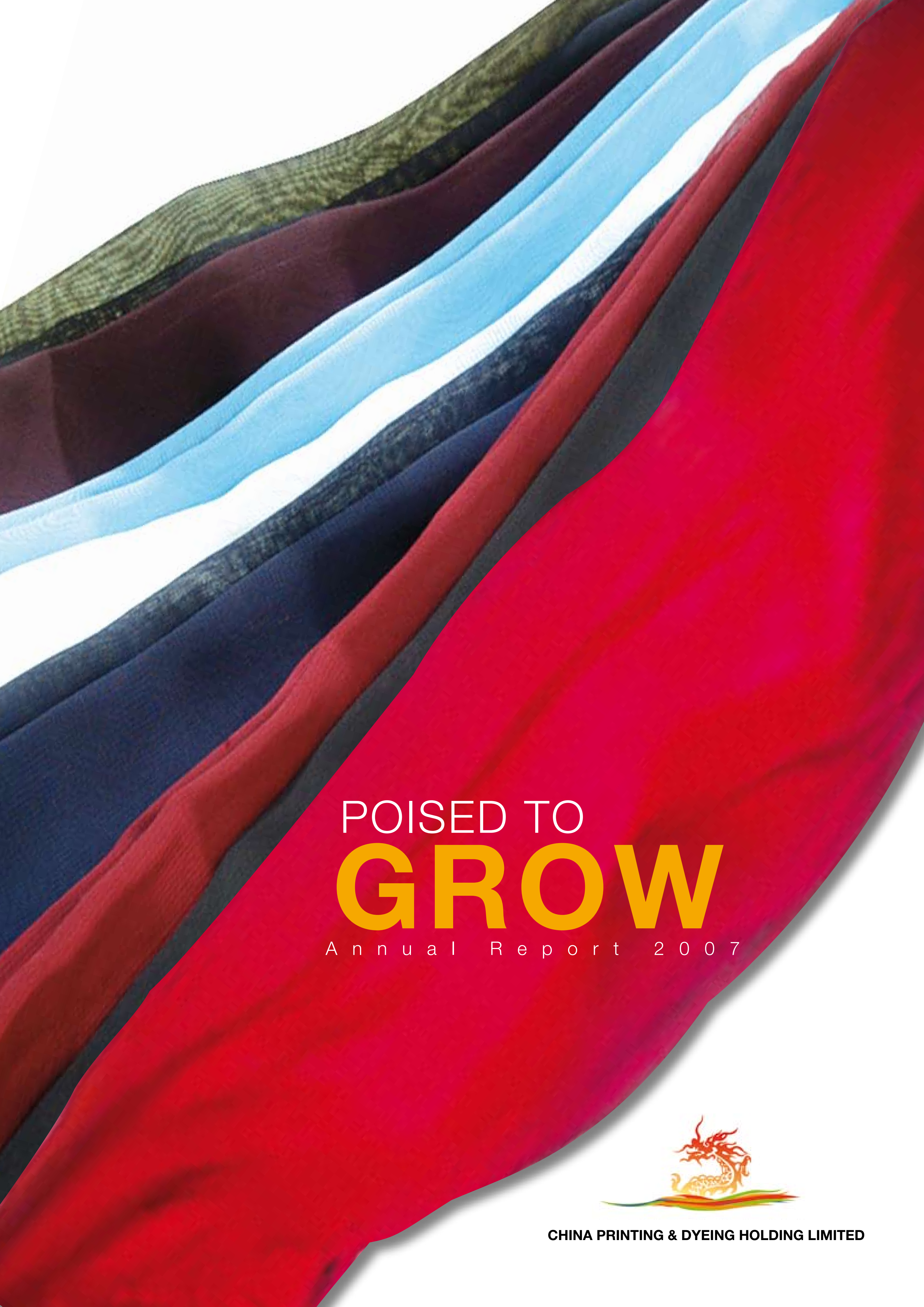


POISED TO GROW

Annual Report 2007

CHINA PRINTING & DYEING HOLDING LIMITED

Contents

Our Group is principally engaged in the provision of printing and dyeing services and the production and sales of print and dye textile products. We provide printing and dyeing services for a wide range of fabric materials including polyester fabrics, T/R fabrics, T/C fabrics, cotton fabrics, spandex fabrics, linen and nylon-cotton fabrics. In particular, we specialise in the printing and dyeing of polyester fabrics.

Corporate Profile

China Printing and Dyeing ("CPD" or "the Group") is principally engaged in the provision of printing and dyeing services and the sale of print and dye textile products. We provide printing and dyeing for a wide range of fabric materials including polyester fabrics, T/R fabrics (a blend of polyester and synthetic cotton fabrics), T/C fabrics (a blend of polyester and cotton fabrics), cotton fabrics, spandex fabrics, linen and nylon-cotton. In particular, we specialise in the printing and dyeing of polyester fabrics. Some of our products are sold under the "Baifu" and "Jianglong" brand names. Other products are sold according to the customers' specifications.

We provide other value-added services such as fabric surface post-treatment processing which improves the quality and appearance of the textile and impart special functionalities such as water–proof, fire resistant and anti-bacteria properties.

We provide a comprehensive one-stop service for our customers by offering a wide range of products with varying colours, designs and fabrics. We have a broad range of products which caters mainly to the middle and high end markets. Currently, we have more than 1,000 different types of print and dye textile products. The high-end fabrics provided by our Group include water printed, nylon-cotton and spandex fabrics.

In October 2007, the Group has added four sets of Automatic Flat Screen printing machines, which have proven in the textile industry to be reliable. The machines come with 12 colour slots on each machine and allow designs to be printed with greater precision, as compared to the rotary printing machines. These machines have significantly enhanced our production capability.

One of our strengths is our sales and distribution network. It has established a strong customer base with customers from over 65 countries as compared to 50 countries in the corresponding year. In FY 2007, the Group has secured a large order contract to supply fabrics through its agents to US retail giant, Wal Mart. Our quality and prompt responses are the key factors enabling us to achieve the significant contract.

Our products are mainly sold outside the PRC with export accounting for about 70% of our revenue in FY 2007. Our sales to Asia, Middle East and Africa regions accounted for approximately 35.1%, 14.1% and 8.3% respectively. PRC has become the second largest region after Asia, which accounted for 30.4% of our revenue in FY 2007, an increase of 11.5 percentage points from FY 2006.

We will continue to build up our production capacity and enhance our production capabilities, diversify our product and service offerings, grow our distribution network, as well as strengthen our R&D efforts.

Chairman's Message

2007 financial results reflect our first full year's performance as a public listed company since we were listed on the Singapore Exchange on 7 September 2006. As planned, we had utilized most of the net proceeds from the Initial Public Offer (IPO) to implement what we had disclosed. As at the end of the financial year 2007 we still had a balance of S$2.4 million out of the S$23.2 million raised. Nevertheless, we had incurred and spent close to 90% of our net proceeds in respect of our business expansion plans, increased research and development activities, establishment of new sales offices and working capital. In reviewing the expenses of the IPO proceeds, the Board was of the view that the balance of the proceeds could be earmarked for further business expansion and working capital.

2007 was a very active year for the Group. Other than increases in overseas sales, we also expanded domestically. But our product categories and range remained unchanged. In overseas orders, we had signed an agreement to deliver our products to the USA-based Wal Mart. We also undertook an assignment to manage a similar manufacturing plant for another company. Through this process we had the advantage of an economy of scale in manpower utilization, research and development and production costs besides the extra space that we required. Consequently, our sales, marketing and logistics departments have now been centralized and relocated in the new premises. It is a win-win situation for both the owner and ourselves as manager.

We continue to improve our corporate governance practices for the Group which had its origin as a family owned and run enterprise, based and operated totally in the environment of China. The Board continues to exert its influence on the top management the importance of corporate governance and our existence as a public listed company in Singapore. Our position is unique as the Chief Executive Officer and the Deputy Chief Executive Officer are related as husband and wife with one of the wife's younger cousins functioning as the Deputy General Manager as well as her alternate Director. Our work is facilitated with the addition of a new Independent Director based in China who has training in legal matters.

In spite of the set-up that was evolved, we continued to have a third-party independent internal audit activity performed by a Singapore-based firm to give the Board the added confidence and comfort. For 2007, the internal audit continued to undertake such areas of work as sales and revenue collection, human resources and interested party transactions. A three-year rolling plan has also been established. In addition, the Board Directors also made visits to the Group's premises and discussed with the senior staff on important subject matters following the internal audit reports. Much work has been done in this area and much work is still required. The Board has to ensure that this activity has to continue and intensify so as to drive home the important point of corporate governance to both the senior management and the general staff.

In 2007 our revenue increased by 30.5% to RMB 796 million. The product range and mix remained the same as in previous years. However we did expand our exports to newer countries like Hungary, Holland, Tanzania, Guatemala and Peru. Our profit before tax also increased correspondingly by 21.0% to RMB 100.4 million. Profit after tax and attributable to shareholders increased to RMB 86.7 million, a rise of 14.2%. We are beginning to pay tax in China starting from 2007. In 2007 we also paid an interim dividend of one cent per share. The Directors do not recommend payment of a final dividend for 2007. However we will consider paying an interim dividend in 2008 after reviewing the cash requirements of our subsidiary Zhejiang Jianglong. Earnings per share has gone up from RMB 0.198 to RMB 0.226. Our net tangible assets has also increased to RMB 1.17 from RMB 0.99, a jump of 18.2%. The net tangible asset per share has increased by 18.2% to S$ 0.23.

Our efforts in 2007 were met with such adverse factors as weakening of the United States Dollar against the RMB, the volatile high oil prices, higher material and operating costs, reduction of export tax rebates, and stringent environmental regulations. These factors, however, had not deterred us from performing better than 2006.

We added new equipment to our research laboratories. It is our belief that this aspect of our work is crucial to our business though it does not generate income directly. It is an investment for the betterment of our products and processes.

We had expanded our production area. We bought a piece of land and constructed buildings and equipped them with advanced facilities to increase our production capability to meet the increased commitments. The new facility should have an added space of 31,708 square metres. These should be ready for occupation in the later half of 2008.

With European Union removing the quota restriction on China, we see new opportunities ahead. Domestically with the standard of living rising we also see greater demand on our higher value products. Overseas sales should continue to rise.

I welcome Professor Sun Xiaoxia to the Board. Professor Sun comes with a wealth of experience in the area of legal knowledge. Together with my other fellow directors, they have helped me to discharge my responsibilities and duties as the Non-Executive Chairman. I wish to extend my thanks to all of them for their assistance, cooperation, guidance and understanding in the course of our work. I also wish to thank the management under the leadership of the Chief Executive Officer, Mr Tao Shoulong for their valuable contributions throughout the year. I look forward to their continued contributions in the years ahead.

Lim Jit Poh
Chairman

主席致辞

2007年的财务报告，反映了本公司自2006年9月7日在新加坡股票交易所上市以来的首年业绩。如当初计划，我们已将大部分从首次公开售股（IPO）中筹集的净资金，用于兑现我们所公布的承诺。截至2007财政年度末，我们所筹集的二千三百二十万新元资金，余额只剩二百四十万新元，这相当于近90%所筹集的资金均用于实施我们的业务拓展计划、加强研发工作、增设销售办事处及营运资金等。董事会在审查首次公开售股收益的各项开销时认为，该笔资金的余额可以用于进一步拓展业务和当作营运资金。

对集团而言，2007年是非常活跃的一年。我们的海外销售额不仅增加，国内业务也有所扩展，但我们的产品种类和门类却保持不变。在海外订单方面，我们已同美国的沃尔玛集团签订了一份供货合同，并接受另一家公司委托，为其管理一家同类制造厂。这样一来，除获得额外的经营空间之外，我们还在人才利用、研究开发及生产成本方面享有规模经济的优势。为此，我们已集中销售部、营销部及物流部并迁至新的营业场所，从而为业主和作为管理人的我们，创造了一个双赢局面。

由于集团的前身是家设在中国， 并完全在中国环境下开展业务的家族式企业，我们因此不断地提高集团的监管水平。就公司监管的重要性以及我们作为新加坡上市公司的身份，董事会一直对最高管理层施加影响。本集团的首席执行官与副首席执行官是夫妻关系，后者的一位堂弟担任公司的副总经理兼代理董事，这是本集团的独特之处。我们的工作因增补一位常驻中国、拥有法律背景的独立董事而变得更加得心应手。

除此内部监管的演化，我们还继续聘请一家新加坡审计公司进行第三方独立内部审计，以使董事会对集团的运作更加放心。2007年，内部审计继续审核销售与应收帐款、人力资源及关联方交易等方面的工作。同时，三年滚动计划也已确立。此外，董事会成员也在内部审计报告出炉后，参观了集团的厂房设施，并与高级管理层就重大事项进行了磋商。我们在这方面已经下了很大功夫，但还有很多事需要做。董事会必须确保这项工作得以持续并加大力度，以便让高级管理层及普通员工都了解公司监管的重要性。

2007年，我们的总收入增长30.5%，达到人民币七亿九千六百万元。产品种类与搭配均与往年相同，但我们出口的国家确实有增无减。新增出口国包括匈牙利、荷兰、坦桑尼亚、危地马拉及秘鲁等国。我们的税前利润也相应增长

我们已将生产区域扩大。我们已完成购地、建房及配备先进设施等工作，从而提高了我们的生产能力，兑现不断增加的供货承诺。

21.0%，至人民币一亿四十万元，税后应归股东利润增至人民币八千六百七十万元，增幅达14.2%。从2007年起,我们开始向中国政府缴税。2007年我们还派发了每股一分的中期股息。董事会不建议派发2007年终期股息，但我们将在2008年审查子公司浙江江龙的现金需求后考虑是否派发中期股息。目前公司每股收益已从人民币0.198元增至人民币0.226元。我们的有形资产净值也从人民币0.99元增加到人民币1.17元，增幅高达18.2%。每股有形资产净值已增长18.2%，达0.23新元。

2007年，我们遭遇了美元对人民币贬值、油价高涨且波动频繁、材料及运营成本上涨、出口税减免降低以及环保法规更加严格等诸多不利因素，但我们还是取得了优于2006年的业绩。

我们已为研究实验室新增了设备。这方面的工作虽不直接创造利润，但我们确信它对我们的业务将产生至关重要的影响。它是我们为改良产品及生产流程所作的一项策略性投资。

我们已将生产区域扩大。我们已完成购地、建房及配备先进设施等工作，从而提高了我们的生产能力，兑现不断增加的供货承诺。新设施应能额外提供31,708平方米的空间。目前所有工程均已竣工。

随着欧盟取消对中国的配额限制，新的机遇已展现在我们面前。国内方面，随着人们生活水平的日益提高，市场对我们的高价值产品将会需求更旺；而在海外，我们销售额也应会继续上升。

我对孙笑侠教授加盟董事会，表示欢迎。孙教授将为集团带来丰富的法律知识和经验。他和我的其他董事同仁一道，协助我履行我作为非执行主席所承担的义务与责任。在此，我谨向他们一并致谢，感谢他们在工作中给予我的支持、合作、指导与理解。此外，我还要向首席执行官陶寿龙先生领导下的管理层一年来为集团所做的重大贡献表示感谢，并期待他们来年继续为集团的发展贡献力量。

林日波

主席

CEO's Message

Dear Shareholders:

I am pleased to present to you our Group's performance report for the financial year ended 31 December 2007 ("FY2007").

