

CHINA HONGCHENG HOLDINGS LIMITED 中国宏诚控股有限公司

(Incorporated in Bermuda on 25 January 2007)
(Co. Reg. No: 39504)

FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

截至 2014 年 9 月 30 日三个月的第一季度财务报表公告

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

第一部分- 季度 (Q1, Q2 和 Q3), 半年和全年业绩公告所需资料

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**
(集团) 的收入报表连同上一财政年同期的对比度报表

Group Statement of Comprehensive Income for the three months ended 30 September 2014.
These figures have not been audited.

截至 2014 年 9 月 30 日三个月集团综合收入报表。这些数字尚未经审计。

	Group 集团		
	3 months ended 30 Sep 2014 截至 2014 年 9 月 30 日三个月 RMB'000 Unaudited 未经审计	3 months ended 30 Sep 2013 截至 2013 年 9 月 30 日三个月 RMB'000 Unaudited 未经审计	Increase/ (Decrease) 增减 %
Revenue 销售收入	99,586	127,130	(21.7)
Cost of sales 销售成本	(103,207)	(126,732)	(18.6)
Gross (loss)/profits(亏损)/毛利	(3,621)	398	(1,009.8)
Other income 其他收入	3,252	1,673	94.4
Selling and distribution expenses 销售费用	(881)	(1,454)	(39.4)
Administrative expenses 管理费用	(5,728)	(6,491)	(11.8)
Other expenses 其他费用	(88)	(63)	39.7
Finance costs 财务成本	(10,560)	(13,926)	(24.2)
Loss before income tax 税前亏损	(17,626)	(19,863)	(11.3)
Income tax expenses 所得税开支	-	-	-
Loss for the period attributable to the owners of the Company 本期公司拥有人的亏损	(17,626)	(19,863)	(11.3)
Other comprehensive income 其他综合收入	-	-	-
Total comprehensive loss for the period attributable to the owners of the Company 本期公司拥有人总综合亏损	(17,626)	(19,863)	(11.3)

Note:

Loss before income tax is arrived at after charging/(crediting):
税前亏损已计入以下项目:

	<u>集团 Group</u>	
	3 months ended 30 Sep 2014 截至 2014 年 9 月 30 日三个月 RMB'000 Unaudited 未经审计	3 months ended 30 Sep 2013 截至 2013 年 9 月 30 日三个月 RMB'000 Unaudited 未经审计
Interest income 利息收入	(3,236)	(1,381)
Interest expenses on 利息支出:		
- Bank loans wholly repayable within five years 五年内应付清之银行贷款	10,560	13,926
Depreciation 折旧	11,332	12,286
Amortisation of land use rights 土地使用权摊销	35	35
Minimum lease payments under operating leases for property, plant and equipment and land use rights 厂房设备和土地使用权租赁合同下最低付款额	23	23

- Depreciation expenses of approximately RMB10,897,000 had been charged to cost of sales in the Group Statement of Comprehensive Income for the 3 months ended 30 September 2014 (3 months ended 30 September 2013: approximately RMB11,854,000). Depreciation expenses of approximately RMB435,000 had been charged to administrative expenses in the Group Statement of Comprehensive Income for the 3 months ended 30 September 2014 (3 months ended 30 September 2013: approximately RMB432,000).
约人民币一千零八十九万七千元的折旧费已被计在截至 2014 年 9 月 30 日三个月的综合收入报表内的销售成本里(截至 2013 年 9 月 30 日三个月: 约人民币一千一百八十五万四千元)。约人民币四十三万五千元的折旧费已被计在截至 2014 年 9 月 30 日三个月的综合收入报表内的管理费用里(截至 2013 年 9 月 30 日三个月: 约人民币四十三万二千元)。
- Amortisation of land use rights of approximately RMB35,000 had been charged to cost of sales in the Group Statement of Comprehensive Income for the 3 months ended 30 September 2014 (3 months ended 30 September 2013: approximately RMB35,000).
约人民币三万五千元的土地使用权摊销已被计在截至 2014 年 9 月 30 日三个月的综合收入报表内的销售成本里(截至 2013 年 9 月 30 日三个月: 约人民币三万五千元)。

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.
(本公司及集团)的资产负债表连同上一财政年的对比报表。

