



Shenhua International Limited

ACN 134 436 730

Preliminary Financial Statements for the year ended 30 June 2016

CORPORATE DIRECTORY

DIRECTORS

Ms. Xiaohong, Chen
Mr. Philip Widjaya
Ms. Lijuan, Wang
Mr. James Yong, Wan
Mr. Pierre Lau

REGISTERED OFFICE

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COMPANY SECRETARY

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Appendix 4E

Name of Entity	Shenhua International Limited
ABN	17 134 436 730
Financial Year Ended	30 JUNE 2016
Previous Corresponding Reporting Period	30 JUNE 2015

Results for Announcement to the Market

		Current financial year ended 30 June 2016	Previous financial year ended 30 June 2015	Percentage increase/(decrease) over previous corresponding period
		\$'000	\$'000	
Revenue from ordinary activities		56,644	73,888	(23%)
Profit from ordinary activities after tax attributable to members		6.196	1,435	332%
Net profit for the period attributable to members		6,196	1,435	332%
Earnings per share (cents per share)		4.92	1.1	347%
Dividends (distributions)	Amount per security	Unfranked amount per security		
Final Dividend	N/A	N/A		
Interim Dividend	N/A	N/A		
Record date for determining entitlements to the dividends (if any)		N/A		

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A

Details of any dividend reinvestment plan in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plan	N/A

NTA Backing

	Current Period	Previous period corresponding
Net tangible asset backing per ordinary share	\$0.374	\$0.323

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

N/A

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects:

Please refer to attached preliminary report

Returns to shareholders including distributions and buy backs:

N/A

The results of segments that are significant to an understanding of the business as a whole:

N/A

Discussion of trends in performance:

Please refer to attached preliminary report

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

N/A

Audit Status

The directors believe that the accounts are unlikely to be subject to dispute or qualification.

Dated this 2nd day of September 2016

PH

Philip Widjaya

Managing Director

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016	Note	Consolidated Group	
		2016 \$000	2015 \$000
Sales Revenue	2(a)	56,644	73,888
Cost of sales		(49,346)	(62,160)
Gross profit		7,298	11,728
Other revenue	2(b)	3,559	637
Interest revenue	2(c)	4,081	6,524
Distribution costs		(758)	(675)
Administration costs		(4,284)	(8,668)
Finance costs		(1,548)	(4,834)
Profit before income tax	3	8,348	4,712
Income tax expense	4	(2,152)	(3,277)
Profit for the year attribute to members of the parent		6,196	1,435
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign controlled entities		(6,445)	23,895
Total comprehensive income (loss) for the year attribute to members of the parent		(249)	25,330
Earnings per share			
Earnings per share attributable to Owners of the Parent			
Basic and diluted earnings per share (cents)	5	4.92	1.1

The accompanying notes should be read in conjunction with the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015	Note	Consolidated Group	
		2016	2015
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	26,112	39,273
Trade and other receivables	7	22,805	20,533
Inventories	8	5,391	8,059
TOTAL CURRENT ASSETS		54,308	67,865
NON-CURRENT ASSETS			
Other financial assets	9	755	798
Loans and other receivables	7	36,853	88,185
Property, plant and equipment	10(a)	12,328	16,295
Land use rights	10(b)	55,607	62,183
TOTAL NON-CURRENT ASSETS		105,543	167,461
TOTAL ASSETS		159,851	235,326
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	14,927	55,090
Borrowings	12	16,482	17,532
Notes payable	13	21,884	56,998
Current tax liabilities		3,912	2,811
TOTAL CURRENT LIABILITIES		57,205	132,431
TOTAL LIABILITIES		57,205	132,431
NET ASSETS		102,646	102,895
EQUITY			
Issued capital	14	38,439	38,439
Reserves	15	12,113	18,558
Retained earnings		52,094	45,898
TOTAL EQUITY		102,646	102,895

The accompanying notes should be read in conjunction with the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

