Silverman Holdings Limited
銀仕來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code：1616)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

SUMMARY

- Turnover was approximately RMB759.8 million, representing a decrease of approximately 1.9% as compared to that of the last year.

- Gross profit margin was approximately 13.6% of the turnover, representing an increase of approximately 1.6 percentage points as compared to that of approximately 12.0% for the previous year.

- Gross profit increased by approximately RMB9.8 million, or approximately 10.5%, to approximately RMB103 million for the year ended 31 December 2014.

- Profit attributable to the equity shareholders of the Company was approximately RMB7.6 million, representing a decrease of approximately 64.6% as compared to that of the previous year.

DIVIDEND

- The Board recommends the payment of a final dividend of RMB0.0095 per share.

The board (the "Board") of directors (the "Directors") of Silverman Holdings Limited (the "Company") is pleased to announce the audited consolidated annual financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 (the "Year" or "Period under Review") together with the comparative figures in 2013 as set out below. The consolidated results are audited and have been reviewed by the audit committee ("Audit Committee") of the Group.

Silverman Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note	***2014***	*2013*
		RMB'000	*RMB'000*
Turnover	*3*	**759,800**	774,577
Cost of sales		**(656,790)**	(681,352)
Gross profit		**103,010**	93,225
Other revenue	*4*	**240**	-
Other net income	*4*	**3,799**	5,762
Distribution costs		**(13,409)**	(13,395)
Administrative expenses		**(65,240)**	(53,657)
Profit from operations		**28,400**	31,935
Finance income	*5(a)*	**1,757**	20,075
Finance costs	*5(a)*	**(21,555)**	(19,888)
Profit before taxation	*5*	**8,602**	32,122
Income tax	*6*	**(968)**	(10,551)
Profit and total comprehensive income for the year		**7,634**	21,571
Profit and total comprehensive income attributable to equity shareholders of the Company		**7,634**	21,571
Earnings per share			
Basic and diluted	*7*	**RMB0.0095**	RMB0.0270

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 10(a).

Silverman Holdings Limited
Consolidated statement of financial position
at 31 December 2014
(Expressed in Renminbi Yuan)

	Note	***2014***	*2013*
		RMB'000	*RMB'000*
Non-current assets			
Fixed assets			
- Property, plant and equipment		**530,229**	537,702
- Interests in leasehold land under operating leases		**51,977**	48,375
		582,206	586,077
Intangible assets		**79**	12
Goodwill		**6,394**	6,394
Investments in equity securities		**1,000**	1,000
Deferred expenses	*8*	**3,341**	3,103
Deferred tax assets		**1,014**	-
		594,034	596,586
Current assets			
Inventories		**132,377**	163,163
Trade and other receivables	*8*	**159,708**	156,100
Pledged bank deposits		**15,971**	9,826
Cash and cash equivalents		**122,356**	102,375
		430,412	431,464
Current liabilities			
Trade and other payables	*9*	**109,999**	133,165
Bank loans		**258,000**	224,000
Obligations under finance leases		**18,369**	22,565
Current taxation		**4,570**	4,987
		390,938	384,717
Net current assets		**39,474**	46,747
Total assets less current liabilities		**633,508**	643,333

Silverman Holdings Limited
Consolidated statement of financial position (continued)
at 31 December 2014
(Expressed in Renminbi Yuan)

	Note	***2014*** ***RMB'000***	*2013* *RMB'000*
Non-current liabilities			
Bank loans		**8,500**	-
Obligations under finance leases		**22,814**	41,183
Deferred tax liabilities		**760**	750
		32,074	41,933
Net assets		**601,434**	601,400
Capital and reserves			
Share capital	*10*	**50,577**	50,577
Reserves		**550,857**	550,823
Total equity		**601,434**	601,400

Approved and authorised for issue by the Board on 27 March 2015.

Silverman Holdings Limited
Consolidated statement of changes in equity
for the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Share capital RMB'000	*Share premium RMB'000*	*Capital reserve RMB'000*	*Statutory surplus reserve RMB'000*	*Other reserve RMB'000*	*Retained earnings RMB'000*	*Total equity RMB'000*
Balance at 1 January 2013	50,577	74,447	(909)	52,699	119,359	288,656	584,829
Change in equity for 2013:							
Profit and total comprehensive income for the year	-	-	-	-	-	21,571	21,571
Dividends approved in respect of the previous year	-	-	-	-	-	(5,000)	(5,000)
Appropriations to statutory reserve	-	-	-	2,609	-	(2,609)	-
Balance at 31 December 2013 and 1 January 2014	50,577	74,447	(909)	55,308	119,359	302,618	601,400
Change in equity for 2014:							
Profit and total comprehensive income for the year	-	-	-	-	-	7,634	7,634
Dividends approved in respect of the previous year	-	-	-	-	-	(7,600)	(7,600)
Appropriations to statutory reserve	-	-	-	1,185	-	(1,185)	-
Balance at 31 December 2014	**50,577**	**74,447**	**(909)**	**56,493**	**119,359**	**301,467**	**601,434**