Performance Review

In 2007, affected by various adverse factors such as continued appreciation of Renminbi, higher bank loan interest rates, lower export tax rate rebate, Government-imposed restrictions on the processing trade, increasing pressure on environmental protection, surge of labour and raw material costs and accelerated trade friction, China's printing and dyeing industry might well be said to have "advanced with a heavy burden". Despite such industry landscape, through modifications to our product structure, exploitation of development potential and reduction in wastage, our Group witnessed the formation of a comparatively optimised development model, achieved a higher level of management skill and a steadily improved operational quality and efficiency.

Against this macroeconomic setting, our Group proactively adjusted our product structure, focused on adding value to our products and realized significant growth in our sales and profit. During FY2007, the total sales of the Group reached RMB 796 million, with RMB 100.4 million and RMB 86.7 million being profit before tax and net profit respectively.

Development of the Group

Our Group's objective has always been to establish China Printing & Dyeing as a "world-class textile supplier". Based on our marketing strength, our Group will expand our market share and increase our profitability through specialized production methods and continuous innovation so as to becoming the world class textile supplier.

During the year under review, with enhanced strengths, we were able to attain RMB 554 million in foreign-trade sales and RMB 139 million in domestic-trade sales. Besides focusing on our exisiting customers base, we also developed our business relationship with our valuable customer, Wal-Mart, from which RMB 70 million of our Group's sales value was generated. It was an important contribution to the Group total sales.

In terms of our production capacity, our Group began to build new plants and staff quarters on 18 March 2007 on the 40-mu of land purchased using funds obtained from our IPO. So far, the construction of new pad-dyeing workshops has been completed while the printing workshops and staff quarters are expected to be completed by June 2008. In December 2007, installation of pad-dyeing equipment in the new plants also proceeded in a rigorous yet orderly manner. At present, an oxygen-bleaching machine and a newly purchased mercerizing range have been installed. Installation of pipelines for energy sources such as water, electricity, steam, pneumatic gas and heat-conducting oil supplies and drainage facilities, on the other hand, are also near completion. Four flat screen printing machines purchased from Japan are now in place and have been operational since October 2007, paving the way for upgrading our production capacity and product capabilities.

In our research & development front, we are able to maintain a team of experienced R&D personnel who are dedicated to product innovation, ensuring that our products keep up with trends and satisfy the different market demands. Patent applications for appearance design have reached 150, of which two are for invention patents. At present, over 70 applications for appearance design have been approved. In 2007, Jianglong Printing & Dyeing was appraised as the most powerful scientifically-developed industrial enterprise in Shaoxing County, Zhejiang Province; the top-grade CVC fabrics produced by the Company passed the new product authentication procedures at the provincial level. In addition, the Company won a number of honours which,included being a provincial patent model enterprise awarded by the Department of Science and Technology of Zhejiang Province.

By taking advantage of local industrial clusters, our Group was able to organise OEM manufacturers to assist in fulfilling production orders. Existence of trustee-companies further optimised our Group's production management by not only ensuring the order fulfillment, but also contributing to our Group's profit. Trustee-companies also presented advantages to our Group's centralized procurement process and helped reduce procurement costs. We also shared the resources of trustee-companies to improve our operational efficiency.

Looking Ahead

The textile industry is primarily an industry in a close-knitted relationship with the people's livelihood and satisfying the people's basic clothing needs. As the consumers' living standard is improving, clothing is no longer merely a kind of material consumption. It brings about cultural and aesthetic demands. Thus textile products call for constant innovation to meet market demands. This is particularly true in the current stage when domestic demands are spurred in China. The Group will, by making use of the current favorable environment, further reinforce its core business and increase its capacity and scale, steadily enhance its international trade and vigorously expand the domestic market.

1. We will optimise our product structure, improve high value-added products, strengthen technological innovation, and make an effort to break through constraints in development of key technologies; we will also adopt advanced applications, accelerate integration of production and research in our processes;

2. In the context of a brisk domestic market and steady growth of world trade, we will pay more attention to the elevation of our own technical and management levels, speed up industrial upgrading, make effort to relieve pressures from both home and abroad and sharpen our competitive edge;

3. We will strengthen our ties with external parties by strictly adhering to our "quality first" policy, optimising and upgrading our product and marketing structure, and carrying out multilateral cooperation in R&D, production and sales.

Acknowledgement

We would like to give our heartfelt thanks to the Board of Directors, management and all employees of the Group for their efforts and sincere cooperation in bringing about the brilliant achievements of China Printing & Dyeing during the year. I hope everybody will make an unremitting effort to turn China Printing & Dyeing into a trustworthy brand.

We also wish to extend our sincere gratitude to all our shareholders for the support and loyalty they have been according to us since our Group's listing. We will work harder to keep pace with the times for greater achievements so as to create greater value for the shareholders.

Tao Shoulong
President
18 March 2008

总裁致辞

尊敬的股东：
本人很高兴在此向诸位提呈截止2007年12月31日的会计年度（“2007会计年度”）的业绩报告。

业绩回顾
2007年，面对人民币持续升值、银行贷款利率上升、出口退税率下调、国家对加工贸易实行限制、环保压力加大、人力和原材料成本增加、贸易摩擦增多等诸多不利的因素影响，我国印染行业可谓“负重前行”，但经过自身产品结构调整和挖潜降耗，行业在发展模式、管理水平等方面都取得了一定的成绩，运行质量和效益都稳步提高。

集团在同样的宏观环境下，积极调整产品结构，提高产品的附加值，产品销售利润大幅上涨，在2007年会计年度，集团的总销售额为人民币七亿九千六百万元，税前利润为人民币一亿四十万元，净利润为人民币八千六百七十万元。

集团发展
集团的目标是将中国印染打造成“世界级的纺织品供应商”，集团要以优势的营销能力为基础，通过专业化生产和持续创新来扩大市场份额，提高利润率，做强印染业务，最终成为世界级的纺织品供应商。

在本财政年度，集团进一步强化自身优势，2007年度外贸销售额达到人民币五亿五千四百万元，内销达到人民币一亿三千九百万元。在原有销售客户和市场的基础上，重点开发了重量级的客户——沃尔玛，为集团贡献了价值人民币七千万元的销售，为集团的销售贡献功不可没。

在生产方面，集团充分利用好上市资金，在新购得的大约40亩土地上于2007年3月18日开始新建厂房、宿舍。至今，

集团进一步利用其所在地的产业集群优势，组织OEM厂家为自已打工，帮助集团生产订单。托管企业的存在进一步优化集团的生产管理，既保证集团订单的顺利完成，又为集团贡献了一部份利润；另外也更加发挥了集团集中采购的优势，降低了采购的成本；同时，集团也分享了托管企业的资源，提高了效益。

新轧染车间的厂房已基本完成，印花车间和宿舍楼等其它工程，预计在2008年6月左右完成。从2007年12月份开始，新厂房的轧染设备也已正紧张有序地进行安装，目前已安装一台新购丝光机，一台氧漂机，水、电、蒸汽、空压气、导热油等能源动力管道和排水设施也已陆续施工并接近尾声。从日本购置的4台平网印花机也已全部安装完毕，并于2007年10月分开工生产，为集团提高产品档次、增加生产能力都作出了铺垫。

在研发方面，现有一批具有丰富实践经验的研发人员为集团的产品创新作出了重要的贡献，使集团的产品能紧随潮流，适应不同市场不同时期的要求。申请的外观专利已达150项，其中发明专利两项，现已得到授权的外观专利已有70多项；2007年江龙印染被评为浙江省绍兴县最具实力科学发展工业企业；公司生产的高档CVC面料，通过省级新产品鉴定；公司也被省科学技术厅评为省级专利示范企业等多项荣誉。

集团进一步利用其所在地的产业集群优势，组织OEM厂家为自已打工，帮助集团生产订单。托管企业的存在进一步优化集团的生产管理，既保证集团订单的顺利完成，又为集团贡献了一部份利润；另外也更加发挥了集团集中采购的优势，降低了采购的成本；同时，集团也分享了托管企业的资源，提高了效益。

未来展望

纺织工业，首先是民生产业。是为了满足人口衣着消费的基本需求，而且随着经济水平的不断提高，衣着不仅是物质消费，而且会带来对文化、审美的提高，对时尚要求的提高。这就要求纺织产品不断创新，适应市场需求。尤其在现阶段中国增加内需的前提下，集团将进一步利用好现有的大好环境，进一步稳固主业，做大做强贸易，稳步提高国际贸易，大力开拓国内市场。

1. 优化产品结构的调整，强化高附加值产品，开展科技创新，着力突破制约发展的关键技术，使用先进适用技术，加快产学研结合，推动企业技术进步，增加效益；

2. 在国内市场活跃和世界贸易稳定增长的背景下，注重提升自身技术和管理水平，加快产业升级，努力化解来自国内外的压力，增强自身的竞争力；

3. 加强对外合作。坚持以质取胜，优化和提高产品档次和市场结构，在研发、生产、销售等方面开展多边合作。

敬谢各位

感谢广大股东对于本集团自上市以来给予的支持和厚爱！同时，我们也要向集团的董事会成员、管理层、全体员工表示衷心感谢，感谢他们的共同付出与精诚合作，从而使中国印染能有今天的辉煌。希望大家继续不懈努力，使中国印染成为一个值得信赖的品牌。

我们更要感谢所有股东对中国印染坚定的支持。我们将奋力拼搏、与时俱进、再创辉煌，为各位股东创造更大的价值！

陶寿龙
总裁
二〇〇八年三月十八日

Financial Highlights

Key Financial Highlights

RMB Million	FY 2007 Actual	FY 2006 Actual	Change %	FY 2005 Proforma
Revenue	796.5	610.3	30.5%	620.4
Gross Profit	153.8	135.0	13.9%	111.2
Net Profit before IPO expenses	100.4	83.0	21.0%	70.3
Tax	(13.7)	-	N.M.	
Net Profit	86.7	75.9	14.2%	70.3
Earning per Share -Basic (RMB cents)	0.226	0.198	14.1%	0.183
Net Asset Value per Share (RMB cents)	1.17	0.99	18.2%	0.45

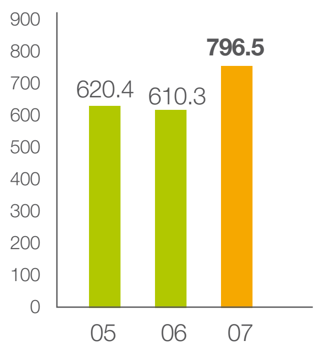
N.M. - Not Meaningful

Use of Proceeds from IPO

RMB Million	Intended use of proceeds from Initial Public Offer	Cumulative amount spent up to 31 December 2007	Amount Available as at 31 December 2007
Increase in production capacity	73,878	80,151	*(6,273)
Expand sales and distribution network	16,304	8,024	8,280
Research and development	10,700	713	9,987
General working capital requirement	17,105	17,105	-
TOTAL	117,987	105,993	11,994

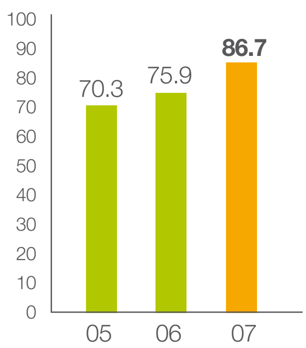
*The additional amount incurred to increase production capacity had exceeded the intended amounts by RMB 6.3 million.

RMB'm **Revenue for the Year**



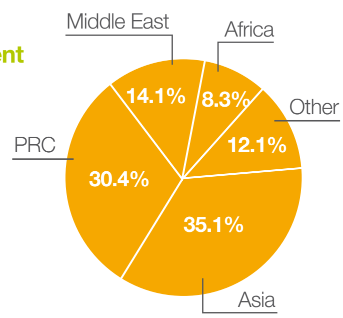
Based on Proforma Group (Actual)
Financial Year Ended 31 Dec

RMB'm **Net Profit for the Year**

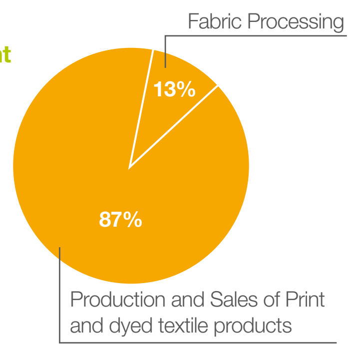


Based on Proforma Group (Actual)
Financial Year Ended 31 Dec

FY2006 Revenue by Geographical Segment



FY2006 Revenue by Business Segment



Intensifying capabilities

In line with our expansion plans, we are looking at plant acquisitions and management to increase our production capacity.

Board of Directors

Lim Jit Poh

is the Non-executive Chairman of our Board and an Independent Director. He was appointed to our Board on 23 July 2006. Mr. Lim is also the Chairman of our Audit Committee and a member of our Remuneration Committee and Nominating Committee. Mr. Lim is the Chairman of ComfortDelGro Corporation Limited, SBS Transit Ltd, VICOM Ltd, Ascott Residence Trust Management Limited, China Aviation Oil (Singapore) Corporation Ltd and SKY China Petroleum Services Ltd as well as a director of several other listed companies. He is the lead independent director of Kim Eng Holdings Limited. He is also a director of several unlisted companies under the ownerships of the Singapore Labour Foundation and Temasek Holdings Pte Ltd. His last re-election was on 23 April 2007.

Mr. Lim was a former top civil servant and a Fulbright scholar. He holds a Bachelor of Science with honours in Physics from the University of Singapore, and a Master of Education degree from the University of Oregon, United States.

He was awarded the Public Administration Medal by the Government of Singapore in 1972 and three awards by the National Trades Union Congress, namely, Friend of Labour Award in 1986, Meritorious Service Award in 1990 and Distinguished Service Award in 2000. In 2006, he was also one of the recipients of the Distinguished Science Alumni Award from the National University of Singapore.

Tao Shoulong

is our CEO. He is the founder of our Group and was appointed to our Board on 26 August 2005. He oversees our overall management and operations and is responsible for the strategic plans and future direction of our Group. Prior to the founding of our Group, he held in various positions in the textile industry, accumulating many years of technical and management experience in textile printing and dyeing and foreign trade business. Mr. Tao was previously a technician at Jiangsu Taixing Silk Printing & Dyeing Factory . He was then promoted to be the factory's supervisor in charge of technology and sales affairs of the factory. From 1991, Mr. Tao took several years off to do foreign trade business of textile products in Jiangsu Province till 1996 when he returned to work at Jiangsu Taixing Silk Printing & Dyeing Factory and was promoted to be the general manager of the factory. He then joined Zhejiang Shaoxiao Printing & Dyeing Co., Ltd. His last re-election was on 11 April 2006.

Yan Qi

is our Deputy CEO. She is the co-founder of our Group and was appointed to our Board on 23 July 2006. Madam Yan is Mr. Tao Shoulong's wife. She assists Mr. Tao Shoulong in supervising the management and operation of our Group and is in charge of the sales and marketing department, including managing our relationships with our customers. Madam Yan has extensive experience in the textile industry, with over 10 years experience in the foreign trading of textile products. She worked previously as a technician at the Jiangsu Province Taixing City Jian'an Company. Thereafter, Madam Yan was involved in textile products trading in Taixing City, Jiangsu Province. She then joined the China Light Textile City in Shaoxing County as a manager, where she was in charge of the sales and distribution of textile products. Madam Yan later worked as a manager in Zhejiang Shaoxiao Printing & Dyeing Co., Ltd. and is responsible for the trading of textile products. Madam Yan is a graduate of Taixing County Radio & TV University in 1990 and Zhejiang University where she obtained a Masters in Business Administration in 2005. Her last re-election was on 23 April 2007.