		Consolidated Group Reserves					
	Note	Issued capital \$000	Statutory common reserve \$000	Common control reserve \$000	Foreign currency translation reserve \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2014		38,439	3,454	(19,440)	4,250	52,750	79,453
Total profit or loss for the year		-	-	-	-	1,435	1,435
Other comprehensive income for the year		-	-	-	23,895	-	23,895
Total comprehensive income		-	-	-	23,895	1,435	25,330
Transfer between retained earnings and statutory common reserve		-	6,399	-	-	(6,399)	-
Dividends declared	16	-	-	-	-	(1,888)	(1,888)
Balance at 30 June 2015		38,439	9,853	(19,440)	28,145	45,898	102,895
Balance at 1 July 2015		38,439	9,853	(19,440)	28,145	45,898	102,895
Total profit or loss for the year		-	-	-	-	6,196	6,196
Other comprehensive income for the year		-	-	-	(6,445)	-	(6,445)
Total comprehensive income					(6,445)	6,196	(249)
Balance at 30 June 2016		38,439	9,853	(19,440)	21,700	52,094	102,646

The accompanying notes should be read in conjunction with the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016	Note	Consolidated Group	
		2016 \$000	2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		60,306	80,357
Payments to suppliers and employees		(49,004)	(67,705)
Interest received		833	1,104
Finance costs		(1,548)	(4,653)
Income tax paid		(900)	(2,311)
Net cash provided by operating activities	17	9,687	6,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of land use right		(32,729)	(16,392)
Purchase of Property, Plant and Equipment		(26)	(1,768)
Disposal of financial assets		-	257
Receipt from disposal of land use right		2,042	-
Interest received from the related party loan		3,248	5,420
Receipt from related parties		44,543	5,180
Net cash used in investing activities		17,078	(7,303)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		16,483	17,532
Repayment of borrowings		(16,584)	(17,532)
Dividends paid		(5,576)	(6,441)
Proceeds (repayment) of notes payables		(32,033)	(14,276)
Net cash (used in) / provided by financing activities		(37,710)	(20,717)
Net (decrease) / increase in cash held		(10,945)	(21,228)
Cash and cash equivalents at beginning of financial year	6	39,273	48,464
Effect of exchange rates on cash holdings in foreign currencies		(2,216)	12,037
Cash and cash equivalents at end of financial year	6	26,112	39,273

The accompanying notes should be read in conjunction with the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies

Nature of Operation

The principal activity of the Consolidated Group during the financial period was the manufacture and distribution of medium to high quality textiles and finished products using the same fabrics, which products are suitable for internal furnishing and decorative purposes in domestic and commercial settings. The Consolidated Group's business and manufacturing base is in Shaoxing County, Zhejiang Province, China and operated through Shaoxing Shenhua Textile Co., Ltd.

General Information and Statement of Compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Shenhua International Ltd. is a for-profit entity for the purpose of preparing the financial statements.

Shenhua International Limited is the Group's Ultimate Parent Company. Shenhua International Ltd. is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 41, ANZ Tower, 55 Collins Street Melbourne VIC 3000

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Basis of Preparation

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Shenhua International Ltd at the end of the reporting period. A controlled entity is any entity over which Shenhua International Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 20 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Note 1: Summary of significant accounting policies (cont.)

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

d. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Note 1: Summary of significant accounting policies (cont.)

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Useful life
Buildings	20 years
Plant and Machinery	10 years
Office equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Intangible Asset (Land use right)

Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of land use rights over their estimated useful lives, 70 years with respective amortisation rate of 1.43% per annum. The remaining useful life of land use right as at 30 June 2016 is 66 years.

Note 1: Summary of significant accounting policies (cont.)

f. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

g. **Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

h. **Trade and other payables**

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

i. **Financial Instruments**

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition

- loans and receivables
- financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-To-Maturity (HTM) investments; or
- Available-For-Sale (AFS) financial assets

Note 1: Summary of significant accounting policies (cont.)

i. Financial Instruments (cont.)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity. The Group currently holds listed bonds designated into this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities and debentures, and the equity investment.

The equity investment is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

Note 1: Summary of significant accounting policies (cont.)

i. Financial Instruments (cont.)

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

j. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Note 1: Summary of significant accounting policies (cont.)

k. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

l. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Note 1: Summary of significant accounting policies (cont.)

m. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

o. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST) or Value Added Tax (VAT).