Silverman Holdings Limited
Consolidated cash flow statement
for the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note	***2014***	*2013*
		RMB'000	*RMB'000*
Operating activities			
Profit before taxation		**8,602**	32,122
Adjustments for			
Depreciation	*5(c)*	**66,122**	64,895
Amortisation	*5(c)*	**1,108**	1,028
Impairment losses on trade receivables	*5(c)*	**3,755**	159
Reversal of impairment losses on other receivables	*5(c)*	**(1,500)**	(1,000)
Interest income	*5(a)*	**(1,170)**	(3,978)
Gains on sales of short-term investment		**(170)**	-
Finance costs	*5(a)*	**19,367**	17,817
Dividend income from unlisted equity securities	*4*	**(240)**	-
Net gain on disposal of property, plant and equipment	*4*	**(495)**	(56)
		95,379	110,987
Changes in working capital			
Decrease/(increase) in inventories		**30,786**	(397)
Increase in trade and other receivables		**(11,554)**	(11,846)
(Decrease)/increase in trade and other payables		**(16,824)**	13,575
Increase in guarantee deposits for issuance of commercial bills and bank acceptance		**(6,145)**	(8,170)
Cash generated from operations		**91,642**	104,149
Income tax paid		**(2,389)**	(11,755)
Net cash generated from operating activities		**89,253**	92,394

Silverman Holdings Limited
Consolidated cash flow statement (continued)
for the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note	***2014***	*2013*
		RMB'000	*RMB'000*
Investing activities			
Capital expenditures		**(63,545)**	(139,267)
Repayment of advance to an entity		**1,500**	500
Proceeds from disposal of property, plant and equipment		**278**	85
Decrease in guarantee deposits for bank loans		**-**	180,972
Payment for purchase of short-term investments		**(20,000)**	-
Proceeds from sales of short-term investments		**20,170**	-
Interest received		**1,170**	3,978
Dividend income from unlisted equity securities	*4*	**240**	-
Net cash (used in)/generated from investing activities		**(60,187)**	46,268
Financing activities			
Proceeds from bank and other loans		**298,947**	345,570
Repayment of bank and other loans		**(281,065)**	(495,594)
Borrowing costs paid		**(19,367)**	(17,817)
Dividends paid to equity holders	*10(a)*	**(7,600)**	(5,000)
Net cash used in financing activities		**(9,085)**	(172,841)
Net increase/(decrease) in cash and cash equivalents		**19,981**	(34,179)
Cash and cash equivalents at 1 January		**102,375**	136,554
Cash and cash equivalents at 31 December		**122,356**	102,375

Notes to the financial statements
(Expressed in Renminbi Yuan unless otherwise indicated)

1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2014 comprise the Group.

The financial statements are presented in Renminbi ("RMB") , rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Changes in accounting policies

The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*
- IFRIC 21, *Levies*

These developments have had no material impact on the contents of the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Turnover and segment report

(a) Turnover

The principal activities of the Group are the manufacturing and sales of textile products.

Turnover represents the sales value of goods supplied to customers and service income (net of sales tax, value-added tax and discounts). The amount of each significant category of revenue recognised in turnover is as follows:

	2014	*2013*
	RMB'000	*RMB'000*
Sales of textile products:		
- Dobby grey fabrics	**528,908**	526,771
- Jacquard grey fabrics	**200,670**	210,652
- Others	**6,840**	12,312
	736,418	749,735
Processing services income	**23,382**	24,842
	759,800	774,577

The following is an analysis of the Group's revenue by geographical markets:

	2014	*2013*
	RMB'000	*RMB'000*
The PRC	**679,990**	665,930
Overseas	**79,810**	108,647
	759,800	774,577

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. During the year ended 31 December 2014, revenue from sales of textile products to this customer amounted to approximately RMB83,712,001 (2013: RMB17,138,209).

(b) Segment reporting

No segment information is presented during the year as the Group is principally engaged in one operating segment which is the manufacturing and sale of textile products. The Group operates in the PRC and its major assets are located in the PRC.

Additional information about customer base and revenue by geographical markets of the Group has been disclosed in note 3(a).