Lie Yok Phing

is our Independent Director and was appointed to our Board on 23 July 2006. He is also the Chairman of our Nominating Committee and a member of our Audit Committee and Remuneration Committee. Mr. Lie currently sits on the board of directors of Rosenfield International Ltd. Co., Sysbit Technologies Pte. Ltd. and Beijing Glamor S&T Co. In 1979, he worked as a division sales manager for PT Lautan Luas and was in charge of the promotion of Dupont engineering plastics. In 1981, Mr. Lie established his own garment manufacturing company and held the position of the founding director of P T Yulinda Duta Fashion till 2005. In 1990, he became the founding director of Active Merchandising Company Pte Ltd and held his directorship there till 2003. In 1990, he became the founding director of Rosenfield International Ltd. Co. and held his directorship there till 2006. Mr. Lie graduated from the Northeastern University in 1974 with a Bachelor of Science in Business Administration, majoring in Accounting. He is now more involved in social works in Indonesia and investments. His last re-election was on 23 April 2007.

Sun Xiaoxia Yan Qi Tao Shoulong Lim Jit Poh Tan Sek Khee Lie Yok Phing

Tan Sek Khee

is our Independent Director and was appointed to our Board on 23 July 2006. He is also the Chairman of our Remuneration Committee and a member of our Audit Committee and Nominating Committee. Mr. Tan currently holds directorships in Scientech Asia Pte Ltd, Super Network Investment Pte. Ltd., F.M.T. (Thailand) Company Limited, Chemlink International Limited (Hong Kong) and Shanghai Qianziliang Health Services Co., Ltd. He started his career in 1979 in Indonesia with PT Lautan Luas/PT Indonesia Acid Industry, till late 1988 with his last held position as the general manager for branch operations, in charge of chemical marketing operations. From 1989 to 2000, he worked with PT Tritunggal Multichemicals (Indonesia) as the managing director and was responsible for general management of the company. Thereafter, Mr. Tan joined Finechem Pte. Ltd. (presently known as "Seagift Food Pte. Ltd.") as a director from 1993 to 1997. In 2000, Mr. Tan joined PT Indo Asia Tirta Manunggal (Indonesia) and was appointed as the group marketing director in charge of group marketing management. His last re-election was on 23 April 2007.

Sun Xiaoxia

is our Independent Director and was appointed to our Board on 23 April 2007. He is also a member of our Audit Committee, Remuneration Committee and Nominating Committee. Mr Sun was born in Wenzhou City, Zhejiang Province in August 1963, and currently serves as Dean of Guang-Hua Law School of Zhejiang University, Professor of Law and PhD Supervisor. He graduated from CASS with a PhD in Law. He worked in Harvard University as a senior visiting scholar in 2003 and 2004. In 2002, he received the honorary title of "Top Ten Young Jurist of China" by China Society of Jurisprudence. In 2001, he was approved to receive the State Council special allowance. He is a member of the assigning topic group of the Chinese "Judicial Master" evaluation commission, vice president of China Society of Legal Theory, a member of IVR (International Association for Philosophy of Law and Social Philosophy), vice president of Zhejiang Society of Jurisprudence, director of Institute of Zhejiang Legal System, co-director and member of Legislation Consultation Committee of People's Congress of Hangzhou. Professor Sun works on general jurisprudence and legal philosophy, his areas of specialization include judicial theory, procedural and theory of public law. His representative publications include *The Jurisprudence of Procedural, The Phenomenon and Conceptions of Law* and *The Control of Administration by Law*. His articles have appeared in the nation's leading journals, including *Social Sciences in China, CASS Journal of Law* and *Chinese Journal of Law*.

Senior Management

Mr. Goh Cher Shua

is our CFO. He joined our Group in September 2005. He is responsible for the overall management of the finance functions of our Group and supervision of our accounting staff. Mr. Goh has more than 26 years of experience in financial and accounting and general management. He has held senior positions in local and multinational companies including General Electric (USA) Consumer Electronics Pte Ltd, Matsushita Electronics (S) Pte Ltd, Telecom Equipment Pte Ltd, ST Industrial Corp Ltd, ST Engineering Ltd, Hong Leong (China) Ltd (formerly known as Rheem (Far East) Pte Ltd), Superior Multi-Packaging Ltd, Yeo Yiap Seng Ltd. Mr. Goh holds a degree in accountancy from University of Singapore and a Masters in Business Administration jointly issued by the University of Wales (Bangor) and the Manchester Business School in the United Kingdom. Mr. Goh has been a fellow of the Institute of Certified Public Accountants of Singapore since July 2004.

Mr. Yan Haihui

is our Deputy General Manager. He was appointed as Alternate Director to the Executive Director, Madam Yan Qi on 23 April 2007. He joined our Group in November 2003. He is the cousin of our Deputy CEO, Madam Yan Qi. He is the principal aide to the Board and is responsible for human resources, management information systems, information technology and other related functions of our Group. He was previously a supervisor at Jiangsu Songlin Equipment Shares Co., Ltd., where he was responsible for managing the technology department of the company. He then joined Zhejiang Shaoxiao Printing & Dyeing Co., Ltd. as a manager, where he was in charge of the import and export business of the company. Mr. Yan is a graduate of Wuhan Polytechnic University.

Mr. Ding Weiping

is our Treasurer. He joined our Group in September 2004. He is responsible for the financing activities of our Group, public relations with local banks and other related functions. Mr. Ding has been in the banking industry for more than 21 years. He started out as a loan officer in the Xinchang sub-branch of the People's Bank of China and subsequently became the deputy head of Xinchang sub-branch of the People's Bank of China. Mr. Ding then transferred to the Shaoxing Branch of People's Bank of China to work as the deputy department head of the auditing section. He then joined the Shaoxing Branch of Bank of Communications as officer director, where he assisted the branch head in administrative management and business planning of the bank. Thereafter, Mr. Ding worked at Zhejiang Glass Shares Co., Ltd. as a general manager of the finance department and was in charge of the administration and financial matters of the company. Mr. Ding is a graduate of Zhejiang University of Finance and Economics, where he majored in banking administration.

Ms Gao Meifeng

is our Deputy Research and Development and Production Manager. She joined our Group in November 2004. She assists Mr. Ren Xiaofeng in the technology management and research and development strategies and plans of our Group. Ms Gao has over 20 years experience in the printing and dyeing industry. She previously worked as the deputy factory manager in Jiangsu Taixing Silk Printing & Dyeing Factory where she was in charge of the technology affairs of the factory. Thereafter, she joined Jiangsu Taixing Santai Printing & Dyeing Co., Ltd. to be the deputy general manager and was responsible for the general management of the company. Ms Gao is a graduate of Nantong Textile Vocational Technology College, where she majored in printing and dyeing.

Bringing new colors,

new textures

As we position ourselves as a premier one-stop textile solutions provider, we are keeping abreast of industry trends for deeper market penetration.

Stepping into new markets

We're targeting the US and European markets to ring up our earnings.

Corporate Milestones

2006

6 April 2006
Name changed to China Printing & Dyeing Holding Pte. Ltd

June 2006
Establishment of Shanghai Office

23 July 2006
Converted into a public company

7 September 2006
Listed on SGX Mainboard

December 2006
Establishment of Singapore Sales Office

2007

Feb 2007
Announced the management agreement with Zhejiang Nanfang Holdings Group Co. Ltd. for 3 years

Mar 2007
Commenced construction of new factory on the newly acquired plot of land with funding supported by IPO proceeds raised

May 2007
Secured an initial order from Nanjiang Textiles Import & Export Corporation for supplying fabrics to US retail Giant Wal-Mart

Oct 2007
Commenced operating four sets of automatic flat screen printing machines to enhance the production capabilities

Dec 2007
Started shifting and installation of machineries and equipment to the new factory

Characterised by quality personnel

We believe that maintaining sound corporate governance and investing in human resources development adds significantly to our competitive edge.

Corporate Information

BOARD OF DIRECTORS

Lim Jit Poh (Non-Executive Chairman and Independent director)
Tao Shoulong (Chief Executive Officer)
Yan Qi (Deputy Chief Executive Officer)
Lie Yok Phing (Independent Director)
Tan Sek Khee (Independent Director)
Sun Xiaoxia (Independent Director)
Yan Haihui (Alternate director to Yan Qi)

AUDIT COMMITTEE

Lim Jit Poh (Chairman)
Lie Yok Phing (Member)
Tan Sek Khee (Member)
Sun Xiaoxia (Member)

NOMINATING COMMITTEE

Lie Yok Phing (Chairman)
Lim Jit Poh (Member)
Tan Sek Khee (Member)
Sun Xiaoxia (Member)

REMUNERATION COMMITTEE

Tan Sek Khee (Chairman)
Lim Jit Poh (Member)
Lie Yok Phing (Member)
Sun Xiaoxia (Member)

COMPANY SECRETARY

Foo Soon Soo, LLB (Hons, London)
FCIS, FCPA (Singapore)
FCPA (Australia)

REGISTERED OFFICE / SHARE REGISTRAR

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH Kea Building,
Singapore 188721

AUDITORS

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building,
Singapore 179365
Partner in charge: Tei Tong Huat
Appointed in financial period 2007

PRINCIPAL PLACE OF BUSINESS

Chang Hongzha Village
Ma'an Town, Shaoxing County,
Zhejiang Province
People's Republic of China
(中国浙江省绍兴县马鞍镇长虹闸村)

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Shaoxing Branch)
No 180 Shengli East Road
Shaoxing City
Zhejiang Province 312000
The People's Republic of China

China Zheshang Bank (Hangzhou Branch)
No. 288 Qingchun Road
Hangzhou City
Zhejiang Province 311006

DBS Bank Limited
6 Shenton Way #11-08, DBS Building Tower 2
S'pore 068809

Corporate Governance Statement and Financial Contents

Corporate Governance Statement

China Printing & Dyeing Holding Limited, (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Group. This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance (the "Code") issued by the Ministry of Finance. The Company will continue to improve its systems and corporate governance processes in compliance with the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises six Directors and one Alternate Director. Four of the Directors are Independent Non-Executive Directors. The Directors of the Company are: -

Mr Lim Jit Poh	(Non-Executive Chairman and Independent Director)
Mr Tao Shoulong	(Chief Executive Officer)
Madam Yan Qi	(Deputy Chief Executive Officer)
Mr Yan Haihui	(Alternate Director to Madam Yan Qi) *Appointed on 23 April 2007
Mr Lie Yok Phing	(Independent Director)
Mr Tan Sek Khee	(Independent Director)
Prof Sun Xiaoxia	(Independent Director) *Appointed on 23 April 2007

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, sets directions and goals for the Management. It supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Scheduled meetings are held to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of quarterly financial results.

The Board has formed specialized Board Committees namely the Audit Committee, the Nominating Committee and the Remuneration Committee to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2007: -

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held	4	4	3	2
Mr Lim Jit Poh	4	4	3	2
Mr Tao Shoulong	4	NA	NA	NA
Madam Yan Qi (Alternate: Mr Yan Haihui)	3	NA	NA	NA
Mr Lie Yok Phing	4	4	3	2
Mr Tan Sek Khee	4	4	3	2
Prof Sun Xiaoxia	1 out of 2	1 out of 2	1 out of 1	1 out of 1

Corporate Governance Statement

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group outside the Board meetings.

Newly appointed Directors are given an orientation programme to familiarize with the Company's operations. The Directors will also receive updates from time to time, particularly on relevant new laws and regulations, changing commercial risks and business conditions from the Company's relevant advisors.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board now consists of six Directors and one Alternate Director. Four of the Directors are Independent Directors.

The criteria for independence are determined based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related companies or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment of the conduct of the Group's affairs.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Key information regarding the Directors is given in the 'Board of Directors' section of the annual report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report on pages 30 and 31 of this annual report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having his own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The posts of Chairman and CEO are held by Mr Lim Jit Poh and Mr Tao Shoulong respectively. They are not related.

The Chairman, Mr Lim Jit Poh is primarily responsible for overseeing the overall management and strategic development of the Company.

His responsibilities include:

- Scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda (in consultation with the CEO);
- Assisting in ensuring the Company's compliance with the Code;

Corporate Governance Statement

- Ensuring that Board Meetings are held when necessary; and
- Reviewing most board papers before they are presented to the Board.

In assuming his roles and responsibilities, the Chairman consults with the Board, Audit Committee, Nominating Committee and Remuneration Committee on major issues and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

As the Company's CEO, Mr Tao Shoulong is responsible for the day-to-day operations of the Group. Mr Tao reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee ("NC") comprises four members, all of whom including the Chairman are Independent Non-Executive Directors: -

Mr Lie Yok Phing	(Chairman)
Mr Lim Jit Poh	(Member)
Mr Tan Sek Khee	(Member)
Prof Sun Xiaoxia	(Member)

The NC functions under the terms of reference which sets out its responsibilities:

(a) Recommending to the Board on all board appointments, re-appointments and re-nominations;

(b) Ensuring that independent Directors meet SGX-ST's guidelines and criteria; and

(c) Assessing the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

The Articles of Association of the Company require one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company has in place the policy and procedures for the appointment of new Directors to the Board.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board. Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Group.

Corporate Governance Statement

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Senior members of management staff are available to provide explanatory information in the form of briefings to the directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary or her representative attends all Board meetings and meetings of the Board committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board and committees' meetings are circulated to the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises four members, all of whom are Non-Executive and all are Independent Directors. The members of the RC are:

Mr Tan Sek Khee	(Chairman)
Mr Lie Yok Phing	(Member)
Mr Lim Jit Poh	(Member)
Prof Sun Xiaoxia	(Member)

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration package for each Executive Director. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC functions under the terms of reference which sets out its responsibilities as follows:

(a) Recommending to the Board a framework for remuneration for the Directors and key executives of the Company;

(b) Determining specific remuneration packages for each Executive Director;

(c) Reviewing the appropriateness of compensation for Non-Executive Directors;

(d) Reviewing the remuneration of employees occupying managerial positions who are related to directors and substantial shareholders; and

(e) Administering the Share Option Scheme.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

Corporate Governance Statement

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The remuneration of Non-Executive Directors is also reviewed to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The Company will submit the quantum of directors' fee of each year to the shareholders for approval at each AGM.

The Executive Directors have service agreements. The service agreements cover the terms of employment, salaries and other benefits. Non-Executive Directors have no service contracts.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The details of the remuneration of Directors of the Company and top five Key Executives of the Group disclosed in bands for services rendered during the financial year ended 31 December 2007 are as follows:

	Number of Directors		*Number of Key Executive	
	2007	2006	**2007**	2006
$500,000 and above	**0**	0	**0**	0
$250,000 to $499,999	**0**	0	**0**	0
Below $250,000	**6**	5	**5**	5
Total	**6**	5	**5**	5

* The remuneration of the top five executives (who are not directors) was shown on a "no name" basis because of concerns over poaching of these key executives by our competitors.