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

q. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable; and
- receivables and payables are stated inclusive of the amount of GST/VAT.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the tax authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST and VAT recoverable from, or payable to, the taxation authority.

Note 1: Summary of significant accounting policies (cont.)

r. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

s. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Income taxes*

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight line basis over their useful life. Management estimated the useful life of these assets to be within 3 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) *Impairment of financial assets*

The Group assess impairment at each reporting date by evaluation conditions specific to the Group that may lead to impairment of financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(iv) *Guarantee for related party loan with Shenhua Decoration Ltd*

The related party loan advanced to Shenhua Decoration Ltd (Director related entity) has been secured by the property of Shenhua Decoration Ltd and Zhejiang Binhai Metal Ltd. The value of items pledged as security is determined based on lower of amortised book value or external valuation report for impairment assessment purpose.

t. **Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u. **New and amended standards adopted by the Group**

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position.

v. Accounting Standards issued but not yet effective and not being adopted early by the Group

The accounting standards that have not been early adopted for the year ended 30 June 2016 but will be applicable to the Group in future reporting periods are detailed below.

Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group.

Standard / Interpretation	Effective Date
<ul style="list-style-type: none"> AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards [Part E- Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014). 	1 January 2018
<ul style="list-style-type: none"> AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15 	1 January 2018
<ul style="list-style-type: none"> AASB 16 'Leases' 	1 January 2019
<ul style="list-style-type: none"> AASB 2014-4 'Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation' 	1 January 2016
<ul style="list-style-type: none"> AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle' 	1 January 2016
<ul style="list-style-type: none"> AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101' 	1 January 2016
<ul style="list-style-type: none"> AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses' 	1 January 2017
<ul style="list-style-type: none"> AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107' 	1 January 2017

We do not expect these accounting standards will have any material impact on our financial results upon adoption

Note 2: Revenue and Other Income

	Consolidated Group	
	2016	2015
	\$000	\$000
(a) Revenue		
Sales revenues	56,644	73,888
(b) Other revenue		
- scrap sales	-	637
- gain on disposal of land use rights	3,375	-
- others	184	-
	3,559	637
(c) Interest revenue		
- Related party loan interest	3,248	5,420
- Interest from security deposit	833	1,104
	4,081	6,524

Note 3: Profit before Taxation

	Consolidated Group	
	2016	2015
	\$000	\$000
Profit before taxation has been arrived at after charging:		
Interest expenses (on short-term borrowing)	975	953
Interest expenses (on early withdraw of notes receivable)	739	2,950
Impairment loss on trade receivables	-	1,290
Depreciation of property, plant and equipment	1,294	1,700
Amortisation on land use rights	960	1,735
Foreign exchange loss (gain)	(305)	750
Employment benefit expenses		
Salary and wages	689	1,239
Social contribution	49	49
Other employment expenses	55	118
	793	1,406
Auditor's remuneration		
Grant Thornton Audit Pty Ltd		
<i>Auditing and review of the financial report</i>	118	110

Note 4: Taxation

	Consolidated Group	
	2016	2015
	\$000	\$000
Profit before tax	8,348	4,712
Prima facie tax payable on profit before income tax at 30% (2015: 30%)	2,504	1,414
Adjustment for tax-rate differences in foreign jurisdictions	(430)	(27)
Adjustment for non-deductible expenses	78	1,890
Actual tax expense	2,152	3,277

Note 5: Earnings per Share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share.

	Consolidated Group	
	2016	2015
	\$000	\$000
Profit attributed to ordinary equity holders of the parent	6,196	1,435
Weighted average number of shares for basic earnings per share	125,857,000	125,857,000
Basic and diluted earnings per share	4.92 cents	1.1 cents

Note 6: Cash and Cash Equivalents

	Consolidated Group	
	2016	2015
	\$000	\$000
Cash and bank balances	6,566	2,435
Short-term bank deposits*	19,546	36,838
	26,112	39,273

*Short-term bank deposits of \$19,546,235 (2015: \$36,837,770) were interest bearing and pledged as security deposit for notes payable which is not available for general use by the Group but offset against notes payable on maturity.