4 Other revenue and other net income

	2014 RMB'000	2013 RMB'000
Other revenue		
Dividend income from unlisted equity securities	**240**	-
Other net income		
Net gain on sale of raw materials and scrap materials	**1,543**	2,498
Net gain on disposal of property, plant and equipment	**495**	56
Government grants	**1,119**	3,607
Others	**642**	(399)
	3,799	5,762

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance income and finance costs

	2014 RMB'000	2013 RMB'000
Finance income		
Interest income on bank deposits	**(1,170)**	(3,978)
Foreign exchange gain arising on settlement or translation of foreign currency monetary items	**(587)**	(16,097)
	(1,757)	(20,075)
Finance costs		
Interest on bank and other borrowings wholly repayable within five years	**14,968**	16,252
Less: interest capitalized into property, plant and equipment*	**-**	(1,427)
Interest expenses	**14,968**	14,825
Finance charges on obligations under finance leases	**3,386**	1,565
Other finance charges	**3,201**	3,498
	21,555	19,888

* The borrowing costs have been capitalised at a rate of 6.06% per annum for the year ended 31 December 2013.

5 Profit before taxation (continued)

(b) Staff costs

	2014	*2013*
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**117,701**	112,128
Contributions to defined contribution retirement plan	**3,531**	3,028
	121,232	115,156

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the "Schemes") organised by the relevant local authorities whereby the Group is required to make contributions to the Schemes at certain percentages of the eligible employees' salaries for the years ended 31 December 2014 and 2013. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

(c) Other items

	2014	*2013*
	RMB'000	*RMB'000*
Depreciation	**66,122**	64,895
Amortisation		
- leasehold land	**1,085**	975
- intangible assets	**23**	53
Impairment losses on trade receivables	**3,755**	159
Reversal of impairment losses on other receivables	**(1,500)**	(1,000)
Auditors' remuneration – audit services	**800**	1,000
Cost of inventories	**654,249**	680,912

6 Income tax

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	2014	*2013*
	RMB'000	*RMB'000*
Current tax		
PRC enterprise income tax and PRC dividend withholding tax for the year	**1,972**	10,301
Deferred tax		
Origination and reversal of temporary differences	**(1,004)**	250
	968	10,551

6 Income tax (continued)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.

(ii) The Group's Hong Kong subsidiaries, being investment holding companies, do not derive income subject to Hong Kong Profits Tax. For the years ended 31 December 2014 and 2013, Hong Kong Profits Tax rate is 16.5%. The payments of dividends by the subsidiaries incorporated in Hong Kong are not subject to withholding tax.

(iii) For the year ended 31 December 2014, the Group's Chinese subsidiaries are subject to income tax rate of 25% (2013: 25%).

(iv) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profit earned since 1 January 2008. YSL (HK) Ltd. and Huiyin (HK) Ltd., Hong Kong subsidiaries of the Company, would be subject to PRC dividend withholding tax on dividends receivables from their PRC subsidiaries.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2014	*2013*
	RMB'000	*RMB'000*
Profit before taxation	**8,602**	32,122
Notional tax on profit before taxation, calculated at the rates applicable to the profits in the jurisdictions concerned	**2,172**	9,956
Effect of tax benefits	**(3,625)**	-
Effect of non-deductible expenses	**1,661**	827
Effect of entities not subject to income tax	**-**	(982)
PRC dividend withholding tax	**760**	750
Income tax expense	**968**	10,551

7 Earnings per share

The calculation of basic and diluted earnings per share for the year ended 31 December 2014 is based on the profit attributable to equity shareholders of the Company of RMB7,634,000 (2013: RMB21,571,000) and the weighted average of 800,000,000 shares (2013: 800,000,000 shares) in issue during the year.

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years ended 31 December 2014 and 2013 respectively.

8 Trade and other receivables

	Note	***2014 RMB'000***	*2013 RMB'000*
Trade debtors and bills receivables		**82,893**	91,198
Less: allowance for doubtful debts	*(b)*	**(3,755)**	-
	(a) (c)	**79,138**	91,198
Deposits, prepayments and other receivables	*(d)*	**83,911**	68,005
		163,049	159,203
Deferred expenses expected to be recognised as expense after more than one year	*(d)*	**(3,341)**	(3,103)
Trade and other receivables expected to be recovered or recognised as expense within one year		**159,708**	156,100

(a) Ageing analysis

Included in trade and other receivables are trade debtors and bills receivables (net of allowance for doubtful debts) with the following ageing analysis as at the end of the reporting period.

	2014 RMB'000	*2013 RMB'000*
Current	**76,211**	87,821
Less than 3 months past due	**-**	1,636
3 to 6 months past due	**10**	9
6 to 12 months past due	**2,917**	1,732
Amounts past due	**2,927**	3,377
	79,138	91,198

Trade debtors and bills receivables are due within 1 to 6 months from the date of billing.

(b) Impairment of trade debtors and bills receivables

Impairment losses in respect of trade debtors and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly.

8 Trade and other receivables (continued)

The movement in the allowance of doubtful debts during the year is as follows:

	2014	*2013*
	RMB'000	*RMB'000*
At 1 January	**-**	-
Impairment loss recognised	**(3,755)**	-
At 31 December	**(3,755)**	-

As at 31 December 2014, the Group's trade debtors of RMB3,755,000 (2013: RMB nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB3,755,000 (2013: RMB nil) was recognised.