The summary compensation table for the Directors of the Company for the financial year ended 31 December 2007 is set out below:

	Salary %	**Bonus %**	**Directors' Fees %**	**Allowances and Other Benefits %**	**Total Compensation %**
Directors					
Below $250,000					
Executive Directors:-					
Mr Tao Shoulong	90	10	–	–	100
Madam Yan Qi	90	10	–	–	100
Non-Executive Directors:-					
Mr Lim Jit Poh	–	–	100	–	100
Mr Lie Yok Phing	–	–	100	–	100
Mr Tan Sek Khee	–	–	100	–	100
Prof Sun Xiaoxia	–	–	100	–	100

Corporate Governance Statement

Immediate Family Member of Directors or Substantial Shareholders

Mr Tao Shoulong and Madam Yan Qi are Spouses, they are Directors and Substantial Shareholders of the Company. Mr Yan Haihui is related to Madam Yan Qi. Save for Mr Tao and Madam Yan, whose remuneration exceeded S$150,000 for the financial year ended 31 December 2007, there is no employee of the Company and its subsidiaries who is an immediate family member of a Director and/or a Substantial Shareholder whose remuneration exceeded S$150,000 during the financial year ended 31 December 2007.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises four members, all of whom are Non-Executive and Independent. The AC comprises the following members:

Mr Lim Jit Poh	(Chairman)
Mr Tan Sek Khee	(Member)
Mr Lie Yok Phing	(Member)
Prof Sun Xiaoxia	(Member)

The AC functions under the terms of reference which sets out its responsibilities as follows:

(i) Reviewing with the external auditors and where applicable, our internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(ii) Reviewing the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(iii) Ensuring co-ordination between the external auditors and our management, and reviewing the assistance given by our management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);

(iv) Reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(v) Making recommendations to our Board on the appointment, re-appointment and removal of the external auditor(s) and approving the remuneration and terms of engagement of the external auditor;

(vi) Rreviewing and considering the appointment or re-appointment of a compliance adviser to the Company, to advise the Board on applicable rules and regulations applicable to a listed company, two years after listing;

Corporate Governance Statement

(vii) Reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(viii) Reviewing potential conflicts of interest, if any;

(ix) To undertake such other reviews and projects as may be requested by our Board, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

(x) Undertaking such other functions and duties as may be required by the legislation, regulations or the Listing Manual, or by such amendments as may be made thereto from time to time;

(xi) Reviewing arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(xii) Appointing an internal auditor.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC meets with both the external and internal auditors without the presence of the Management at least once a year. The AC reviews the independence of the external auditors annually. AC, having reviewed the range and value of non-audit services performed by the external auditors, Foo Kon Tan Grant Thornton and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that Foo Kon Tan Grant Thornton be nominated for re-appointment as auditors at the forthcoming AGM.

The Company has in place a whistle-blowing framework for employees of the Group to raise concerns about improprieties.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The AC will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually. In this respect, the AC will review the audit plans, and the findings of the external and internal auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Company has engaged Yang Lee & Associates as its internal auditors. The Internal Auditors report directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are to:

(a) Assessing if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

Corporate Governance Statement

(b) Assessing if operations of the business processes under review are conducted efficiently and effectively;

(c) Identifying and recommending improvement to internal control procedures, where required; and

(d) Scheduling an internal audit plan.

The Audit Committee has reviewed the internal auditors and external auditors' report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGM's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news releases;

(b) Annual Report prepared and issued to all shareholders;

(c) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and

(d) Company's website at www.chinapdh.com which shareholders can access information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meetings to answer any question relating to the work of these committees. The External Auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGM/EGM to ensure high level of accountability and to stay apprised of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

Dealing In Securities

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of two weeks prior to the announcement of the Company's quarterly results and one month prior to the announcement of the yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Corporate Governance Statement

Interested Person Transactions Policy

The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. The Audit Committee has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

The interested person transactions transacted for the financial year ended 31 December 2007 by the Group are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Sales of printed and dyed textile to a related party, Baifu Garment Co. Ltd.		RMB 427,728
Licence fee charged to a related party	RMB 1,000,000	
Purchase of garment from a related party	RMB 188,543	

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Group Chief Executive, any Director, or controlling shareholder.

Directors' Report

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2007 and the balance sheet of the Company as at 31 December 2007.

Names of directors

The directors of the Company in office at the date of this report are:

Lim Jit Poh (Non-Executive Chairman)
Tao Shoulong (Chief Executive Officer)
Yan Qi (Deputy Chief Executive Officer)
Lie Yok Phing
Tan Sek Khee
Sun Xiaoxia (appointed on 23 April 2007)
Yan Haihui (alternate director to Yan Qi) (appointed on 23 April 2007)

Mr Lim Jit Poh, Mr Lie Yok Phing, Mr Tan Sek Khee and Mr Sun Xiaoxia are independent directors whilst Mr Tao Shoulong and Mdm Yan Qi are executive directors.

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor its subsidiary was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this report.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares or debentures of the Company and its related corporations except as follows:

	Shares registered in the name of director			Shares in which director is deemed to have an interest		
	As at 1 January 2007	As at 31 December 2007	As at 21 January 2008	As at 1 January 2007	As at 31 December 2007	As at 21 January 2008
	Number of shares			Number of shares		
The Company - China Printing & Dyeing Holding Limited						
Tao Shoulong	–	**–**	–	221,479,800	**221,979,800**	221,979,800
Yan Qi	–	**–**	–	221,479,800	**221,979,800**	221,979,800

Mr Tao Shoulong and Mdm Yan Qi are the only two shareholders of Jianglong Holdings Limited which is regarded as the immediate and ultimate holding company of the Company. They are deemed to be interested, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, in the whole of the issue share capital of the wholly-owned subsidiary of the Company, Zhejiang Jianglong Textile Printing & Dyeing Co. Ltd.

Directors' Report

Directors' interest in shares or debentures (cont'd)

According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the China Printing & Dyeing Employee Share Option Scheme as set out below and under "Share options" of this report.

	No. of unissued ordinary shares under option		
	At 31.12.2007	**At 1.1.2007**	**At 21.1.2008**
* Lim Jit Poh	1,000,000	–	1,000,000
* Lie Yok Phing	500,000	–	500,000
* Tan Sek Khee	500,000	–	500,000
# Yan Haihui	1,500,000	–	1,500,000

* Independent directors

\# Alternate director to Yan Qi

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50 other than two of the directors who are under the employment of the subsidiary.

Share options scheme

(a) China Printing & Dyeing Employee Share Option Scheme (the "Scheme")

The Scheme for key management personnel and employees of the Group was approved by the shareholders of the Company on 23 July 2006.

The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group.

Under the Scheme, share options could be granted to executive and non-executive directors (including independent directors) and employees of the Group, excluding controlling shareholders of the Company or their associates. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for three market days immediately preceding the date of the grant. No options are granted at a discount to the prevailing market price of the shares. The vesting of the options is conditional on the key management personnel or employees completing another year of service to the Group. Once the options are vested, they are exercisable for a period of five years for options granted to the directors and for a period of ten years for options granted to alternate director and non directors. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

An option may be exercised, in whole or in part (in respect of 1,000 shares or any multiple thereof) by an option holder, giving appropriate notice which must be accompanied by a remittance for the aggregate subscription cost, at any time after the first or second anniversary of the date of grant and before the fifth and tenth anniversary of the date of grant, as the case may be.

Directors' Report

Share options scheme (cont'd)

(a) China Printing & Dyeing Employee Share Option Scheme (the "Scheme") (cont'd)

On 14 April 2007, the Company granted options to subscribe 13,250,000 ordinary shares of the Company at the exercise price of S$0.19 per share. The options are exercisable from 14 April 2008 and expire on 13 April 2012 for options granted to independent directors and 13 April 2017 for options granted to alternate director and non-directors. The total fair value of the options granted was estimated to be RMB 7,576,545 using the Black-Scholes Model. Details of the options granted are as follows:

	No. of unissued ordinary shares of the Company under option			
Name of grantees	Granted in financial year ended 31 December 2007	Aggregate granted since commencement of scheme to 31 December 2007	Aggregate exercised since commencement of scheme to 31 December 2007	Aggregate outstanding as at 31 December 2007
* Lim Jit Poh	1,000,000	1,000,000	–	1,000,000
* Lie Yok Phing	500,000	500,000	–	500,000
* Tan Sek Khee	500,000	500,000	–	500,000
# Yan Haihui	1,500,000	1,500,000	–	1,500,000
吴之山	1,500,000	1,500,000	–	1,500,000
丁伟平	1,500,000	1,500,000	–	1,500,000
高美凤	1,500,000	1,500,000	–	1,500,000
黄爱琴	1,500,000	1,500,000	–	1,500,000
操文明	750,000	750,000	–	750,000
朱建泉	750,000	750,000	–	750,000
周云	750,000	750,000	–	750,000
王芳芳	750,000	750,000	–	750,000
徐晓泉	750,000	750,000	–	750,000

* Independent directors

\# Alternative director to Yan Qi

Since the commencement of the employee share option scheme till the end of the financial year:

– No options have been granted to the controlling shareholders of the Company or their associates;

– No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted;

– No options have been granted at a discount; and

– No participants other than the four directors and the nine grantees mentioned above received 5% or more of the total options available under the plan.

There were no issued shares of the Company or its subsidiary under option at the end of the financial year.

Directors' Report

Share options scheme (cont'd)

(a) China Printing & Dyeing Employee Share Option Scheme (the "Scheme") (cont'd)

The number of unissued ordinary shares of the Company under option in relation to the Scheme outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at 31.12.2007	Exercise price	Exercise period
2007 Options	2,000,000	S$0.19	14.4.2008 - 13.4.2012
2007 Options	11,250,000	S$0.19	14.4.2008 - 13.4.2017
	13,250,000		

(b) The Scheme Committee

The Remuneration Committee is responsible for the administration of the Scheme of the Company. Members of the Committee are allowed to participate in the Scheme.

The Remuneration Committee comprises four directors of the Company. The directors are Mr Tan Sek Khee, Mr Lie Yok Phing, Mr Lim Jit Poh and Mr Sun Xiaoxia.

Audit Committee

The Audit Committee comprises the following members:

Lim Jit Poh (Chairman)
Lie Yok Phing
Tan Sek Khee
Sun Xiaoxia

The Audit Committee carried out its functions in accordance with Section 201B of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

Functions performed by the Audit Committee are described in the report on corporate governance included in the Annual Report.

The Audit Committee nominated Foo Kon Tan Grant Thornton for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

Independent auditors

The independent auditors, Foo Kon Tan Grant Thornton, Certified Public Accountants, have expressed their willingness to accept re-appointment.

Directors' Report

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between the executive directors and the Company, there are no material contracts to which the Company or its subsidiary, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested person transactions

There were no interested person transactions as defined in Chapter 9 of the SGX-ST Manual conducted during the financial year except as disclosed under Note 20 to the financial statements.

On behalf of the Directors

TAO SHOULONG

YAN QI

Dated: 29 February 2008

Statement by Directors

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

TAO SHOULONG

YAN QI

Dated: 29 February 2008

Independent Auditors' Report

To The Members of China Printing & Dyeing Holding Limited

We have audited the accompanying financial statements of China Printing & Dyeing Holding Limited ("the Company") and its subsidiary ("the Group"), which comprise the balance sheets of the Company and of the Group as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 29 February 2008

Balance Sheets

for the year ended 31 December 2007

		The Company		The Group	
		31 December 2007	31 December 2006	**31 December 2007**	31 December 2006
	Notes	**RMB**	RMB	**RMB**	RMB
Assets					
Non-Current					
Property, plant and equipment	5	**85,754**	14,967	**250,832,666**	181,127,262
Subsidiary	6	**312,213,811**	298,774,068	**–**	–
		312,299,565	298,789,035	**250,832,666**	181,127,262
Current					
Inventories	7	**–**	–	**172,161,981**	102,225,894
Trade and other receivables	8	**240,509**	141,921	**360,742,617**	339,362,160
Dividend receivable		**11,000,000**	24,648,257	**–**	–
Tax recoverable		**–**	–	**–**	3,805,178
Cash and cash equivalents	9	**7,510,386**	27,762,378	**429,467,565**	497,673,471
		18,750,895	52,552,556	**962,372,163**	943,066,703
Total assets		**331,050,460**	351,341,591	**1,213,204,829**	1,124,193,965
Equity					
Capital and Reserves					
Share capital	10	**332,014,978**	332,014,978	**332,014,978**	332,014,978
(Accumulated losses)/retained profits		**(7,662,388)**	(11,100,550)	**101,442,029**	44,449,267
Exchange fluctuation reserve		**3,586,805**	3,791,125	**(3,463,951)**	(3,595,376)
Employee share option reserve		**692,000**	–	**692,000**	–
Other reserves	11	**–**	–	**17,778,048**	7,425,532
		328,631,395	324,705,553	**448,463,104**	380,294,401
Liabilities					
Non-current					
Bank borrowings	12	**–**	–	**–**	20,000,000
Current					
Trade and other payables	13	**2,419,065**	2,364,502	**110,165,558**	120,426,052
Note payables	14	**–**	–	**368,722,656**	334,623,512
Dividend payable		**–**	24,271,536	**–**	24,000,000
Bank borrowings	12	**–**	–	**283,860,000**	244,850,000
Current tax payable		**–**	–	**1,993,511**	–
		2,419,065	26,636,038	**764,741,725**	723,899,564
Total equity and liabilities		**331,050,460**	351,341,591	**1,213,204,829**	1,124,193,965

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 RMB	Year ended 31 December 2006 RMB
Revenue	4	**796,461,889**	610,326,323
Cost of sales	15(a)	**(642,673,071)**	(475,314,364)
Gross profit		**153,788,818**	135,011,959
Other operating income	15(b)	**25,688,279**	13,591,924
Share issue costs		**–**	(7,122,956)
Distribution costs	15(c)	**(15,181,322)**	(8,463,418)
Administrative expenses	15(d)	**(40,950,368)**	(34,429,559)
Finance costs	15(e)	**(22,942,878)**	(22,712,646)
Profit before taxation	16	**100,402,529**	75,875,304
Taxation	17	**(13,724,771)**	–
Profit after taxation for the year attributable to shareholders		**86,677,758**	75,875,304
Earnings per share (RMB cents)	18		
- basic		**22.57**	19.76
- diluted		**22.57**	19.76