Note 6: Cash and Cash Equivalents (Cont.)

The effective interest rate on short-term bank deposits was 1.43% per annum (2015: 3%).

Cash and cash equivalents are denominated in the following currencies:

	Consolidated Group	
	2016	2015
	\$000	\$000
Chinese Renminbi	26,024	36,242
Australian dollars	3	2,492
United States dollars	85	539
	<u>26,112</u>	<u>39,273</u>

Note 7: Trade and Other Receivables

Current Trade and Other Receivables		Consolidated Group	
		2016	2015
		\$000	\$000
Trade receivables (Gross)		11,027	15,155
Provision for doubtful debts for trade receivable and advances to suppliers		(2,695)	(2,849)
Other receivables - advances to suppliers		1,027	1,813
Other receivables – from sales of land use rights		5,357	-
Advances to a related party	(a)	8,089	6,414
Net trade and other receivables		<u>22,805</u>	<u>20,533</u>

Non-current loan receivables from related party

(Shaoxing County Shenhua Decoration Co., Ltd)	(a)	36,853	88,185
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Reconciliation of provision for doubtful debts

Balance at 1 July	(2,849)	(1,157)
Impairment loss	-	(1,290)
Foreign exchange difference	154	(402)
Balance 30 June	<u>(2,695)</u>	<u>(2,849)</u>

Note 7: Trade and Other Receivables (Cont.)

- (a) On 26th November 2015, a supplementary loan agreement was signed between Shaoxing Shenhua Textile Co. Ltd (as Lender) and Shaoxing County Shenhua Decoration Co., Ltd (SDL, as Borrower), a director related entity and the Group which supplemented and amended an original loan agreement entered between the same parties on 15 October 2014 for the provision of a secured interest bearing loan facility. The borrowed funds are primarily for SDL to fund investment and working capital in the steel plate pressing operation owned by its subsidiary, Zhejiang Binhai Metal products (BHMP).

Under the supplementary loan agreement, the loan facility is capped at \$134.8 million (RMB 666.69 million) (2015: \$99.8 million; (RMB 466.69 million)) and the loan facility interest carries a fixed interest rate of 5.22% p.a. (2015: 6% p.a.) which is comparable with the market rate of similar loan in PRC payable on an annual basis and is secured against the land use rights and non-current assets of SDL and BHMP with the carrying value of approximately \$73 million (RMB 361 million) (2015: \$83 million (RMB 388 million)) as of 30 June 2016.

Under a further supplementary loan agreement signed between the parties on 1 April 2016 to further amend the original loan agreement whereby the loan facility was further reduced and capped at \$78.2 million (RMB 386,693,298) with the same interest as per the first supplementary loan agreement.

The current year related party loan balance represents the principal receivable within the next 12 months. The non-current portion of the related party loan to SDL of \$ 36.9 million represents the amount that will not be received within the next 12 month based on the repayment terms.

The loan term ends on 30 June 2022 and all principal needs to be repaid in full by end of the term. The director expected SDL and BHMP to make half annual repayments to reduce the amount owed based on the loan repayment schedule. Refer to note 19 for details.

Note 8: Inventories

	Consolidated Group	
	2016	2015
	\$000	\$000
Raw materials at cost	350	759
Work-in-progress at cost	353	607
Finished goods at cost	4,688	6,693
	5,391	8,059

Note 9: Other Financial Assets

	Consolidated Group	
	2016	2015
	\$000	\$000
Non-current - available-for-sale financial asset		
Unquoted equity investment		
- a financial institution	(a) 319	337
- a guarantee company	(b) 436	461
	<u>755</u>	<u>798</u>
Total	<u>755</u>	<u>798</u>

- (a) The unquoted equity investment comprises 0.25% equity interest in a financial institution in the PRC which is recorded at acquisition cost, movement from prior year balance is purely due to exchange differences. This financial institution is not similar in nature and size to any quoted entities. There is also no active market for the equity interest. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity shares. However, the directors do not anticipate that the carrying amount of the unquoted equity investment will be significantly in excess of its fair value.
- (b) The unquoted equity investment comprises 1.92% equity interest in a guarantee company in the PRC which is recorded at acquisition cost; movement from prior year balance is purely due to exchange differences. The guarantee company is not similar in nature and size to any quoted entities. There is no active market for the equity interest. As such, it is not practicable to determine with sufficient reliability the fair value of the unquoted equity shares. However, the directors do not anticipate that the carrying amount of the unquoted equity investment will be significantly in excess of its fair value.