(c) Trade debtors and bills receivables that are not impaired

The ageing analysis of trade debtors and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014	*2013*
	RMB'000	*RMB'000*
Neither past due nor impaired	**75,861**	87,821
Less than 3 months past due	**-**	1,636
3 to 6 months past due	**10**	9
6 to 12 months past due	**27**	1,732
	75,898	91,198

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

8 Trade and other receivables (continued)

(d) Deposits, prepayments and other receivables

	2014 *RMB'000*	*2013* *RMB'000*
Prepayments relating to purchases of raw materials	**39,088**	32,598
Prepayments relating to purchases of fixed assets	**6,184**	10,137
Deferred expenses	**4,667**	4,527
Value-added tax recoverable	**14,032**	14,544
Other receivables	**19,940**	6,199
	83,911	68,005

(e) The amounts due from subsidiaries were unsecured, interest-free and had no fixed repayment terms.

9 Trade and other payables

	Note	*2014* *RMB'000*	*2013* *RMB'000*
Trade creditors and bills payable	*(a)*	**48,814**	66,957
Receipts in advance		**11,329**	12,554
Other creditors and accrued charges	*(b)*	**49,856**	53,654
		109,999	133,165

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) Ageing analysis

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	2014 *RMB'000*	*2013* *RMB'000*
Due within 3 months or on demand	**45,397**	62,614
Due after 3 months but within 6 months	**1,954**	1,754
Due after 6 months but within 12 months	**1,463**	2,589
	48,814	66,957

9 Trade and other payables (continued)

(b) Other creditors and accrued charges

	2014	*2013*
	RMB'000	*RMB'000*
Accrued charges	**8,813**	13,697
Tax payable other than income tax	**8,323**	1,593
Payables relating to purchases of fixed assets	**25,620**	29,369
Advance from an entity	**2,926**	4,979
Other payables	**4,174**	4,016
	49,856	53,654

10 Capital and dividends

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2014	*2013*
	RMB'000	*RMB'000*
Interim dividend declared and paid of RMB nil per ordinary share (2013: RMB nil)	-	-
Final dividend proposed after the end of the reporting period of RMB0.0095 per ordinary share (2013: RMB0.0095)	7,**600**	7,600
	7,600	7,600

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2014	*2013*
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year, approved and paid during the year, of RMB0.0095 per ordinary share (2013: RMB0.00625)	**7,600**	5,000

The Directors consider that the dividend payments made during the year are not indicative of the future dividend policy of the Group.

10 Capital and dividends (continued)

(b) Share capital

Authorised and issued share capitals are as follows:

	2014		*2013*	
	No. of shares	***RMB'000***	*No. of shares*	*RMB'000*
Authorised:				
Ordinary shares of USD0.01 each	**10,000,000,000**	**632,110**	10,000,000,000	632,110
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**800,000,000**	**50,577**	800,000,000	50,577

11 Commitments

Capital commitments outstanding at 31 December 2014 and 2013 not provided for in the consolidated financial statements were as follows:

	2014	*2013*
	RMB'000	*RMB'000*
Contracted for	**4,080**	15,968

12 Material related party transactions

The Group has entered into the following material related party transactions during the years ended 31 December 2014 and 2013:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors and certain of the highest paid employees, is as follows:

	2014	*2013*
	RMB'000	*RMB'000*
Short-term employee benefits	**1,792**	1,801
Post-employment benefits	**33**	33
	1,825	1,834

Total remuneration is disclosed in "staff costs" (see note 5(b)).

13 Immediate and ultimate controlling parties

As at 31 December 2014, the Directors consider the immediate controlling party of the Group to be Excel Orient Ltd., which is incorporated in the British Virgin Islands, and the ultimate controlling party of the Group to be Mr. Liu Dong.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2014, despite the positive factors of the cancellation of cotton purchasing and storage policy and the adjustment of high collection and low deduction policy (「高征低扣政策」) for input and output tax, the sluggish trend of the textile industry has not been improved and China's textile enterprises are still under great pressure.

In 2014, the amount of China's export was RMB14,390 billion, representing an increase of approximately 4.9% as compared to the previous year. Among them, the amount of textile and apparel exports was USD298.49 billion, representing an increase of approximately 5.1% as compared to that of the previous year. Among them, exports of cotton woven fabrics decreased by approximately 5.7%, although exports of fabrics increased by approximately 4.9% which was mainly from the Association of Southeast Asian Nations (ASEAN), Africa and Oceania with a year-on-year growth of approximately 10.48%, 11.03% and 21.29% respectively and only an increase of approximately 1% in respect of the export to America and Europe. The data of export area and structure reflected a relatively slow recovery in the high-end facbrics market under the impacts from economic environment and cotton price.

