.5 per tonne in 2015. The decrease in the average selling price from around RMB16,300.0 per tonne in the first half year of 2015 to around RMB15,530.0 per tonne in the second half year of 2015 dragged down the revenue of the second half year of 2015.

Cost of sales

The cost of sales maintained at similar level at approximately RMB661.9 million for the year ended 31 December 2015 when compared with approximately RMB661.5 million for the year ended 31 December 2014.

Gross profit and gross profit margin

The significant decrease in gross profit by 94.4% from approximately RMB149.3 million for the year ended 31 December 2014 to approximately RMB8.4 million for the year ended 31 December 2015 was mainly due to the decrease in the average selling price of the fabric and yarns products as mentioned above. Decrease in gross profit from approximately RMB33.8 million in the first half year of 2015 to loss of approximately RMB25.4 million in the second half year of 2015 was mainly due to the same reason as mention above.

The gross profit margin decreased significantly from 18.4% for the year ended 31 December 2014 to 1.3% for the year ended 31 December 2015. Such decrease was mainly due to decrease in the average price of fabrics and yarns by around 21.5% and 16.8%, respectively, over the figures for the last year. Gross profit margin of the first half year of 2015 fell from around 11.1% to 9.8% of gross loss margin of the second half year of 2015 was mainly due to the decline in the average selling price of the products during the second half year of 2015.

Selling and distribution expenses

The increase in selling and distribution expenses by 27.6% from approximately RMB4.2 million for the year ended 31 December 2014 to approximately RMB5.4 million for the year ended 31 December 2015 was mainly due to higher expenses of approximately RMB1.3 million on transportation of grey yarns for dyeing incurred by our Hubei Production Facilities.

General and administrative expenses

The decrease in general and administrative expenses by 18.9% from approximately RMB37.0 million for the year ended 31 December 2014 to approximately RMB30.0 million for the year ended 31 December 2015 was mainly due to initial public offering occurred expenses of approximately RMB5.7 million in 2014 but nil in 2015 and decrease in miscellaneous expenses by approximately RMB1.5 million such as advisory fee, environmental protection expenses, etc.

Other income

Increase in other income by 191.7% from approximately RMB6.0 million for the year ended 31 December 2014 to approximately RMB17.5 million for the year ended 31 December 2015 was mainly due to foreign exchange gain of approximately RMB3.2 million for appreciation of Hong Kong Dollar to Renminbi during the year, an increase in government grants received by approximately RMB7.0 million during the year and an increase in amortisation of deferred income of government grants relating to assets of approximately RMB1.3 million during the year.

Finance costs

The increase in finance costs by 8.1% from approximately RMB23.6 million for the year ended 31 December 2014 to approximately RMB25.5 million for the year ended 31 December 2015 was mainly due to increase in the average balance of borrowings in order to meet our needs of working capital as a result of our business expansion as well as to finance the construction of the second phase of our Hubei Production Facilities.

Income tax expenses

The Group's income tax expenses decreased by 144.7% to tax credit of approximately RMB11.0 million in 2015 from tax provision of approximately RMB24.6 million in 2014. The decrease was primarily due to increase in deferred tax income from RMB0.6 million in 2014 to approximately RMB11.0 million in 2015.

Leasehold land, property, plant and equipment

The Group's leasehold land, property, plant and equipment situated at Shishi and Hubei Production Facilities are land and various buildings in the manufacturing plants. The Group has 100% interest of 2 parcels of land located at Da Sheng Guan Shan Industrial Zone, Huangmei County, Huanggang City, Hubei Province, the PRC with gross floor area of approximately 99,903 square meters. The development of second phase construction of our Hubei Production Facilities is in progress and the addition of construction-in-progress was approximately RMB39.3 million as at 31 December 2015 (2014: approximately RMB35.7 million).

Available-for-sale financial assets

The available-for-sale financial assets of the Group represented an investment to a local financial institution located at Huangmei County, Huanggang City, Hubei Province, the PRC of approximately RMB4.5 million.