Note 10(a): Property, Plant and Equipment

	Buildings⁽ⁱ⁾	Plant and machinery	Office equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
At 1 July 2015	18,866	28,034	959	1,336	49,195
Additions	-	-	-	26	26
Disposal ⁽ⁱⁱ⁾	(1,976)	-	-	-	(1,976)
Foreign exchange difference	(1,022)	(1,516)	(51)	(73)	(2,662)
At 30 June 2016	15,868	26,518	908	1,289	44,583
Accumulated depreciation					
At 1 July 2015	6,084	24,818	852	1,146	32,900
Depreciation	974	274	10	36	1,294
Disposal	(90)	-	-	-	(90)
Foreign exchange difference	(382)	(1,356)	(47)	(64)	(1,849)
At 30 June 2016	6,586	23,736	815	1,118	32,255
Net book value					
At 30 June 2016	9,282	2,782	93	171	12,328
At 30 June 2015	12,782	3,216	107	190	16,295

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
At 1 July 2014	13,627	22,553	768	1,075	38,023
Additions	1,764	-	4	-	1,768
Foreign exchange difference	3,475	5,481	187	261	9,404
At 30 June 2015	18,866	28,034	959	1,336	49,195
Accumulated depreciation					
At 1 July 2014	4,058	19,351	672	892	24,973
Depreciation	952	699	15	34	1,700
Foreign exchange difference	1,074	4,768	165	220	6,227
At 30 June 2015	6,084	24,818	852	1,146	32,900
Net book value					
At 30 June 2015	12,782	3,216	107	190	16,295
At 30 June 2014	9,569	3,202	96	183	13,050

- (i) Buildings are on leasehold land located at Yangxunqiao Industrial Area, Shaoxing County, Zhejiang Province, The People's Republic of China.
- (ii) During the year, two pieces of industrial land total 7,650sqm and 15,463 sqm, which were owned by the Group, were compulsory acquired by the Shaoxing Government. As a result buildings built on these lands were also being disposed. The lands were acquired by the government for a consideration of \$7.4 million (RMB 36.5 million) and a gain on sale of \$3.4 million (RMB 15.8 million). Refer Note 2(b) and 10(b).

Note 10(b): Land Use Rights

	2016 \$000	2015 \$000
Cost		
At 1 July	65,410	10,204
Additions	-	52,726
Disposal	(2,459)	-
Foreign exchange difference	(3,535)	2,480
30 June	59,416	65,410
Amortisation		
At 1 July	3,227	1,070
Amortisation	960	1,735
Disposal	(151)	-
Foreign exchange difference	(227)	422
At 30 June	3,809	3,227
Net book value	55,607	62,183

- (i) During the year, two pieces of industrial land total 7,650sqm and 15,463 sqm, which were owned by the Group, were compulsory acquired by the Shaoxing Government. As a result buildings built on these lands were also being disposed. The lands were acquired by the government for a consideration of \$7.4 million (RMB 36.5 million) and a gain on sale of \$3.4 million (RMB 15.8 million). Refer Note 2(b) and 10(a).

Note 11: Trade and Other Payables

		Consolidated Group	
		2016 \$000	2015 \$000
Trade and other payables	(a)	3,926	38,360
Amounts owed to related parties	(b)	11,001	16,730
		14,927	55,090

- (a) Significant reduction in trade payable is mainly due to payments of outstanding payable approximately \$34 million made to the Shaoxing County Government and Shaoxing County Urban Development Ltd in relation to nature transfer of land use rights and property acquisition.
- (b) Amount due to related parties are unsecured, interest free and repayment on demand which mainly consists of a \$10.3 million other payable to Joyful Huge Holdings Ltd (a director related entity to Mr. Philip Widjaya). As per an extension agreement between the Group and Joyful Huge Holdings Ltd payable is not required to be settled before 31 December 2018. Remaining balances are amounts owed to related parties in relation payment on behalf of the Group's purchases. Refer Note 19 for related parties' transactions and balances.