On 5 April 2014, China announced the cessation of cotton purchasing and storage policy and the price difference between domestic and overseas cotton had decreased from the highest amount of RMB6,100/ton (representing the price difference between the international price after 1% tariff discounts and the domestic price of 3128B cotton) at the end of 2013 to approximately RMB2,800/ton recently. Affected by this, despite the fluctuation during the middle of 2014, the domestic cotton price has been decreased from RMB19,530/ton at the beginning of 2014 to RMB13,500/ton at the end of 2014, representing a decrease of approximately 31%. In the long run, although the cancellation of cotton purchasing and storage policy will be in favor of the marketization of domestic cotton price and the return of reasonable cotton price, which will gradually promote the narrowing of price difference between domestic and overseas cotton, and improve export capacity and international competitiveness of China's textile enterprises, the fluctuation and the drop of cotton prices have led to the subsequent price decline in fabrics processing and production, and also increased the wait-and-see atmosphere of China's textile enterprises.

In addition, the problem of high collection and low deduction policy (「高征低扣政策」) for input and output tax has been resolved by most of the cotton spinning production provinces in 2014. On 31 December 2014, part of the textile export rebate rate was raised from 16% to 17%, which will benefit 95% of the textile enterprises. Although the intensity and the impact of these policies on the industry remain to be seen, it has reflected the trend of the gradually optimized survival environment of China's textile enterprises.

BUSINESS REVIEW

In 2014, facing continuous and complex economy and industry situation, the Group still insisted on taking the initiative, based on our own characteristics, to further dig and make full use of the advantages of differential positioning and the development of new materials and new fiber fabric as well as the energy-saving and cost-reducing to ensure the normal operation of the Company.

In 2014, the Group has achieved remarkable results in the aspect of internal control. The Group's absolute fabric production efficiency created a record and exceeded 90% with an increase in production volume by nearly 10%. The Group also achieved the annual operating rate of 100%, the order rate of 98% and the production and sales rate of 103%. According to estimation, millions of controllable costs can be saved through a number of measures like energy-saving, technological improvement and consumption reduction during the year. Meanwhile, the project of "New Spinning Project of 100,000 Spindle" ("10 萬紗錠新型紡紗設備項目") invested with the listing proceeds of the Company has reached full production in 2014 which will be undoubtedly beneficial to improve the profitability of the Company. Although these factors have a positive impact on the gross profit margin of the Group in 2014, the profitability of the Group still had a larger degree of decline due to the impact of the increase in administrative expenses and the decrease in foreign exchange gains.

During the Period under Review, the Group's main business revenue was approximately RMB759.8 million, representing a decrease of approximately 1.9% as compared with approximately RMB774.6 million in the previous year. The decrease was mainly due to the decline of the product selling price. Profit attributable to equity shareholders of the Company was approximately RMB7.6 million, representing a decrease of approximately 64.6% as compared with approximately RMB21.6 million in the previous year. The decrease in profit was mainly due to the drop in the average selling price of the textile products of the Group caused by the decline in the international and domestic economy, the increase of administrative expenses and the decrease in the foreign exchange gains.

The obvious differentiation in the management and control, and the operating indicators of the Group, fully reflects the severe operating situation and market environment in the textile enterprises.

In 2014, the Group was once again ranked the 6th in "2013-2014 China Top 20 Enterprises of Cotton Textile Industry Competitiveness" (「2013-2014 年度中國棉紡織行業競爭力 20 強企業」) and was awarded "2014 China Textile Industry Association Product Development Contribution Award" (「2014 年度中國紡織工業聯合會產品開發貢獻獎」).

FINANCIAL REVIEW

Turnover, gross profit and gross profit margin

The table below is an analysis of the Group's turnover, gross profit and gross profit margin of its major product categories for the years ended 31 December 2014 and 2013:

	For the year ended 31 December					
	2014			2013		
	Turnover	**Gross profit**	**Gross profit margin**	Turnover	Gross profit	Gross profit margin
Product	**RMB'000**	**RMB'000**	**%**	RMB'000	RMB'000	%
Jacquard grey fabrics	**200,670**	**39,235**	**19.6%**	**210,652**	**28,993**	**13.8%**
Dobby grey fabrics	**528,908**	**62,613**	**11.8%**	**526,771**	**60,042**	**11.4%**
Processing service income	**23,382**	**526**	**2.2%**	**24,842**	**2,386**	**9.6%**
Others	**6,840**	**636**	**9.3%**	**12,312**	**1,804**	**14.7%**
Total	**759,800**	**103,010**	**13.6%**	**774,577**	**93,225**	**12.0%**

The gross profit margin of the Group increased by approximately 1.6 percentage points, from approximately 12.0% for the year 2013 to approximately 13.6% for the year 2014. The increase of the major products gross profit margins and the overall gross profit margin were mainly due to the decrease in costs as the material costs were decreased. In addition to the costs control, the Group developed new and special products according to the market demand, will further optimize the product mix and implement flexible and effective marketing strategy in order to maximize the Group's gross profit margin.