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2007

	Notes	Share capital RMB	(Accumulated losses)/ retained profits RMB	Exchange fluctuation reserve RMB	Employee share option reserve RMB	Statutory common reserve RMB	Statutory common welfare fund RMB	Total RMB
Balance at 1 January 2006		1,937	(505)	–	–	–	–	1,432
Exchange difference not recognised in income statement		–	–	(3,595,376)	–	–	–	(3,595,376)
Net loss recognised directly in equity		–	–	(3,595,376)	–	–	–	(3,595,376)
Net profit for the year		–	75,875,304	–	–	–	–	75,875,304
Total recognised income/(loss)		–	75,875,304	(3,595,376)	–	–	–	72,279,928
Issue of ordinary shares pursuant to initial public offering		338,808,059	–	–	–	–	–	338,808,059
Share issue costs		(6,795,018)	–	–	–	–	–	(6,795,018)
Transfer to statutory reserve		–	(7,425,532)	–	–	7,420,227	5,305	–
Transfer to statutory common reserve		–	–	–	–	5,305	(5,305)	–
Interim dividend relating to FY 2006	24	–	(24,000,000)	–	–	–	–	(24,000,000)
Balance at 31 December 2006		**332,014,978**	**44,449,267**	**(3,595,376)**	**–**	**7,425,532**	**–**	**380,294,401**
Exchange difference not recognised in income statement		–	**–**	**131,425**	**–**	**–**	**–**	**131,425**
Net income recognised directly in equity		**–**	**–**	**131,425**	**–**	**–**	**–**	**131,425**
Net profit for the year		**–**	**86,677,758**	**–**	**–**	**–**	**–**	**86,677,758**
Total recognised income		**–**	**86,677,758**	**131,425**	**–**	**–**	**–**	**86,809,183**
Transfer to statutory reserve		**–**	**(10,352,516)**	**–**	**–**	**10,352,516**	**–**	**–**
Interim dividend relating to FY 2007	24	**–**	**(19,332,480)**	**–**	**–**	**–**	**–**	**(19,332,480)**
Employee share option scheme - value of employee services		**–**	**–**	**–**	**692,000**	**–**	**–**	**692,000**
Balance at 31 December 2007		**332,014,978**	**101,442,029**	**(3,463,951)**	**692,000**	**17,778,048**	**–**	**448,463,104**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2007

		Year ended 31 December 2007 RMB	Year ended 31 December 2006 RMB
Cash Flows from Operating Activities			
Profit before taxation		**100,402,529**	75,875,304
Adjustments for:			
Exchange translation difference		**131,580**	(3,595,376)
Depreciation of property, plant and equipment		**10,606,662**	8,314,417
Impairment on trade receivables		**321,220**	695,973
Interest expense		**22,942,878**	22,712,646
Interest income		**(14,466,505)**	(8,230,276)
Gain on disposal of property, plant and equipment		**(402)**	–
Employee share option expense		**692,000**	–
Operating profit before working capital changes		**120,629,962**	95,772,688
Change in operating assets and liabilities, net of effect from acquisition of a subsidiary (Note A)			
- Increase in inventories		**(69,936,087)**	(25,923,206)
- Increase in deposits pledged with banks		**(35,127,787)**	–
- Increase in operating receivables		**(16,652,954)**	(189,114,707)
- Increase in operating payables		**12,204,263**	9,811,151
Net cash generated from/(used in) operations		**11,117,397**	(109,454,074)
Income tax paid		**(19,249,605)**	–
Income tax refunded		**7,518,345**	–
Net cash used in operating activities		**(613,863)**	(109,454,074)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(80,971,819)**	(30,347,701)
Acquisition of a subsidiary, net of cash acquired (Note A)		**–**	(83,650,214)
Interest received		**14,222,960**	8,230,276
Proceeds from disposal of property, plant and equipment		**660,000**	–
Net cash used in investing activities		**(66,088,859)**	(105,767,639)
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		**–**	338,808,059
Share issue costs		**–**	(6,795,018)
Bank loans obtained		**263,860,000**	264,850,000
Bank loans repaid		**(244,850,000)**	(245,711,590)
Decrease in deposits pledged with banks		**–**	24,448,267
Dividends paid		**(43,332,480)**	–
Interest paid		**(22,430,363)**	(22,331,717)
Receipt for advances made by	- third parties	**11,121,872**	63,259,521
	- related parties	**–**	77,789,584
Payment for advances made by	- third parties	**–**	(31,889,966)
	- related parties	**(1,000,000)**	(4,500,000)
Net cash (used in)/generated from financing activities		**(36,630,971)**	457,927,140
Net (decrease)/increase in cash and cash equivalents		**(103,333,693)**	242,705,427
Cash and cash equivalents at beginning of year		**242,706,859**	1,432
Cash and cash equivalents at end of year (Note 9)		**139,373,166**	242,706,859

Consolidated Cash Flow Statement

for the year ended 31 December 2007

Note A:

Acquisition of a subsidiary

In the financial year 2006, the Company acquired a subsidiary for a total consideration of RMB 171.3 million. The fair value of assets acquired and liabilities assumed were as follows:

	Year ended 31 December 2006 RMB
Property, plant and equipment	159,093,978
Inventories	76,302,688
Trade and other receivables	149,928,255
Advances to - third parties	63,259,521
- related parties	77,789,584
Amount owing by a director	4,334,912
Cash and cash equivalents - cash and bank balances	87,614,459*
- deposits pledged with banks	279,414,879
Total assets	897,738,276
Trade and other payables	(130,652,597)
Advances from - third parties	(33,692,116)
- related parties	(4,500,000)
Note payables	(311,917,300)
Bank borrowings	(245,711,590)
Total liabilities	(726,473,603)
Total consideration	171,264,673
Less: Cash and bank balances in a subsidiary acquired	(87,614,459)*
Net cash outflow from acquisition of a subsidiary	83,650,214

Notes to the Financial Statements

for the year ended 31 December 2007

1 General information

The financial statements of the Company and the Group for the year ended 31 December 2007, were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange.

The registered office is located at 333 North Bridge Road, #08-00 KH Kea Building, Singapore 188721.

The immediate and ultimate holding company of the Company is Jianglong Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

The principal activity of the Company is that of investment holding. The principal activity of the subsidiary is set out in Note 6 to the financial statements.

2(a) Basis of preparation

The financial information of China Printing & Dyeing Holding Limited (the "Company") and its subsidiary (collectively referred to as the "Group") set out in the consolidated financial statements for the financial year ended 31 December 2007, are expressed in Renminbi ("RMB"), being the functional and reporting currency of the principal company within the Group.

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

Critical assumptions used and accounting estimates in applying accounting policies

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis after deducting the residual value over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. The carrying amounts of the Company's and the Group's property, plant and equipment at 31 December 2007 were RMB 85,754 (2006 - RMB 14,967) and RMB 250,832,666 (2006 - RMB 181,127,262) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements

for the year ended 31 December 2007

2(a) Basis of preparation (cont'd)

Critical judgements made in applying accounting policies

In the process of applying the entity's accounting policies, which are described in Note 3, management had made the following judgement that have the most significant effect on the amounts recognised in the financial statements:

Impairment of plant and equipment

The Group assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Impairment in investment in subsidiary

Determining whether investment in subsidiary is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Allowance for bad and doubtful debts

The Group makes allowance for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed.

2(b) Interpretations and amendments to published standards effective in 2007

On 1 January 2007, the Group adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. This includes the following FRS and INT FRS, which are relevant to the Company and the Group:

FRS 1 (Amendment)	Presentation of Financial Statements - Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the adoption of FRS 107 and the complementary amended FRS 1 which introduce new disclosures relating to financial instruments and capital respectively.

2(c) FRS not yet effective

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The following FRS and INT FRS that are applicable to the Company and the Group are set out below:

FRS 108	Operating Segments
Revised FRS 23	Borrowing Costs
INT FRS 111	Group & Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

The directors do not anticipate that the adoption of these FRS and INT FRS in future periods will have a material impact on the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2007

2(c) FRS not yet effective (cont'd)

FRS 108 replaces FRS 14 Segment Reporting. In doing so it extends the scope of segment reporting. It requires the identification of operating segments based on internal reports that are regularly reviewed by the entity chief operating decision maker in order to allocate resources to the segment and assess its performance. It requires amongst others, reconciliations of total reportable segment revenue, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity interim financial statements and an explanation of how segment profit or loss and segment assets are measured for each reportable segment.

3 Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary made up to the end of the financial year. Details of its subsidiary are given in Note 6.

The consolidated financial statements of the Group for the financial period ended 31 December 2006 have been prepared using the historical cost method similar to the "pooling-of-interest" as acquisition of subsidiary is accounted for as reconstructions of businesses. Under the historical cost method, the acquired assets and liabilities, of the pooled enterprises as part of the Group for the whole of the current period.

Other than for accounting of subsidiary using the historical cost method as disclosed above, the results of the subsidiaries acquired during the financial year, if any, are included in the consolidated income statement from the effective date in which control is transferred to the Group.

Acquisition of subsidiary, if any, is accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amount involved are considered significant to the Group.

All inter-company balances and significant inter-company transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balance only.

Property, plant and equipment and depreciation

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of the assets after deducting the residual values over the estimated useful lives as follows:

	Useful lives
Buildings on leasehold land	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Office equipment	5 years
Other equipment	10 years

No depreciation has been provided for building construction-in-progress.

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate at each balance sheet date. The useful life and depreciation method are reviewed at each financial year-end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The effects of any revision are recognised in the income statement when the changes arise.

Notes to the Financial Statements

for the year ended 31 December 2007

3 Summary of significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment, if any, are retained in the books of accounts until they are no longer in use.

Land use rights are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of land use rights, using the straight-line method, over the period of the grant of 50 years.

Subsidiary

A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% or over whose financial and operating policy decisions the Group controls.

Shares in subsidiary are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

For acquisitions of subsidiary under common control, the identifiable assets and liabilities were accounted for at their carrying values, in a manner similar to the pooling-of-interest method of consolidation.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted-average basis. In the case of manufactured inventories, cost consists of cost of raw materials, direct labour and an appropriate proportion of production overheads.

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. All financial assets that are not classified as at fair value through profit or loss are initially recognised at fair value, plus transaction costs.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

The Company and the Group do not have any investments and accordingly, there are no investments to be classified as assets held-to-maturity, available-for-sale or fair value through profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2007

3 Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets, if any.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

Receivables are provided against when there is objective evidence that the Company and the Group will not be able to collect all amounts due to them in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables are included in trade and other receivables, related party balances, deposits pledged with banks and deposits held in banks.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with a short maturity of three months or less. For the purpose of consolidated cash flow statement, cash and cash equivalents are presented net of deposits pledged with banks which are integral to the Group's cash management.

Related parties

Related parties are entities with one or more common direct/indirect shareholders and/or directors and in which one party has the ability to control or exercise significant influence over the other party in financial and operating decision making.

Financial liabilities

The Company's and the Group's financial liabilities include bank borrowings, note payables and trade and other payables.

Financial liabilities are recognised when the Company and the Group become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the income statement.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet are included in current borrowings in the balance sheet even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date. Borrowings to be settled within the Company's and the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Notes to the Financial Statements

for the year ended 31 December 2007

3 Summary of significant accounting policies (cont'd)

Employee benefits

Pension obligations

The Company and the Group participate in the defined contribution national pension and other welfare schemes as provided by the laws of the countries in which it has operations. The Company contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to some of the employees. The contributions to national pension schemes are charged to the income statement in the period to which the contributions relate.

The subsidiary participates in the defined contribution national pension and other welfare schemes as provided by the laws in the PRC. The contributions to these schemes are charged to the income statement in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the balance sheet date.

Share-based compensation

The Company has in placed an Employee Share Option Scheme for the granting of options to directors of the Company and eligible employees of the Group to subscribe for shares in the Company. Details of the Scheme are disclosed under "Share Options Scheme" in the Directors' Report.

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets), on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs, if any, are credited to share capital when the options are exercised.

Leases

Operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the consolidated income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the lease asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

In 2006, the subsidiary, Zhejiang Jianglong, entered into an agreement with a third party, Zhejiang South Science & Technology Co., Ltd (浙江南方科技股份有限公司) ["ZSST"] where the subsidiary has expressed its intention to make an acquisition of the business belonging to ZSST. In consideration of the proposed acquisition, if materialised, a period of three years has been stipulated as a governing period where the management of ZSST is rested with the subsidiary.

Notes to the Financial Statements

for the year ended 31 December 2007

3 Summary of significant accounting policies (cont'd)

Leases (cont'd)

Operating lease (cont'd)

A management fee of RMB 5 million per annum over the three year period will be an income to the subsidiary (see accounting policy "Revenue recognition"). In addition, the subsidiary is granted the rights to use the office space at 绍兴柯桥柯北工业园区, area of 10,763 sq metres. The lease term is over a period of three years from FY 2006 to FY 2008 where ZSST, the lessor, offered an incentive of three years free rental. The rental cost if charged by the lessor is determined to be in the region of RMB 1 million per annum for the three-year period. As the amount is insignificant, no rental expense is recognised in the financial statements.

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage time is recognised as finance costs.

Income taxes

The liability method of tax effect accounting is adopted by the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Impairment of assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss, if any, is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation.

Notes to the Financial Statements

for the year ended 31 December 2007

3 Summary of significant accounting policies (cont'd)

Impairment of assets (cont'd)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is charged to the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is credited as income in the income statement.

Functional currency

Items included in the financial statements of the Company and the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the Group and the balance sheet of the Company are presented in RMB, which is also the functional currency of the Group.

Conversion of foreign currencies

The accounting records of the companies within the Group are maintained in their respective measurement currencies.

Monetary assets and liabilities in foreign currencies are translated into RMB at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Except for the situation described below, exchange differences arising from such transactions are taken to the consolidated income statements:

Assets and liabilities of the Company denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The income statement of the Company is translated using the average monthly rates. Foreign currency translation adjustments arising from the consolidated financial statements are recorded directly in exchange fluctuation account.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gains or losses are recognised in the consolidated income statements, if any, are reported as part of the fair value gains or losses in "other gains/losses - net". Currency translation differences on non-monetary items, if any, whereby the gains and losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets, investment properties and property, plant and equipment are included in the fair value reserve and asset revaluation reserve respectively.

Segment reporting

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue is based on the nature of the products or services provided by the Group. Information for geographical segments is based on the geographical location of the principal places of business.

Notes to the Financial Statements

for the year ended 31 December 2007

3 Summary of significant accounting policies (cont'd)

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of printed and dyed textiles and provision of printing and dyeing value added services is recognised when goods and services are sold and rendered to customers, which generally coincides with their delivery and acceptance.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Management fee is recognised when services are rendered.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management are provided in Note 25.

4 Revenue

Revenue of the Group includes revenue from sale of printed and dyed textiles and the provision of printing and dyeing valued added services and excludes applicable value added tax. The segment analysis is given in Note 23 to the financial statements.