Note 12: Borrowings

	Consolidated Group	
	2016	2015
	\$000	\$000
Bank loans: -		
- China Construction Bank Shaoxing Branch	16,482	17,532
	<u>16,482</u>	<u>17,532</u>

The borrowings are all denominated in Chinese Renminbi, with repayment terms ranging from March 2016 to March 2017. Interest is charged at 4.35% (2015: 5.59%) per annum.

The borrowings are secured by land use rights held by the Group as disclosed in Note 10(b) and guaranteed by Mr Philip Widjaya and his wife (Mrs Yanjuan Wang)

Note 13: Notes Payable

The notes payable are denominated in RMB and secured against certain bank deposits of the Group as disclosed in Note 6. The note payables mature on varying dates between July 2016 (2015: July 2015) and December 2016 (2015: December 2015).

Note 14: Issued capital

The share capital of the Group consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Group.

	Consolidated Group	
	2016	2015
	\$000	\$000
125,857,000 (30 June 2015: 125,857,000) fully paid ordinary shares	38,439	38,439
	2016	2014
	Number	Number
Ordinary shares		
Balance at beginning of the year	125,857,000	125,857,000
Balance at end of the year	<u>125,857,000</u>	<u>125,857,000</u>

Capital Management

The Group's debt and capital includes ordinary share capital, financial liabilities, supported by financial assets.

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 15: Reserves

		Consolidated Group	
		2016 \$000	2015 \$000
Statutory common reserve	(a)	9,853	9,853
Common control reserve	(b)	(19,440)	(19,440)
Foreign currency translation reserve	(c)	21,700	28,145
		<u>12,113</u>	<u>18,558</u>

(a) Statutory Common Reserve

According to the current People's Republic of China company law, Shaoxing Shenhua Textile Co., Ltd is required to transfer between 5% - 10% of its profit after taxation to statutory common reserve until the common reserve reaches 50% of the registered capital. For the purpose of calculating the transfer to the reserve, the profit after taxation shall be the amount determined under People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends.

(b) Common Control Reserve

The common control reserve has arisen following the adoption of the pooling of assets method used to account for the acquisition.

(c) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Note 16: Dividends

		Consolidated Group	
		2016 \$000	2015 \$000
Dividend declared		-	1,888
Dividend paid		5,576 ⁽¹⁾	6,441

(1) Ordinary dividends owed to major shareholder (Mr. Philip Widjaya) from prior years totalling \$5.6 million was fully paid during the year. This amount had been accrued in "Amount owed to related parties", refer to Note 11 (b)

Note 17: Cash Flow

	Consolidated Group	
	2016	2015
	\$000	\$000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	6,196	1,435
Non-cash flows in profit		
Depreciation/amortisation	2,254	1,700
Impairment loss on trade and other receivables	-	1,290
Interest received included in investing and financing	(3,248)	(5,420)
Gain from disposal of asset included in investing	(3,205)	-
Net unrealised foreign currency gains/ (losses)	(4,131)	23,933
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	9,917	(17,868)
(Increase)/decrease in inventories	2,664	(2,021)
Increase/(decrease) in trade payables and accruals	(1,861)	2,417
Increase/(decrease) in income taxes payable	1,101	1,326
Cash flows from operations	9,687	6,792

Note 18: Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of nature of activities, and operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to each of the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Types of products and services by segment

The Group considers that there is only one segment, being the manufacture and sale of fabric and bedding products, as this is how the Group is managed by the chief operating decision makers. All assets and liabilities are allocated to this segment.