Distribution costs

The total distribution costs of the Group were flat as compared with last year by approximately RMB13.4 million for the year ended 31 December 2014.

Administrative expenses

For the year ended 31 December 2014, the administrative expenses of the Group was approximately RMB65.2 million, representing an increase of approximately 22% when compared to that of approximately RMB53.7 million in 2013. The increase was mainly due to the increase in research and development expenses and provision for bad debts.

Net finance costs

During the year ended 31 December 2014, the net finance cost of the Group were approximately RMB19.8 million, this is due to the increase in finance cost and the decrease of finance income, as compared to that in 2013. For the year ended 31 December 2014, the finance cost of the Group was approximately RMB21.6 million, representing an increase of approximately RMB1.7 million as compared to approximately RMB19.9 million in 2013. It was mainly due to the increase in interest expenses resulted from the increase in bank loans. The finance income was approximately RMB1.8 million, representing a decrease of approximately RMB18.3 million as compared to approximately RMB20.1 million in 2013, which was mainly resulted from the decrease in the net exchange gains resulted from the repayment of foreign currency loans in 2014.

Taxation

Taxation of the Group was decreased by approximately 90.8% from approximately RMB10.6 million in 2013 to approximately RMB1.0 million during the Period under Review. This was mainly due to the decrease in taxable profit.

Profit attributable to the equity shareholders of the Company

For the year ended 31 December 2014, the profit attributable to the equity shareholders of the Company was approximately RMB7.6 million, representing a decrease of approximately 64.6%, from approximately RMB21.5 million in 2013. The decrease was mainly due to the increase of administrative expenses (research and development expenses and provision for bad debts) and the decrease of net exchange gains. Based on the aforementioned factors, the gross profit margin for the year ended 31 December 2014 increased to approximately 13.6%, or by 1.6 percentage points, from that of approximately 12.0% in 2013. As a consequence, the gross profit increased by approximately 10.5%, or approximately RMB9.8 million, to approximately RMB103 million for the year ended 31 December 2014 from approximately RMB93.2 million in the previous year.

Liquidity and financial resources

As at 31 December 2014, cash and cash equivalents of the Group were approximately RMB122.4 million, representing an increase of approximately 19.5% from approximately RMB102.4 million as at 31 December 2013. The increase was mainly due to the faster trade debtor collection and the increase of loans of the Company.

For the year ended 31 December 2014, the Group's net cash generated from operating activities was approximately RMB89.3 million (2013: approximately RMB92.4 million), net cash used in investing activities was approximately RMB60.2 million (2013: net cash generated from investing activities was approximately RMB46.3 million) and net cash used in financing activities was approximately RMB9.1 million (2013: approximately RMB172.8 million). Cash and cash equivalents of the Group increased by approximately RMB20.0 million (2013: decreased by approximately RMB34.2 million) during the Period under Review. The Board believes that the Group will maintain a sound and stable financial position, and will maintain sufficient liquidity and financial resources for the Group's business need.

The Group's customers, who have set up long-term business relationship with us and have well settlement history and sound reputation, have been granted a credit period typically ranging from 30 to 180 days pursuant to the payment terms of the purchase or processing orders. The length of credit period depends on various factors such as financial strength, size of the business and settlement history of those customers. For the year ended 31 December 2014, the average trade receivables (including bills receivable) turnover period of the Group was approximately 40 days, down from 43 days for the year ended 31 December 2013. The decrease was mainly due to the increase of intensity in payment collection of the Group.

For the year ended 31 December 2014, inventory turnover period of the Group decreased to 81 days from 86 days in the previous year. This was mainly because of the decrease of inventory level of finished goods. In particular, the finished goods decreased to approximately RMB39.5 million as at 31 December 2014 from approximately RMB65.9 million as at 31 December 2013.

As at 31 December 2014, the Group's borrowings (including obligations under finance lease) of approximately RMB241.2 million (2013: approximately RMB267.7 million) bore fixed interest at rates ranging from 4.6% to 7.1% (2013: 4.5% to 7.1%) per annum. As at 31 December 2014, the Group's borrowings of approximately RMB66.5 million (2013: approximately RMB20 million) bore floating interest at rate 6.0% per annum (2013: 6.0%).

Capital structure

The Group continues to maintain an appropriate mix of equity and debt to ensure an efficient capital structure to reduce capital cost. For the year ended 31 December 2014, the debts of the Group were mainly represented by bank borrowings and obligations under finance leases with a total amount of approximately RMB307.7 million (2013: approximately RMB287.7 million). As at 31 December 2014, cash and cash equivalents were approximately RMB122.4 million (2013: approximately RMB102.4 million). As at 31 December 2014, the gearing ratio was approximately 30.8% (2013: approximately 30.8%), which was calculated by dividing total debt (i.e. interest-bearing bank borrowings and obligations under finance lease, after deducting cash and cash equivalents) by total equity.