5 Property, plant and equipment

The Company

	Office Equipment RMB
Cost	
At 1 January 2006	–
Additions	16,035
At 31 December 2006	16,035
Additions	89,163
Exchange differences on translation	(136)
At 31 December 2007	**105,062**
Accumulated depreciation	
At 1 January 2006	–
Depreciation for the year	1,068
At 31 December 2006	1,068
Depreciation for the year	18,221
Exchange differences on translation	19
At 31 December 2007	**19,308**
Net book value	
At 31 December 2007	**85,754**
At 31 December 2006	14,967

Notes to the Financial Statements

for the year ended 31 December 2007

5 Property, plant and equipment (cont'd)

	Buildings on leasehold land RMB	Land use rights RMB	Plant and machinery RMB	Motor vehicles RMB	Office equipment RMB	Other equipment RMB	Construction–in–progress RMB	Total RMB
The Group								
Cost								
At 1 January 2006	–	–	–	–	–	–	–	–
On acquisition of a subsidiary	102,246,733	4,000,000	57,867,762	1,770,832	664,238	79,300	–	166,628,865
Additions	4,869,559	–	16,344,278	912,644	298,704	3,800	7,918,716	30,347,701
Reclassification	7,918,716	–	–	–	–	–	(7,918,716)	–
At 31 December 2006	115,035,008	4,000,000	74,212,040	2,683,476	962,942	83,100	–	196,976,566
Additions	2,657,681	5,257,412	23,275,196	771,244	127,061	–	48,883,225	80,971,819
Disposal	–	–	(941,237)	–	–	–	–	(941,237)
Reclassification	(2,000,000)	2,000,000	–	–	–	–	–	–
Exchange difference in translation	–	–	–	–	(136)	–	–	(136)
At 31 December 2007	**115,692,689**	**11,257,412**	**96,545,999**	**3,454,720**	**1,089,867**	**83,100**	**48,883,225**	**277,007,012**
Accumulated depreciation								
At 1 January 2006	–	–	–	–	–	–	–	–
On acquisition of a subsidiary	1,950,945	102,613	5,100,644	249,852	122,947	7,886	–	7,534,887
Depreciation for the year	1,840,441	80,000	5,804,721	416,196	165,666	7,393	–	8,314,417
At 31 December 2006	3,791,386	182,613	10,905,365	666,048	288,613	15,279	–	15,849,304
Depreciation for the year	2,081,060	200,957	7,553,349	574,403	189,414	7,479	–	10,606,662
Disposal	–	–	(281,639)	–	–	–	–	(281,639)
Exchange difference in translation	–	–	–	–	19	–	–	19
At 31 December 2007	**5,872,446**	**383,570**	**18,177,075**	**1,240,451**	**478,046**	**22,758**	**–**	**26,174,346**
Net book value								
At 31 December 2007	**109,820,243**	**10,873,842**	**78,368,924**	**2,214,269**	**611,821**	**60,342**	**48,883,225**	**250,832,666**
At 31 December 2006	111,243,622	3,817,387	63,306,675	2,017,428	674,329	67,821	–	181,127,262

The Group	**31 December 2007 RMB**	31 December 2006 RMB
Depreciation expense charged to:		
Cost of sales	**9,458,388**	7,312,017
Administrative expenses	**1,148,274**	1,002,400
	10,606,662	8,314,417

(a) Buildings on leasehold land comprise:

Location	Description	Land area (sq. metres)	Tenure
Chang Hongzha Village Xin Qianxin, Ma'an Town Shaoxing County, Zhejiang Province The People's Republic of China	Office buildings, canteen dormitory and warehouse	16,478	50 years (valid till 20 November 2053)
	Workshop 1	8,732	
	Workshop 2	12,098	
	Workshop 3	18,216	
	Workshop 4	4,799	

Notes to the Financial Statements

for the year ended 31 December 2007

5 Property, plant and equipment (cont'd)

(b) Land use rights comprise:

Location	Use of property	Land area (sq. metres)	Tenure
Chang Hongzha Village Xin Qianxin, Ma'an Town Shaoxing County, Zhejiang Province The People's Republic of China	Production Plant	61,765	50 years (valid till 20 November 2053)
	Production Plant	23,452	50 years (valid till 20 November 2053)

(c) The construction-in-progress relates to construction of a new factory at Chang Hongzha Village, Xin Qianxin Ma'an Town, Shaoxing County, Zhejiang Province, The People's Republic of China.

(d) As at the balance sheet date, property, plant and equipment of the subsidiary which have been pledged to certain financial institutions to secure bank facilities (Note 12) are as follows:

The Group	31 December 2007 RMB	31 December 2006 RMB
At cost		
Buildings and its related land use rights		
- Note 12 (w), (x) & (y)	**58,157,717**	–
- Note 12 (r), (t) & (w)	**–**	50,955,955
Plant and machinery [Note 12(v)]	**–**	23,732,672
	58,157,717	74,688,627

The net book values of these buildings and its related land use rights and plant and machinery are RMB 51,890,057 (2006 - RMB 47,656,479) and RMB Nil (2006 - RMB 20,549,809) respectively.

6 Subsidiary

The Company	31 December 2007 RMB	31 December 2006 RMB
Unquoted equity investment, at cost (S$61,324,189)	**312,213,811**	298,774,068

The subsidiary is:

Name	Country of incorporation/ place of business	Cost of investment 2007 RMB	Cost of investment 2006 RMB	Percentage of equity held 2007	Percentage of equity held 2006	Principal activity
Zhejiang Jianglong Textile Printing & Dyeing Co. Ltd #	The People's Republic of China	**312,213,811**	298,774,068	**100%**	100%	Manufacture and sale of printed and dyed textiles and provision of printing and dyeing value added services

Audited by Foo Kon Tan Grant Thornton for the purpose of FRS reporting.

Notes to the Financial Statements

for the year ended 31 December 2007

7 Inventories

The Group	31 December 2007 RMB	31 December 2006 RMB
Raw materials	**101,237,488**	77,806,400
Work-in-progress	**68,041,981**	21,782,889
Finished goods	**2,882,512**	2,636,605
	172,161,981	102,225,894
Inventories charged to cost of sales	**534,811,271**	387,745,702

Owing to the nature of the business where the extent of stock holding is influenced by the availability of the supply, the normal processing period for work-in-progress for textiles approximates 2 days. The ageing of work-in-progress inventory turnover approximates 2 (2006 - 2) days.

The ageing of raw materials inventory turnover approximates 57 (2006 - 60) days.

The ageing of finished goods inventory turnover approximates 39 (2006 - 17) days.

No allowance for inventory obsolescence is required.

8 Trade and other receivables

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	31 December 2007 RMB	31 December 2006 RMB
Trade receivables				
- external parties	**–**	–	**129,510,763**	138,236,665
- a related party, 浙江百福服饰有限公司	**–**	–	**–**	1,300,011
Provision for impairment on trade receivables	**–**	–	**(759,605)**	(446,385)
Net trade receivables	**–**	–	**128,751,158**	139,090,291
Other receivables				
Advances to				
- suppliers	**–**	–	**219,788,881**	189,308,857
- employees	**–**	–	**201,067**	131,780
Payments made in advance for construction of buildings	**–**	–	**4,520,819**	9,631,820
Deposits	**102,428**	–	**208,428**	145,000
Prepayments	**138,081**	121,419	**282,041**	296,440
Sundry receivables				
- third parties	**–**	20,502	**1,373,557**	757,972
- a related party, 浙江百福服饰有限公司	**–**	–	**1,000,000**	–
Management fee receivable	**–**	–	**4,616,666**	–
	240,509	141,921	**231,991,459**	200,271,869
	240,509	141,921	**360,742,617**	339,362,160

Notes to the Financial Statements

for the year ended 31 December 2007

8 Trade and other receivables (cont'd)

Trade receivables are usually due within 30 - 90 days and do not bear any effective interest rate.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers. Impairment on trade receivables is made when certain debtors are identified to be irrecoverable. The ageing analysis of trade receivables approximates 58 (2006 - 83) days.

The advances paid to suppliers are unsecured, interest-free and represent down-payment for the supply of raw materials.

The advances to employees are for business purposes. These amounts are unsecured, interest-free and repayable on demand.

Management fee receivable are due from 浙江南方科技股份有限公司 and are expected to repay in February 2008.

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
Renminbi	**–**	–	**304,042,835**	221,749,093
United States dollar	**–**	–	**56,459,273**	117,471,146
Singapore dollar	**240,509**	141,921	**240,509**	141,921
	240,509	141,921	**360,742,617**	339,362,160

9 Cash and cash equivalents

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
Cash on hand	**2,021**	2,038	**57,173**	15,228
Fixed deposits	**7,245,828**	15,696,063	**7,245,828**	15,696,063
Bank balances	**262,537**	12,064,277	**422,164,564**	481,962,180
	7,510,386	27,762,378	**429,467,565**	497,673,471

The fixed deposits matured on 31 January 2008. The interest rate on fixed deposits was charged at varying rates between 1.67% and 4.40% per annum.

For the purpose of the consolidated cash flow statement, the year-end cash and bank balances comprise the following:

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
Cash on hand	**2,021**	2,038	**57,173**	15,228
Fixed deposits	**7,245,828**	15,696,063	**7,245,828**	15,696,063
Bank balances	**262,537**	12,064,277	**422,164,564**	481,962,180
	7,510,386	27,762,378	**429,467,565**	497,673,471
Deposits pledged with banks	**–**	–	**(290,094,399)**	(254,966,612)
	7,510,386	27,762,378	**139,373,166**	242,706,859

Notes to the Financial Statements

for the year ended 31 December 2007

9 Cash and cash equivalents (cont'd)

Included in deposits of RMB 290,094,399 (2006 - RMB 254,966,612) pledged with banks is a sum of RMB Nil [2006 - RMB 25,200,140 (Note 12(s) and 12(u)] pledged for financing activities from financial institutions. The remaining balance of RMB 290,094,399 (2006 - RMB 229,766,472) are deposits pledged with banks for providing note payables facilities (Note 14).

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
Renminbi	**–**	–	**421,905,690**	469,777,300
United States dollar	**2,269,354**	15,722,774	**2,320,843**	15,856,567
Singapore dollar	**5,241,032**	12,039,604	**5,241,032**	12,039,604
	7,510,386	27,762,378	**429,467,565**	497,673,471

10 Share capital

10.1 Share capital

The Company and The Group

	Number of shares		Amount	
	Authorised share capital	**Issued share capital**	**Authorised share capital RMB**	**Issued share capital RMB**
Balance at 1 January 2006	100,000,000	400	100,000,000	1,937
Effect of Companies (Amendment) Act 2005	(100,000,000)	–	(100,000,000)	–
Issue of new shares pursuant to IPO listing	–	383,999,600	–	338,808,059
Share issue costs	–	–	–	(6,795,018)
Balance at 31 December 2006	–	**384,000,000**	–	**332,014,978**
Balance at 1 January 2007 and 31 December 2007	–	**384,000,000**	–	**332,014,978**

Under the Singapore Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished.

All issued ordinary shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

for the year ended 31 December 2007

10 Share capital (cont'd)

10.2 Employees share option scheme

China Printing & Dyeing Employee Share Option Scheme (the "Scheme")

Share options were granted to key management Directors and employees of the Group under the Scheme, which became operative on 14 April 2007.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for three market days immediately preceding the date of the grant. Individual awards to employees take into consideration the job level, performance and leadership potential of the employee. The vesting of the options is conditional on the Directors or employees completing another year of service to the Group.

Once the options have vested, they are exercisable for a contractual option term of five years for Directors and ten years for alternate director and non directors. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 14 April 2007, options to subscribe for 13,250,000 ordinary shares of the Company at an exercise price of S$0.19 per ordinary share were granted pursuant to the Scheme ("2007 Options"). The 2007 Options are exercisable from 14 April 2008 and expire on 13 April 2012 and 13 April 2017 for directors and non directors (including alternate director) respectively.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

The Company and The Group

	← No. of ordinary shares under option →						
	Beginning of financial Year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise period
2007							
2007 Options	–	2,000,000	–	–	2,000,000	S$0.19	14.4.2008 – 13.4.2012
2007 Options	–	11,250,000	–	–	11,250,000	S$0.19	14.4.2008 – 13.4.2017
	–	13,250,000	–	–	13,250,000		

The fair value of the share options granted on 14 April 2007 determined using the Black-Scholes valuation model on the date of grant was RMB 7,576,545. The significant inputs into the model were:

Grant date	**14/4/2007**	**14/4/2007**
Expected life of option	5 years	10 years
Dividend yield	–%	–%
Expected volatility	67.63%	67.63%
Risk-free interest rate	2.63%	2.79%
Share price	S$0.20	S$0.20

Notes to the Financial Statements

for the year ended 31 December 2007

11 Other reserves

The Group		31 December 2007 RMB	31 December 2006 RMB
Statutory common reserve			
Balance at beginning of year		**7,425,532**	–
Movement during the year		**10,352,516**	7,420,227
Transfer from statutory common welfare fund		**–**	5,305
Balance at end of year	(i)	**17,778,048**	7,425,532
Statutory common welfare fund			
Balance at beginning of year		**–**	–
Movement during the year		**–**	5,305
Transfer to statutory common reserve		**–**	(5,305)
Balance at end of year	(ii)	**–**	–
Balance at end of year	(i) + (ii)	**17,778,048**	7,425,532

According to the PRC Company Law, the subsidiary is required to transfer between 10% and 50% of its profit after taxation to statutory common reserve until the common reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Pursuant to amendments to the PRC Company Law, the allocation of profit after taxation to statutory common welfare fund was abolished with effect from 1 January 2006 and on that date, the balance in statutory common welfare fund has been transferred to statutory common reserve.

Statutory common reserve can be used to make good previous years' losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

12 Bank borrowings

The Group	Notes	2007 RMB	2006 RMB
Bank loans: -			
– 中国农业银行绍兴县支行		**–**	4,500,000
– 中国银行股份绍兴市分行		**–**	11,000,000
– 浙江绍兴县农村合作银行		**23,860,000**	24,550,000
– 绍兴市商业银行城北支行		**20,000,000**	30,000,000
– 中国工商银行股份绍兴市分行		**90,000,000**	54,800,000
– 中信银行绍兴城中支行		**–**	1,900,000
– 浙商银行		**20,000,000**	50,000,000
– 兴业银行宁波支行		**25,000,000**	20,000,000
– 招商银行股份有限公司绍兴分行		**10,000,000**	19,500,000
– 广东发展银行杭州萧东支行		**15,000,000**	4,600,000
– 中国光大银行高新支行		**30,000,000**	20,000,000
– 上海银行宁波分行		**10,000,000**	19,000,000
– 宁波民生银行		**20,000,000**	5,000,000
– 中国建设银行绍兴县支行		**20,000,000**	–
		283,860,000	264,850,000

Notes to the Financial Statements

for the year ended 31 December 2007

12 Bank borrowings (cont'd)

The Group	Notes	2007 RMB	2006 RMB
Comprises:			
Bank loans (unsecured)			
- #1	(a)	–	1,900,000
- #2	(b)	–	10,000,000
- #3	(c)	–	5,000,000
- bank loans #4	(d)	–	129,170,000
- bank loans #5	(e)	–	19,500,000
- bank loans #6	(f)	–	14,600,000
- #7	(g)	**3,620,000**	–
- #8	(h)	**10,000,000**	–
- #9	(i)	**10,000,000**	–
- #10	(j)	**5,000,000**	–
- #11	(k)	**25,000,000**	–
- #12	(l)	**10,000,000**	–
- #13	(m)	**10,000,000**	–
- bank loans #14	(n)	**60,000,000**	–
- bank loans #15	(o)	**15,000,000**	–
- bank loans #16	(p)	**53,860,000**	–
- bank loans #17	(q)	**30,000,000**	–
		232,480,000	180,170,000
Bank loans (secured)			
- #18	(r)	–	16,380,000
- #19	(s)	–	4,800,000
- #20	(t)	–	15,000,000
- #21	(u)	–	9,500,000
- #22	(u)	–	9,000,000
- #23	(v)	–	5,750,000
- #24	(v)	–	2,750,000
- #25	(v)	–	1,500,000
- #26	(w)	**20,000,000**	20,000,000*
- #27	(x)	**16,380,000**	–
- #28	(y)	**15,000,000**	–
		51,380,000	84,680,000
		283,860,000	264,850,000
Amount repayable:			
Not later than one year		**283,860,000**	244,850,000
Later than one year and not later than five years		–	20,000,000*
Later than five years		–	–
		283,860,000	264,850,000

(a) The unsecured bank loan facility #1 of RMB 1,900,000 granted to the subsidiary was repaid in September 2007. Interest was charged at 6.12% per annum. This bank loan was guaranteed by a personal deposit of RMB 2,000,000 from a director of the group.