Note 18: Operating Segments (Cont.)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Revenue from different Geographical location

	Revenue	Non-current assets	Revenue	Non-current assets
	2016	2016	2015	2015
			\$'000	\$'000
China	11,921	105,543	17,232	166,504
Overseas	44,723	-	56,656	-
Total	56,644	105,543	73,888	166,504

Country	2016
South Africa	11,823
Benin	6,597
UK	5,669
Italy	4,855
Algeria	1,989
Russia	1,728
Brazil	1,594
Chile	1,544
Mexico	1,252
UAE	896
Other countries	6,776
Total	44,723

Country	2015
Benin	7,490
France	1,152
Iran	1,055
Nigeria	5,316
Ukraine	698
Russia	1,429
South Africa	2,695
UAE	19,712
Uganda	5,098
UK	3,535
Other countries	8,476
Total	56,656

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

Note 18: Operating Segments (Cont.)

Major customers

External customers with revenue greater than 10% of the total revenue:

Customer	Region	Revenue	% over total sales
Customer A	Overseas	6,597,247	12%
Customer B	Overseas	5,634,708	10%
Customer C	Overseas	5,189,515	10%

Note 19: Related Party Disclosure

In addition to the related party information disclosed elsewhere in the financial statement, the following are significant related party transactions entered with related parties at mutually agreed amounts:

Related Party Transactions	Consolidated Group	
	2016 \$000	2015 \$000
Utilities charged to a related party – Shaoxing County Shenhua Decoration Co., Ltd ⁽¹⁾	69	43
Loan Interest received from – Shaoxing County Shenhua Decoration Co. Ltd	3,248	5,420
Loan repayment received from –Shaoxing County Shenhua Decoration Co. Ltd.	50,369	4,785
Purchases of services from Chambers and Company ⁽²⁾	53	32
Payment to Chambers and Company	10	-
Purchases of inventory from Shaoxing Shenlian Textile Co., Ltd ⁽³⁾	-	748
Sales to Shaoxing Shenlian Textile Co., Ltd ⁽³⁾	-	1,098
Payment made to Shaoxing Shenlian Textile Co., Ltd	-	1,112
Dividend payments to Joyful Huge Holdings Limited ⁽⁴⁾	5,576	2,892
Dividend declared to Joyful Huge Holdings Limited	-	1,100
Payment of purchases on behalf of Shenhua International Ltd ⁽⁶⁾	345	117

Note 19: Related Party Disclosure (Cont.)

Related Party Balances	Consolidated Group	
	2016 \$000	2015 \$000
Related party receivable from Shaoxing County Shenhua Decoration Co.,Ltd ⁽¹⁾	44,942	94,599
Related party payable to Joyful Huge Holdings ⁽⁴⁾	10,304	15,649
Related party payable to Xia Yajun ⁽⁵⁾	235	235
Related party payable to Shaoxing Shenlian Textile Co., Ltd ⁽³⁾	-	-
Related party payable to Chambers and Company	30	13
Related party payable to Mr. Philip Widjaya	-	763
Related party payable to Ms. Wang Li Fang ⁽⁶⁾	345	117

⁽¹⁾ Shaoxing Shenhua Decoration Co.,Ltd is a related party of Philip Widjaya, Managing Director of the Group, whose ownership is 58.8%.

⁽²⁾ Chambers and Company is a legal service provider to Shenhua International Ltd, in which Mr Pierre Lau (non-executive director) is an employee.

⁽³⁾ Shaoxing Shenlian Textile Co., Ltd is a related party of Philip Widjaya, Managing Director of the Group.

⁽⁴⁾ Joyful Huge Holdings Limited is owned and controlled by Philip Widjaya, Managing Director of the Group.

⁽⁵⁾ Xia Yajun is son of Philip Widjaya, Managing Director of the Group.

⁽⁶⁾ Ms. Wang Lifang, who is the sister of Mrs Wang Lijuan (Executive Director), has been paying the administrative expenses incurred by Shenhua International Limited on behalf of the Group.

Guarantee provided by related parties

Bank loan of 16.5 million with China Construction Bank is guaranteed by Mr. Philip Widjaya and his wife (Mrs. Yanjuan Wang)

Note 20: Controlled entities

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2016	2015
Subsidiaries of Shenhua International Limited			
- Talent and Value International Investment Ltd	Hong Kong	100	100
- Shaoxing Shenhua Textile Co., Ltd	People's Republic of China	100	100
- Shaoxing Shentai Real Estate Co., Ltd	People's Republic of China	100	100

* Percentage of voting power is in proportion to ownership