As at 31 December 2014, the debts of the Group that will become due within a year was approximately RMB276.4 million (2013: RMB 246.6 million).

As at 31 December 2014, the Group's cash and cash equivalents were mainly held in Renminbi, Japanese Yen, US dollars, HK dollars and Euro, of which, approximately RMB110.5 million (2013: RMB87. 9 million) or 90.3% (2013: 85.8%) of the cash and cash equivalents were held in Renminbi.

Capital commitments

Save as disclosed in notes 11, the Group did not have any other significant capital commitments as at 31 December 2014 (2013: Nil).

Employee and remuneration policy

As at 31 December 2014, the Group had a total of approximately 2,941 employees (2013: 2,910), the increase in the number of staff as compared to that of the previous year was mainly because the Group recruited more employees for its expanded spinning production line in 2014.

For the year ended 31 December 2014, labour costs of the Group (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB121.2 million (2013: approximately RMB115.2 million). The increase of labour costs was mainly because the Group recruited more employees for its expanded spinning production line in 2014.

The Group continues to provide training to staff members to improve their operation skill. Meanwhile, the Group enhanced the work efficiency and average income of the staff through post-consolidation, process reorganization and improvement of working and living environment of the staff. The remuneration of the employees of the Group was subject to their working performance, experience and the industry practices. The management of the Group will also periodically review the remuneration policy and details. In addition, the Group provides bonuses and incentives based on their performances to encourage and motivate its staff to strive for better performance. In 2015, the Group will continue to provide training to staff members according to their respective skill requirements, such as training sessions on safety and skill.

Exposure to foreign exchange risk

The Group adopted a prudent policy in managing its exchange rate risks. The imports and exports of the Group were settled in US dollars. The Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in the currency exchange rates during the Period under Review. The Board believes that the Group will have sufficient foreign currency to meet its requirements.

The Group has not used any foreign currency derivatives to hedge against the exposure in foreign exchange.

Contingent liabilities

As at 31 December 2014, the Group did not have any contingent liabilities (2013: Nil).

Charges on assets

Save as the pledged bank deposits as presented in the consolidated statement of financial position, the Group pledged its machinery and equipment with net book value of approximately RMB119.5 million (2013: RMB50.6 million) to banks as securities for the bank borrowings as at 31 December 2014. Besides, machinery and equipment with net book value of approximately RMB69.3 million (2013: RMB76.2 million) were held under finance lease as at 31 December 2014.

Significant investments held

Save as the investments in equity securities presented in the consolidated statement of financial position as at 31 December 2014 and the short term investments presented in the interim consolidated statement of financial position as at 30 June 2014, the Group did not hold any significant investment in equity interest in any company during the year ended 31 December 2014.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus, the Group did not have any other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Use of Proceeds

As stated in the section headed ‘‘Future Plans and Use of Proceeds’’ of the Prospectus, the Company intended to apply part of the net proceeds from the global offering (the “Net IPO Proceeds”) for the expansion and upgrade of its production facilities of wide width shuttleless loom and supporting equipment for the purpose of increasing the Group’s production capacity of fabric products. The Net IPO Proceeds of approximately HKD140 million (equivalent to approximately RMB112 million), out of which, approximately 66% of the Net IPO Proceeds or approximately HKD92 million (equivalent to approximately RMB74 million) was designated to be used for the above purpose.

Nevertheless, due to the on-going weak market demand of both the international and domestic textile markets, after investigation and analysis conducted by the Group, the Board decided to adjust the use of part of the Net IPO Proceeds, which were originally designated to the above purpose, and apply such part of the Net IPO Proceeds for the acquisition of 100,000 spindles of new type yarn spinning facilities for production of yarns as raw materials of the Group in order to better control the costs and supply of yarns required for existing production. The estimated total purchase price will be approximately RMB200 million. The remaining funds to be required will be financed by the Group’s internal resources and bank loans. Relevant details were set out in the announcement of the Company dated 23 January 2013 published on the websites of the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The above mentioned project was launched in November 2012, and now has been in full operation.

EVENTS AFTER THE REPORTING PERIOD

No significant event took place before the date of this announcement and subsequent to 31 December 2014.

OUTLOOK

Despite long lasting and complex features of the downturn of cotton textile enterprises since 2008, the downturn is still a relatively normal phenomenon in view of the domestic and international economic situation and the industry fluctuation. Although the textile industry encountered some difficulties, the general trend of the development of China's economy, the improvement of quality of life, the progress of urbanization and the recovery of global economy still shows good prospects for high-end textile products in the long run. Especially with the cancellation of the cotton purchasing and storage policy and the gradual digestion of related remaining issues, although the quota policy still has certain obstacles on cotton import, the stabilization of the price and the gradual narrowing of the price difference will be beneficial to the stabilization of the whole industry.