Inventories

Decrease in inventories by 5.9% from approximately RMB68.0 million as at 31 December 2014 to approximately RMB64.0 million as at 31 December 2015 was mainly due to decrease of work-in-progress and finished goods inventories by approximately RMB2.4 million and approximately RMB1.7 million, respectively, for the effective inventory management.

Trade and other receivables and prepayments

Increase in trade and other receivables and prepayments by 73.3% from approximately RMB239.7 million as at 31 December 2014 to approximately RMB415.3 million as at 31 December 2015 was mainly due to (1) increase of trade receivables from approximately RMB125.1 million as at 31 December 2014 to approximately RMB256.6 million as at 31 December 2015 for the extension of the average credit period to the customers from 44 days to 110 days offered to the regular loyal customers and (2) higher prepayments of approximately RMB110.6 million for purchase of raw materials to secure sufficient supply in 2015 (2014: approximately RMB81.0 million). Provision for impairment of prepayment of approximately RMB4.5 million was accrued for the year ended 31 December 2015 (2014: nil).

Cash flow

During the year ended 31 December 2015, net cash outflow from operating activities was approximately RMB127.6 million. Compared with the net cash inflow in the last year of approximately RMB7.6 million, the decrease in net cash inflow from the operating activities of approximately RMB135.2 million was mainly due to decrease in profit before income tax by approximately RMB125.4 million, the increase of trade and other receivables and prepayments for raw materials of approximately RMB104.3 million and the decrease of trade and other payables of approximately RMB84.6 million.

Net cash outflow from the investing activities in 2015 was approximately RMB446.3 million. Increase of net cash outflow from the investing activities of approximately RMB52.5 million as compared with the last year was mainly due to prepayments for long-term investment of approximately RMB80.0 million and increase in time deposits during the year.

The net cash inflow from the financing activities in the year 2015 was approximately RMB494.1 million which was higher than approximately RMB132.1 million in 2014. Such financing activities were issuance of placing shares of approximately RMB412.8 million and shares issued for share-based compensation of approximately RMB38.5 million.

Liquidities and financial resources

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, bank borrowing and other borrowings.

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities and centralised and cash and cash equivalents are generally deposited with financial institutions such as banks denominated mostly in Renminbi and Hong Kong dollars.

Net current assets and working capital

The following table sets forth our current assets, current liabilities, current ratio, quick ratio, gearing ratio and debt to equity ratio as at 31 December 2015:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current assets		
Inventories	**64,019**	68,001
Trade and other receivables and prepayments	**415,306**	239,670
Cash and bank balances	**374,983**	135,223
Restricted bank deposits	**23,368**	59,031
Total current assets	**877,676**	501,925
Current liabilities		
Borrowings	**104,111**	124,946
Trade and other payables	**135,758**	151,109
Current income tax liabilities	**827**	12,400
Total current liabilities	**240,696**	288,455
Net current assets	**636,980**	213,470
Current ratio	**364.6%**	174.0%
Quick ratio	**338.0%**	150.4%
Gearing ratio	**44.6%**	68.2%
Debt to equity ratio	**0.7%**	27.8%

Bank and other borrowings

Particulars of borrowings of the Company and the Group as at 31 December 2015 are set out in note 10 to the consolidated financial statements.

Pledge of assets

As at 31 December 2015, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB333.3 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2014: approximately RMB305.5 million).

Paid in capital

On 19 May and 28 August 2015, the Company placed 200,000,000 and 240,000,000 placing shares respectively with the placing price of HK$0.76 and HK$1.50 per placing share respectively. An aggregate amount of approximately RMB440.8 million has been raised as the share placing proceeds. In addition, 50,000,000 shares were issued pursuant to the exercise of share options granted in 2014 during the year. The amount was approximately RMB39.4 million as the share options exercised proceeds.

Upon completion of the share placements and exercise of share options, the total number of issued shares of the Company has increased to 1,500,000,000.

Foreign exchange risk

The Group mainly operates in the mainland China with most of the revenue and expenditure transactions denominated and settled in RMB, where its foreign exchange risk is limited. The Group's exposure to foreign exchange risk is mainly on its sales and purchase transactions (i.e., export or import of products) in Hong Kong which are mainly denominated in USD, and the bonds denominated in HKD. The functional currency of the Company and its subsidiaries is RMB.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2015.