(b) The unsecured bank loan facility #2 of RMB 10,000,000 granted to the subsidiary was repaid in March 2007. Interest was charged at 5.86% per annum. This bank loan was jointly guaranteed by a director and corporate guarantees from two suppliers of the subsidiary.

(c) The unsecured bank loan facility #3 of RMB 5,000,000 granted to the subsidiary was repaid in June 2007. Interest was charged at 7.34% per annum. This bank loan was guaranteed by a supplier of the subsidiary.

Notes to the Financial Statements

for the year ended 31 December 2007

12 Bank borrowings (cont'd)

(d) The unsecured bank loan facilities #4 were repaid on varying dates between 17 January 2007, the earliest date and 10 September 2007, the latest date. Interest was charged at varying rates between 5.86% and 7.96% per annum. These bank loans were jointly guaranteed by two directors of the Company and corporate guarantees from suppliers of the subsidiary.

(e) The unsecured bank loan facilities #5 were repaid on varying dates between 28 February 2007, the earliest date and 20 September 2007, the latest date. Interest was charged at varying rates between 5.58% and 7.02% per annum. These bank loans were guaranteed by suppliers of the subsidiary.

(f) The unsecured bank loan facilities #6 were repaid on varying dates between 30 May 2007, the earliest date and 26 December 2007, the latest date. Interest was charged at varying rates between 6.12% and 6.42% per annum. These bank loans were guaranteed by suppliers of the subsidiary.

(g) The unsecured bank loan facility #7 of RMB 3,620,000 granted to the subsidiary is repayable on or before 28 April 2008. Interest is charged at 8.75% per annum. This bank loan is jointly guaranteed by two directors of the Company and a corporate guarantee from a supplier of the subsidiary.

(h) The unsecured bank loan facility #8 of RMB 10,000,000 granted to the subsidiary is repayable on or before 18 June 2008. Interest is charged at 7.52% per annum. This bank loan is guaranteed by a supplier of the subsidiary.

(i) The unsecured bank loan facility #9 of RMB 10,000,000 granted to the subsidiary is repayable on or before 26 December 2008. Interest is charged at 7.47% per annum. This bank loan is guaranteed by suppliers of the subsidiary.

(j) The unsecured bank loan facility #10 of RMB 5,000,000 granted to the subsidiary is repayable on or before 15 May 2008. Interest is charged at 8.42% per annum. This bank loan is jointly guaranteed by two directors of the Company and corporate guarantees from suppliers of the subsidiary and a related party, 浙江百福服饰有限公司。

(k) The unsecured bank loan facility #11 of RMB 25,000,000 granted to the subsidiary is repayable on or before 31 July 2008. Interest is charged at 8.38% per annum. This bank loan is guaranteed by a supplier of the subsidiary.

(l) The unsecured bank loan facility #12 of RMB 10,000,000 granted to the subsidiary is repayable on or before 3 November 2008. Interest is charged at 8.38% per annum. This bank loan is jointly guaranteed by two directors of the Company and a corporate guarantee from a supplier of the subsidiary.

(m) The unsecured bank loan facility #13 of RMB 10,000,000 granted to the subsidiary is repayable on or before 11 November 2008. Interest is charged at 8.38% per annum. This bank loan is guaranteed by:
- two directors of the Company; and
- a mortgage over a supplier of the subsidiary's land use rights.

(n) The unsecured bank loan facilities #14 mature on varying dates between 18 January 2008, the earliest date and 18 July 2008, the latest date. Interest is charged at varying rates between 7.13% and 8.02% per annum. These bank loans are guaranteed by a supplier of the subsidiary.

(o) The unsecured bank loan facilities #15 mature on varying dates between 13 March 2008, the earliest date and 8 May 2008, the latest date. Interest is charged at varying rates between 7.14% and 7.45% per annum. These bank loans are guaranteed by suppliers of the subsidiary.

(p) The unsecured bank loan facilities #16 mature on varying dates between 3 January 2008, the earliest date and 19 June 2008, the latest date. Interest is charged at varying rates between 6.57% and 9.20% per annum. These bank loans are guaranteed by two directors of the Company and a corporate guarantee from a supplier of the subsidiary.

Notes to the Financial Statements

for the year ended 31 December 2007

12 Bank borrowings (cont'd)

(q) The unsecured bank loan facilities #17 mature on varying dates between 25 April 2008, the earliest date and 29 April 2008, the latest date. Interest is charged between 6.71% and 7.37% per annum. These bank loans are jointly guaranteed by a director and and corporate guarantees from suppliers of the subsidiary.

(r) The secured bank loan facility #18 of RMB 16,380,000 granted to the subsidiary was repaid in June 2007. Interest was charged at 6.73% per annum. This loan was secured by a mortgage over the subsidiary's buildings to the extent of RMB 17,519,658 and the related land use rights [Note 5(d)].

(s) The secured bank loan facility #19 of RMB 4,800,000 granted to the subsidiary was repaid in February 2007. Interest was charged at 5.58% per annum. This loan was secured by bank deposits amounting to RMB 5,200,140 (Note 9).

(t) The secured bank loan facility #20 of RMB 15,000,000 granted to the subsidiary was repaid in June 2007. Interest was charged at 7.25% per annum. This loan was secured by a mortgage over the subsidiary's buildings to the extent of RMB 17,704,414 [Note 5(d)].

(u) The secured bank loan facilities #21 of RMB 9,500,000 and #22 of RMB 9,000,000 were repaid in April 2007. Interest was charged at 5.58% and 5.02% per annum respectively. These loans were secured by bank deposits amounting to RMB 20,000,000 (Note 9).

(v) The secured bank loan facilities #23 of RMB 5,750,000, #24 of RMB 2,750,000 and #25 of RMB 1,500,000 granted to the subsidiary were repaid on varying dates between 15 February 2007, the earliest date and 29 March 2007, the latest date. Interest was charged at varying rates between 7.25% and 7.96% per annum. These loans were secured by a mortgage over the subsidiary's certain plant and machinery costing RMB 23,732,672 [Note 5(d)].

(w) The secured bank loan facility #26 of RMB 20,000,000 granted to the subsidiary comprise a sum of RMB 10,000,000 repayable on or before 18 July 2008, and another sum of RMB 10,000,000 repayable on or before 18 August 2008. These loans are secured by:
- a mortgage over the subsidiary's buildings to the extent of RMB 15,731,883 and the related land use rights [Note 5(d)]; and
- a guarantee provided by two directors of the Company.

Interest is charged at 6.62% per annum.

(x) The secured bank loan facility #27 of RMB 16,380,000 granted to the subsidiary is repayable on or before 28 April 2008. Interest is charged at 8.75% per annum. This loan is secured by:
- a mortgage over the subsidiary's buildings to the extent of RMB 24,721,420 [Note 5(d)]; and
- a joint guarantee provided by a supplier of the subsidiary and two directors of the Company.

(y) The secured bank loan facility #28 of RMB 15,000,000 granted to the subsidiary is repayable on or before 6 January 2008. Interest is charged at 8.54% per annum. This loan is secured by a mortgage over the subsidiary's buildings to the extent of RMB 17,704,414 [Note 5(d)].

Notes to the Financial Statements

for the year ended 31 December 2007

13 Trade and other payables

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
Trade payables	**–**	–	**86,733,597**	108,637,305
Accruals for salaries and related costs	**193,990**	–	**7,102,870**	2,501,985
	193,990	–	**93,836,467**	111,139,290
Other payables				
Interest-free advances from				
- customers	**–**	–	**2,509,280**	1,000,524
- third parties	**414,743**	418,292	**10,414,743**	801,626
Sundry payables	**1,810,332**	1,946,210	**3,405,068**	7,484,612
	2,225,075	2,364,502	**16,329,091**	9,286,762
	2,419,065	2,364,502	**110,165,558**	120,426,052

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be reasonable approximation of their fair values. The ageing analysis of trade payables approximate 49 (2006 - 83) days.

The interest-free advances from customers represent down-payment for ordering made, are unsecured and repayable on demand.

The interest-free advances from a third party are unsecured and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
Renminbi	**–**	–	**106,782,722**	93,689,988
United states dollar	**–**	–	**963,771**	24,371,562
Singapore dollar	**2,419,065**	2,364,502	**2,419,065**	2,364,502
	2,419,065	2,364,502	**110,165,558**	120,426,052

Interest-free advances from third parties are as follows:

	The Company		The Group	
	31 December 2007 RMB	31 December 2006 RMB	**31 December 2007 RMB**	31 December 2006 RMB
浙江新中天控股集团有限公司	**–**	–	**10,000,000**	–
浙江南方科技股份有限公司	**–**	–	**–**	383,334
Others	**414,743**	418,292	**414,743**	418,292
	414,743	418,292	**10,414,743**	801,626

14 Note payables

The note payables mature at varying dates between 3 January 2008 (2006 - 24 January 2007), the earliest date and 29 June 2008 (2006 - 29 June 2007), the latest date.

Notes to the Financial Statements

for the year ended 31 December 2007

15(a) Cost of sales

The Group	31 December 2007 RMB	31 December 2006 RMB
Inventories charged to cost of sales	**534,811,271**	387,745,702
Production workers employees benefit expenses	**18,229,103**	18,277,580
Others	**89,632,697**	69,291,082
	642,673,071	475,314,364

15(b) Other operating income

The Group	31 December 2007 RMB	31 December 2006 RMB
Sale of raw materials	**993,573**	1,163,388
Sale of scrap material	**173,103**	252,810
Interest income - bank deposits	**14,466,505**	8,230,276
Management fee	**5,000,000**	416,666
Miscellaneous income	**5,055,098**	3,528,784
	25,688,279	13,591,924

The effective interest rate on bank deposits is 3.8% (2006 - 1.7%) per annum.

15(c) Distribution costs

The Group	31 December 2007 RMB	31 December 2006 RMB
Freight charges	**7,141,009**	1,926,269
Employees benefit expenses	**4,352,601**	2,819,050
Documentation fees	**1,422,190**	1,396,939
Others	**2,265,522**	2,321,160
	15,181,322	8,463,418

15(d) Administrative expenses

The Group	31 December 2007 RMB	31 December 2006 RMB
Entertainment	**2,648,630**	1,753,060
Employees benefit expenses	**8,310,804**	4,646,756
Bank charges	**2,058,646**	1,874,718
Exchange loss	**7,581,300**	4,892,642
Share issue costs	**–**	1,194,955
Petrol expenses	**1,210,498**	1,398,775
Waste removal expenses	**4,734,550**	6,945,729
Others	**14,405,940**	11,722,924
	40,950,368	34,429,559

Notes to the Financial Statements

for the year ended 31 December 2007

15(e) Finance costs

The Group	31 December 2007 RMB	31 December 2006 RMB
Interest on bank loans	**18,646,336**	17,659,920
Discount on bank notes	**4,296,542**	5,052,726
	22,942,878	22,712,646

The effective interest rate on bank loans at the balance sheet date is 7.20% (2006 - 6.13%) per annum.

15(f) Employee benefit expenses

The Group	31 December 2007 RMB	31 December 2006 RMB
Directors' remunerations		
- Salaries and related cost	**2,137,761**	473,967
- Defined contribution	**3,752**	3,675
Key management personnel (other than directors)		
- Salaries and related cost	**1,431,370**	981,470
- Defined contribution	**7,504**	6,984
Other than directors and key management personnel		
- Salaries and related cost	**25,317,026**	23,235,798
- Defined contribution	**1,303,095**	1,041,492
Share option expense	**692,000**	–
	30,892,508	25,743,386

	31 December 2007 RMB	31 December 2006 RMB
Employee benefit expenses charged to:		
Cost of sales	**18,229,103**	18,277,580
Distribution costs	**4,352,601**	2,819,050
Administrative expenses	**8,310,804**	4,646,756
	30,892,508	25,743,386

16 Profit before taxation

The Group	Note	31 December 2007 RMB	31 December 2006 RMB
Profit before taxation has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	5	**10,606,662**	8,314,417
Directors' fee		**1,090,751**	1,153,204
Exchange loss		**7,581,300**	4,892,642
Operating lease rentals		**356,646**	245,147
Share issue costs		**–**	7,122,956
Research and development expenses		**157,296**	127,390
Gain on disposal of property, plant and equipment		**(402)**	–
Rental income		**–**	(21,000)

Notes to the Financial Statements

for the year ended 31 December 2007

17 Taxation

The Group	**31 December 2007 RMB**	31 December 2006 RMB
Current taxation	**13,509,812**	–
Underprovision of current taxation in respect of prior years	**214,959**	–
	13,724,771	–

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profit as a result of the following:

	31 December 2007 RMB	31 December 2006 RMB
Profit before taxation	**100,402,529**	75,875,304
Tax at statutory rate of 18% (2006 - 20%)	**18,072,455**	15,175,060
Tax effect on non-deductible expenses	**1,517,564**	2,288,705
Tax credit on qualifying purchase of local manufactured equipment utilised *	**(856,202)**	(11,526,085)
Tax exempt	**(14,366,013)**	(11,526,085)
Difference in foreign tax rate	**9,142,008**	5,588,405
	13,509,812	–

In 2004, the subsidiary obtained a tax holiday exemption where according to the PRC's taxation law, any enterprise with foreign investment of a production nature scheduled to operate for a year of not less than ten years shall, from the year beginning to make profit, be exempted from income tax in the first and second years and allowed a fifty percent reduction in the third to fifth year.

The subsidiary has been granted such incentive for the financial years 2004 to 2008.

*In 2004, the subsidiary obtained approved tax credit for the purchase of the PRC manufactured equipment used in the course of manufacturing operations whereby the enterprise may offset 40% of the equipment purchase cost against the amount of tax payable. The annual tax credit is limited to the amount by which the current's year tax liability exceeds the enterprise income tax paid in the year before the year of purchase. The balance of the unutilised tax credit may be carried forward for a maximum of five years.

On 15 February 2007, the Singapore Second Minister for Finance announced a reduction in the corporate tax rate from 20% to 18%.

18 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	31 December 2007	31 December 2006
Net profit attributable to equity holders of the Company (RMB)	**86,677,758**	75,875,304
Weighted average number of ordinary shares outstanding for basic earnings per share	**384,000,000**	384,000,000
Basic earnings per share (RMB cents per share)	**22.57**	19.76

Notes to the Financial Statements

for the year ended 31 December 2007

18 Earnings per share (cont'd)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, i.e., the share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit. However, the number of shares to be issued from option is Nil because it is anti-dilutive in nature.

19 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of directors of the Company is disclosed in bands as follows:

	Number of directors 31 December 2007	Number of directors 31 December 2006
RMB 2,516,000 and above	**–**	–
RMB 1,208,000 to RMB 2,516,000	**–**	–
Below RMB 1,208,000	**6**	5
	6	5

20 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at agreed amounts:

The Group	**31 December 2007 RMB**	31 December 2006 RMB
Purchases from related parties	**–**	142,956
Provision for printing and dyeing services to a related party	**–**	383,658
Purchase of property, plant and equipment from a related party	**–**	1,134,319
Purchase of uniform from a related party	**188,543**	–
Rental income from related parties	**–**	39,000
Sale of printed and dyed textile to a related party	**427,728**	3,627,670
Licence fee charged to a related party	**1,000,000**	1,000,000

Notes to the Financial Statements

for the year ended 31 December 2007

21 Commitments

The Group

21.1 Capital commitments

Capital commitments not provided for in the financial statements were as follows:

	31 December 2007 RMB	31 December 2006 RMB
Expenditure contracted for purchase of property, plant and equipment	**–**	24,892,875

21.2 Operating lease commitments

At the balance sheet date, the Group was committed to making the following lease rental payments under non-cancellable operating leases for office premise.