From the macroeconomic aspects, although it is predicted that China's Gross Domestic Product (GDP) will continue to drop to approximately 7.1% in 2015, the global economy recovery will continue to accelerate with an estimated growth by approximately 3.8%, representing an increase of approximately 0.5% as compared to 2014. Among them, the economic growth of the US will be by approximately 3.1%, and the Euro area will be by approximately 1.3%, representing an increase of approximately 0.9% and 0.5% respectively as compared to 2014. The indicators of consumer spending and unemployment rate etc. also reflect the trend of economy recovery.

Combined with macro economy, policies, and industrial transformation and upgrading as well as enterprises' own growth factors, experts predict the textile industry is expected to usher in a reversal period in 2015.

For the Group in 2014, the gross profit margin of jacquard fabrics, the Group's major products, substantially increased by approximately 5.8%, reflecting the trend of strong market growth and recovery of this product. Meanwhile, the project of "New Spinning Project of 100,000 Spindle" ("10 萬紗錠新型紡紗設備項目"), after reaching full production, in addition to meeting the requirements for fabrics production of the Group, also exported a small amount of fabrics to Italy market. The full operation of the project, not only provided raw material support of higher quality for the development and production of fabrics production of the Company, but also extended the Company's industrial chain to enhance profitability and will also improve the ability of the Company to face the market flexibly.

In future, the Group will continue to be market-oriented to develop new and differential products which fulfill the market demand in order to always keep the leading position in the market segment. Meanwhile, the Group has also proposed the goal to build a world-class enterprise at the beginning of 2014 and will focus on the enterprise concept, work standards, innovation capability, human and customer resources etc. of the Company by comprehensively learning from international excellent enterprises, further improving the level of lean management and innovation capability, increasing revenue and reducing expenditure, and improving efficiency so as to continuously enhance the profitability and core competitiveness of the Group.

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

For the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Adapting and adhering to the recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

For the year ended to 31 December 2014, the Company had adopted and complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except Code Provisions A.1.8 and A.2.1 as more particularly described below.

Code Provision A.1.8 stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. Up to the date of this announcement, the Company has not arranged such insurance coverage for the Directors as the Board was of the opinion that sound and effective corporate governance within the Group would suffice in monitoring and mitigating legal and compliance risks. Nevertheless, the Board will continue to review the arrangements for insurance cover for the Directors from time to time, and may arrange for insurance cover in the future, if and when the Board considers appropriate.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Liu Dong is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the board and the management of the Company. The balance of power and authority is ensured by the effective operations of the Board, which comprises experienced and high caliber individuals.

MODEL CODE FOR SECURITIES TRANSACTION BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company confirms that, having made specific enquiry of all Directors, all the Directors have compiled with the required standards of dealing as set out in the Model Code during the year.

AUDIT COMMITTEE

The Audit Committee established by the Board has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financing reporting matters (including the audited consolidated financial statements of the Company for the Year) in conjunction with the Company's external auditors. The Audit Committee was satisfied that the audited consolidated financial statements of the Company were prepared in accordance with applicable accounting standards and presented fairly the financial position and results of the Group for the Year.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.0095 per share (2013: RMB 0.0095). Subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("AGM") .

The Company proposes to pay the dividend on Friday, 24 July 2015 to the registered shareholders appear in the register of members of the Company on Wednesday, 8 July 2015. Dividends are declared in RMB and will be paid in Hong Kong dollars based on the official exchange rate of RMB against Hong Kong Dollars as quoted by the People's Bank of China on 8 July 2015 before payment.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 June 2015 to Friday, 26 June 2015, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 22 June 2015.

On the assumption that the resolution for declaring the final dividend is duly passed at the AGM, the register of members of the Company will be closed from 3 July 2015 (Friday) to 8 July 2015 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 2 July 2015 (Thursday).

ANNUAL GENERAL MEETING

The AGM will be held on 26 June 2015 (Friday). Shareholders should refer to details regarding the AGM in the circular of the Company to be despatched in April 2015 and the notice of the AGM and form of proxy accompanying thereto.

DISCLOSURE OF INFORMATION

This annual results announcement and the annual report of the Company will be published on the websites of both the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www. ysltex.com) and shall be despatched to the shareholders timely and properly.

By order of the Board
Silverman Holdings Limited
Liu Dong
Chairman

Shandong, the PRC
27 March 2015

As at the date of this announcement, the Board comprises 6 Directors, namely Mr. Liu Dong Mr. Liu Zongjun and Mr. Tian Chengjie as executive Directors; Mr. Zhu Ping, Mr. Lam Kai Yeung and Mr. Chang Tao as independent non-executive Directors.

This announcement is prepared in both Chinese and English. In the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.