Material acquisitions and disposals

Except for the framework agreement entered on 29 December 2015 in respect of the potential acquisition of 50% equity interest in a PRC company as disclosed in the announcement dated on the same date, in which the formal equity interest transfer agreement has yet to be entered as of the date of this announcement, there were no further material acquisitions or disposals during the year.

USE OF PROCEEDS AND EXPANSION PLAN

From 25 April 2014 (the "Listing Date") to the date of this announcement, the Group has been following the pattern of application of the net proceeds as described in the prospectus of the Company dated 10 April 2014 (the "Prospectus"). In addition, the Group does not intend to change its expansion plan as described in the Prospectus save as the reschedule of the second phase of Hubei Production Facilities. As at 31 December 2015, there was unutilised net proceeds are approximately HKD24.5 million, equivalent to approximately RMB19.6 million of which the whole amount of the unutilised net proceeds was deposited in bank accounts in the PRC.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

From the year end date of 31 December 2015 to the date of announcement, the Company issued corporate bond of approximately HKD9.7 million, HKD2.0 million and HKD1.0 million, respectively, on 22 January, 8 March and 17 March 2016, respectively, for the raising of working capital purpose.

ANNUAL GENERAL MEETING (THE "AGM")

The AGM will be held on 20 May 2016 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

HUMAN RESOURCES

As at 31 December 2015, the Group had a total workforce of 785 (as at 31 December 2014: 832). The Group successfully follows a higher ratio of the number of operating staff to the number of machines to scale down the total workforce. New employees were recruited to cater for the Group's business expansion during the year. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated staff.

DIVIDEND POLICY

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil). As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2015.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or its subsidiaries during the year. The Company has successfully placed 200,000,000 and 240,000,000 placing shares respectively on 19 May 2015 and 28 August 2015, respectively. For details, please refer to note 9 (iii) on page 15 of this announcement.

CORPORATE GOVERNANCE

The Company was committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "Code Provisions") set out in Appendix 14 to the Listing Rules. Throughout the year 2015, the Company had complied with the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions throughout the year.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 27 March 2014. The Audit Committee comprises three independent non-executive Directors, including Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Chan Sui Wa is the chairman of the Audit Committee. The rights and duties of the Audit Committee are consistent with those set out in the Code Provisions. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board. The Audit Committee met on a semi-annual basis and the review covers the findings of internal auditors, internal control, risk management and financial reporting matters.

The Audit Committee has discussed with the management and reviewed the annual results for the year ended 31 December 2015.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") on 27 March 2014. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Ma Chongqi is the chairman of the Remuneration Committee. The Remuneration Committee has rights and duties consistent with those set out in the Code Provisions. The Remuneration Committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") on 27 March 2014. The Nomination Committee comprises three independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. The chairman of the Nomination Committee is Mr. Yu Yubin. The Nomination Committee has adopted terms of reference which are in line with the Code Provisions. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

REGULATORY COMPLIANCE COMMITTEE

The regulatory compliance committee was established by the Company on 26 February 2014, which is led by Mr. Qiu Zhiqiang, the executive director of the Company, Mr. Deng Qinghui, the executive director and Mr. Siu Kai Chun, the Chief Financial Officer and Company Secretary. The committee directly reports to our Board and is primarily responsible for ensuring that our business operations and activities are in compliance with the relevant laws and regulations.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing. Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the results announcement.

CLOSURE OF REGISTERED MEMBERS

In order to determine the entitlement to attend the AGM, the register of members of the Company will be closed from 18 May 2016 to 20 May 2016 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on 17 May 2016.

PUBLICATIONS OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.texitm.com) and the Stock Exchange (www.hkexnews.hk). An annual report for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the year.

By order of the Board
Wang Tai Holdings Limited
Lin Qingxiong
Chairman

Hong Kong
30 March 2016

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:	Mr. Lin Qingxiong Mr. Qiu Zhiqiang Mr. Deng Qinghui
Independent non-executive Directors:	Mr. Chan Sui Wa Mr. Yu Yubin Mr. Ma Chongqi