	31 December 2007 RMB	31 December 2006 RMB
Not later than one year	**436,231**	342,000
Later than one year and not later than five years	**72,705**	513,000
Later than five years	**–**	–

The lease on the Company's office premise on which rental is payable will expire on 28 February 2009. The current rental payable on the lease is RMB 436,236 per annum.

22 Retirement benefit plans

The eligible employees of the Group, who are citizens of the PRC, are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total costs charged to the consolidated income statement for the year ended 31 December 2007 was RMB 1,314,351 (2006 - RMB 1,052,151) representing defined contribution national pension plan.

23 Statement of operations by segment

The Group

Business segment

The Group operates principally in a single business segment which is the sale of printed and dyed textile products and provision of printing and dyeing services.

	31 December 2007 RMB	31 December 2006 RMB
Sale of printed and dyed textile	**693,841,162**	524,113,502
Provision of printing and dyeing value added services	**102,620,727**	86,212,821
	796,461,889	610,326,323

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operations is presented.

Notes to the Financial Statements

for the year ended 31 December 2007

24 Dividends

	31 December 2007 RMB	31 December 2006 RMB
Ordinary dividends proposed		
Interim exempt dividend of 5.03 cents (2006 - 6.25 cents) per share	**19,332,480**	24,000,000
Ordinary dividends paid		
Interim exempt dividend of 6.25 cents per share paid in financial year ended 31 December 2007 in respect of the financial year ended 31 December 2006	**24,000,000**	–
Interim exempt dividend of 5.03 cents per share paid in financial year ended 31 December 2007 in respect of the financial year ended 31 December 2007	**19,332,480**	–
	43,332,480	–

25 Financial risk management

The Group's financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Finance Division with the approval of the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

25.1 Interest rate risk

The Group's interest rate risk arises from bank borrowings. The interest rate and terms of repayment of the borrowings are disclosed in Note 12.

25.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The business of the Group is mainly carried out in the PRC. However, the sales are mostly exported to countries outside the PRC. These sales are denominated in US dollar. Accordingly, the exposure to foreign exchange risk mainly relates to sales made to countries outside the PRC. The Group monitors its foreign currency exposure closely.

Notes to the Financial Statements

for the year ended 31 December 2007

25 Financial risk management (cont'd)

25.2 Foreign currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	2007				2006			
	RMB ‘000	**USD ‘000**	**SGD ‘000**	**Total ‘000**	RMB ‘000	USD ‘000	SGD ‘000	Total ‘000
Financial assets								
Cash and cash equivalents	**–**	**2,269**	**5,241**	**7,510**	–	15,722	12,040	27,762
Dividend receivable	**11,000**	**–**	**–**	**11,000**	24,648	–	–	24,648
Trade and other receivables	**–**	**–**	**241**	**241**	–	–	142	142
	11,000	**2,269**	**5,482**	**18,751**	24,648	15,722	12,182	52,552
Financial liabilities								
Trade and other payables	**–**	**–**	**2,419**	**2,419**	–	–	2,365	2,365
Dividend payables	**–**	**–**	**–**	**–**	–	–	24,272	24,272
	–	**–**	**2,419**	**2,419**	–	–	26,637	26,637
Net financial assets /(liabilities)	**11,000**	**2,269**	**3,063**	**16,332**	24,648	15,722	(14,455)	25,915

The Group's currency exposure based on the information provided to key management is as follows:

	2007				2006			
	RMB ‘000	**USD ‘000**	**SGD ‘000**	**Total ‘000**	RMB ‘000	USD ‘000	SGD ‘000	Total ‘000
Financial assets								
Cash and cash equivalents	**421,906**	**2,321**	**5,241**	**429,468**	469,777	15,856	12,040	497,673
Trade and other receivables	**304,043**	**56,459**	**241**	**360,743**	221,749	117,471	142	339,362
	725,949	**58,780**	**5,482**	**790,211**	691,526	133,327	12,182	837,035
Financial liabilities								
Trade and other payables	**106,783**	**964**	**2,419**	**110,166**	93,690	24,371	2,365	120,426
Note payables	**368,723**	**–**	**–**	**368,723**	334,624	–	–	334,624
Dividend payable	**–**	**–**	**–**	**–**	24,000	–	–	24,000
Bank borrowings	**283,860**	**–**	**–**	**283,860**	264,850	–	–	264,850
	759,366	**964**	**2,419**	**762,749**	717,164	24,371	2,365	743,900
Net financial (liabilities) /assets	**(33,417)**	**57,816**	**3,063**	**27,462**	(25,638)	108,956	9,817	93,135

A 5% strengthening of the USD against the Renminbi as at 31 December 2007 would have had the following impact on the net profit by the amounts shown below.

31 December 2007	**Gain (’000)**
United States dollars	2,891

A 5% weakening of the USD against the above currency as at 31 December 2007 would have the equal but opposite effect on the above currency of the amounts shown above.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risks.

Notes to the Financial Statements

for the year ended 31 December 2007

25 Financial risk management (cont'd)

25.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Management has a credit control policy in place. Credit evaluations are performed on all customers requiring credit over a certain amount. Transactions are conducted with customers with appropriate credit histories. The credit risk and amount outstanding is monitored on an ongoing basis. With this credit evaluation processes, credit control policies and collection procedures in place, the credit risk is mitigated substantially. The Group does not require collateral in respect of financial assets.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade and other receivables.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

25.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The deposits pledged with banks for providing note payables facility where the extent of deposits as to the quantum to be called and period covered are at the full discretion of the banks at any time. The Group reviews its cash flow regularly to ensure that the Group maintains adequate level of liquidity for its operations to meet this commitment to the banks.

At that balance sheet date, the Group's trade and other payables and bank borrowings mature in less than one year. In prior year, the Group's trade and other payables and bank borrowings mature in less than one year, except for bank borrowings amounting to RMB 20,000,000 which mature between one and two years.

25.5 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group does not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

However, the Group is exposed to the market price for its principal raw materials which is mainly fabric.

A 10% increase in the price of fabric for the financial year ended 31 December 2007 would have the effect of decreasing the net profit by the amount shown below. This analysis assumes that all other variables, in particular interest rates and selling price remain constant.

31 December 2007 RMB'000
29,392

A 10% decrease in the price of fabric for the financial year ended 31 December 2007 would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements

for the year ended 31 December 2007

26 Financial instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

27 Critical accounting estimates

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical expense of selling products of "similar nature". It could change significantly as a result of competitors in response to severe industry's cycles.

28 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Statistics of Shareholdings

as at 20 March 2008

ANALYSIS OF SHAREHOLDINGS

The number of shareholders as at 20 March 2008 was 1,832 and there is only one class of ordinary shares fully paid with one vote per share.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2	0.11	1,000	0.00
1,000 - 10,000	626	34.17	4,393,000	1.14
10,001 - 1,000,000	1,184	64.63	76,759,000	19.99
1,000,001 and above	20	1.09	302,847,000	78.87
Total	1,832	100.00	384,000,000	100.00

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMS S'PORE PTE LTD	114,983,900	29.94
2	JIANGLONG HOLDINGS LIMITED	110,739,900	28.84
3	NEW HORIZON BRILLIANT INVESTMENT CO., LTD	30,931,200	8.06
4	LIM & TAN SECURITIES PTE LTD	9,480,000	2.47
5	LEONG LAI FUN JOANE	4,752,000	1.24
6	KIM ENG SECURITIES PTE. LTD.	3,753,000	0.98
7	UOB KAY HIAN PTE LTD	3,732,000	0.97
8	DBS VICKERS SECS (S) PTE LTD	3,575,000	0.93
9	WONG TAT HEI	3,338,000	0.87
10	PHILLIP SECURITIES PTE LTD	2,342,000	0.61
11	DBS NOMINEES PTE LTD	2,269,000	0.59
12	OCBC SECURITIES PRIVATE LTD	2,131,000	0.55
13	ANG BUCK KIANG	1,565,000	0.41
14	MAYBAN NOMINEES (S) PTE LTD	1,528,000	0.40
15	KOH SOE KHON	1,500,000	0.39
16	OCBC NOMINEES SINGAPORE	1,385,000	0.36
17	LING KIM CHYE	1,319,000	0.34
18	TANG ANN WAI YING	1,210,000	0.32
19	TEO SIEW LEE DEBORAH	1,200,000	0.31
20	UNITED OVERSEAS BANK NOMINEES	1,113,000	0.29
	Total:	302,847,000	78.87

Statistics of Shareholdings

as at 20 March 2008

Substantial shareholders as shown in the Register of Substantial Shareholders as at 20 March 2008

Name	Direct Interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
Jianglong Holdings Limited	221,979,800 [N1]	57.81	–	–
Tao Shoulong	–	–	221,979,800 [N2]	57.81
Yan Qi	–	–	221,979,800 [N2]	57.81
New Horizon Brilliant Investment Co., Ltd.	30,931,200 [N3]	8.06	–	–

N1 - 111,239,900 shares are registered in the name of Citibank Nominees Singapore Pte Ltd.

N2 - Mr Tao Shoulong and Madam Yan Qi are deemed to be interested in the 221,979,800 shares registered in the name of Jianglong Holdings Limited.

N3 - New Horizon Brilliant Investment Co., Ltd, is controlled by New Horizon Partners Ltd whose shareholders are Xuan Da Investment Company Limited, which is ultimately owned by Yu Jianming (individual), SBI Holdings, Inc., which is a public company listed on the Tokyo Stock Exchange (25% shareholdings) and Alexandra Fund Management Pte Ltd which is ultimately owned by Temasek Holdings (Private) Limited (25% shareholdings).

Percentage of shareholdings in the hands of public

As at 20 March 2008, approximately 34.14% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at the Casuarina Suite A, Level 3, Raffles Hotel, 1 Beach Road, Singapore 189673 on Tuesday, 29 April 2008 at 2.30 p.m., to transact the following businesses: -

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2007 and the Auditors Report thereon. **(Resolution 1)**

2. To approve payment of Directors' Fees of $216,246 (2006: $229,174) for the year ended 31 December 2007. **(Resolution 2)**

3. To approve payment of Directors' Fees of $229,661 for the year ending 31 December 2008. **(Resolution 3)**

4. To re-elect Mr Tao Shoulong, a Director retiring under Article 91 of the Articles of Association of the Company. **(Resolution 4)**

5. To re-elect Mr Lie Yok Phing, a Director retiring under Article 91 of the Articles of Association of the Company. **(Resolution 5)**

   Mr Lie Yok Phing will, upon re-election as Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He is also the Chairman of the Nominating Committee and a member of the Remuneration Committee.

6. To re-elect Prof Sun Xiaoxia, a Director retiring under Article 97 of the Articles of Association of the Company. **(Resolution 6)**

   Prof Sun Xiaoxia will, upon re-election as Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He is also a member of the Nominating Committee and a member of the Remuneration Committee.

7. To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business

8. Authority to allot and issue shares

   (a) "That, pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

Notice of Annual General Meeting

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

9. Authority to offer and grant options and issue shares under the China Printing & Dyeing Employee Share Option Scheme

"That the Directors be and are hereby authorised to offer and grant options in accordance with the provisions of the China Printing & Dyeing Employee Share Option Scheme (the "Scheme") and to allot and issue such ordinary shares in the capital of the Company (the "Shares") as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of Shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time."
(Resolution 9)

10. Renewal of the Shareholders' Mandate for Interested Person Transactions

"(a) That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report of the Company for the financial year ended 31 December 2007 (the "Appendix"), with any party who falls within the classes of Interested Persons as described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

(b) That the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier;

(c) That the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution." **(Resolution 10)**

Notice of Annual General Meeting

11. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Ms Foo Soon Soo

Secretary
Singapore, 14 April 2008

Explanatory Notes on Special Business to be transacted: -

1. The ordinary resolution 8 proposed in item 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the total number of issued shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of SGX-ST currently provides that the total number of issued shares of the Company for this purpose shall be the total number of issued shares at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. The ordinary resolution 9 proposed in item 9, is to authorise the Directors to allot and issues share pursuant to exercise of such option under the Scheme not exceeding fifteen per cent (15%) of the total number of issued shares in the capital of the Company on the day immediately preceding the date of grant of the option.

3. The ordinary resolution 10 proposed in item 10 relates to the renewal of the Shareholders' Mandate approved by Shareholders on 23 April 2007 allowing the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to the Appendix to the Annual Report for details.

Note:-

A member of the Company entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote on his behalf and such proxy need not be a member of this Company. The instrument appointing a proxy must be lodged at the Registered Office of the Company at 333 North Bridge Road, #08-00 KH Kea Building, Singapore 188721, not less than 48 hours before the Meeting.

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CHINA PRINTING & DYEING HOLDING LIMITED

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the Company, this Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____

of ____

being *a member/members of CHINA PRINTING & DYEING HOLDING LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at the Casuarina Suite A, Level 3, Raffles Hotel, 1 Beach Road, Singapore 189673, on Tuesday, 29 April 2008 at 2.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "**X**" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.		
2.	To approve the Directors' fee of S$216,246 for the financial year ended 31 December 2007.		
3.	To approve the Directors' fee of S$229,661 for the financial year ended 31 December 2008.		
4.	To re-elect Mr Tao Shoulong, a Director of the Company, pursuant to Article 91 of the Company's Articles of Association.		
5.	To re-elect Mr Lie Yok Phing, a Director of the Company, pursuant to Article 91 of the Company's Articles of Association.		
6.	To re-elect Prof Sun Xiaoxia, a Director retiring under Article 97 of the Articles of Association of the Company.		
7.	To re-appoint Foo Kon Tan Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
9.	To authorise Directors to offer and grant options and issue shares under the China Printing & Dyeing Employee Share Option Scheme.		
10.	To renew the Shareholders' Mandate for Interested Person Transactions.		

* *Please indicate your vote "For" or "Against" with a "✓"within the box provided.*

** *If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ______________ 2008.

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

Notes:

1. A member may appoint not more than two proxies to attend and vote at the Annual General Meeting. A proxy need not be a member of the Company.

2. In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

3. An instrument appointing a proxy shall be in writing and in the case of an individual, shall be signed by the appointor or his attorney; and in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorized officer of the corporation.

4. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company of any class of members of the Company. The person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these in person at any such meeting if a person so authorized is present thereat.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 333 North Bridge Road #08-00 KH Kea Building, Singapore 188721 not later than 48 hours before the time set for the Annual General Meeting.

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AFFIX
POSTAGE
STAMP

The Company Secretary
CHINA PRINTING & DYEING HOLDING LIMITED
333 North Bridge Road
#08-00 KH Kea Building
Singapore 188721

fold here

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled and bound to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the Annual General Meeting as certified by the Depository to the Company; and to accept the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the Annual General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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