	Group 集团		Company 本公司	
	30 Sep 2014 2014 年 9 月 30 日 RMB'000 Unaudited 未经审计	30 Jun 2014 2014 年 6 月 30 日 RMB'000 Audited 已经审计	30 Sep 2014 2014 年 9 月 30 日 RMB'000 Unaudited 未经审计	30 Jun 2014 2014 年 6 月 30 日 RMB'000 Audited 已经审计
ASSETS 资产				
Non-current assets 非流动资产				
Property, plant and equipment 物业、厂房和设备	517,378	528,710	-	-
Land use rights 土地使用权	5,406	5,441	-	-
Investments in subsidiaries 集团子公司投资	-	-	134,153	134,153
	522,784	534,151	134,153	134,153
Current assets 流动资产				
Inventories 库存	214,010	247,827	-	-
Trade and bills receivables 应收帐款及票据	39,944	53,266	-	-
Prepayments, other receivables and deposits 预付款、 其他应收款及预付订金	33,015	48,904	-	-
Due from subsidiaries 集团子公司往来	-	-	-	597
Pledged deposits 抵押存款	152,084	312,560	-	-
Cash and cash equivalents 现金和现金等值物	13,660	31,209	-	-
	452,713	693,856	-	597
TOTAL ASSETS 总资产	975,497	1,228,007	134,153	134,750
EQUITY AND LIABILITIES 权益和负债				
Equity attributable to owners of the Company 公司 权益持有人所属权益				
Share capital 股本	78,438	78,438	78,438	78,438
Reserves 储备	51,069	68,695	41,973	43,939
Total equity 股东权益	129,507	147,133	120,411	122,367
Non-current liabilities 非流动负债				
Government grant 政府补贴	1,291	1,347	-	-
Bank borrowings 银行贷款	-	-	-	-
	1,291	1,347	-	-
Current liabilities 流动负债				
Trade payables 应付帐款	13,641	24,265	-	-
Accrued liabilities, other payables and deposits received 计提负债、其他应付款及预收订金	97,068	94,485	13,385	12,383
Due to subsidiaries 集团子公司往来	-	-	357	-
Government grant 政府补贴	225	225	-	-
Bank borrowings 银行贷款 ¹	722,342	949,036	-	-
Tax payable 应付税金	11,423	11,516	-	-
	844,699	1,079,527	13,742	12,383
Total liabilities 总负债	845,990	1,080,874	13,742	12,383
TOTAL EQUITY AND LIABILITIES 权益及负债总额	975,497	1,228,007	134,153	134,750

1. The Group's bank borrowings as at 30 September 2014 included other bank borrowings in the form of bills payables of RMB233,000,000 (30 June 2014: RMB426,500,000), which were guaranteed by

independent third parties and secured by the pledge of certain of the Group's bank deposits, with a credit period of 180 days. They were repayable within 6 months.

集团的银行贷款包括由独立第三方提供担保和以集团的存款作抵押的应付票据人民币二亿三千三百万元(2014年6月30日:人民币四亿二千六百五十万元),还款期是180日。它们会于6个月内到期还款。

1(b)(ii) Aggregate amount of group's borrowings and debt securities. 集团贷款及抵押债务总额

Amount repayable in one year or less, or on demand 一年内应偿还或见索即付款额

As at 30 Sep 2014 于2014年9月30日 As at 30 Jun 2014 于2014年6月30日

Secured 有抵押 RMB'000	Unsecured 无抵押 RMB'000	Secured 有抵押 RMB'000	Unsecured 无抵押 RMB'000
722,342	-	949,036	-

Amount repayable after one year 一年后应偿还款额

As at 30 Sep 2014 于2014年9月30日 As at 30 Jun 2014 于2014年6月30日

Secured 有抵押 RMB'000	Unsecured 无抵押 RMB'000	Secured 有抵押 RMB'000	Unsecured 无抵押 RMB'000
-	-	-	-

Details of any collateral

抵押品的详情

The Group's bank borrowings as at 30 September 2014 included RMB50,000,000 (30 June 2014: RMB50,000,000) which were secured by a pledge of certain of the Group's property, plant and equipment and land use rights, RMB351,342,000 (30 June 2014: RMB384,536,000) which were guaranteed by independent third parties and a related company, Hongcheng Company and RMB321,000,000 (30 June 2014: RMB514,500,000) which were secured by a pledge of certain of the Group's property, plant and equipment and bank deposits which were guaranteed by independent third parties, with interests ranging from 5.50% to 8.40% per annum as at 30 September 2014 (FY2014: ranging from 5.50% to 8.40% per annum).

集团的银行贷款包括以集团的厂房设备和土地作抵押的银行借款人民币五千百万元(2014年6月30日:人民币五千万)、由独立第三方和宏诚集团提供担保的银行借款人民币三亿五千一百三十四万二千元(2014年6月30日:人民币三亿八千四百五十三万六千元)及以集团的厂房设备、土地和存款作抵押和由独立第三方提供担保的银行借款人民币三亿二千一百万元(2014年6月30日:人民币五亿一千四百五十万元)。于2014年9月30日这些贷款年利率由每年5.50%至8.40%不等(FY2014:由5.50%至8.40%不等)。

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(集团)的现金流量表连同上一财政年同期的对比报表。

Statement of cash flows for the three months ended 30 September 2014

截至 2014 年 9 月 30 日三个月的现金流量表

	Group 集团	
	3 months ended 30 Sep 2014 截至 2014 年 9 月 30 日 三个月 RMB'000 Unaudited 未经审计	3 months ended 30 Sep 2013 截至 2013 年 9 月 30 日 三个月 RMB'000 Unaudited 未经审计
Cash flows from operating activities 营运所得现金流量		
Loss before income tax 税前亏损	(17,626)	(19,863)
Adjustments for 调整以下各项:		
Interest income 利息收入	(3,236)	(1,381)
Interest expenses 利息支出	10,560	13,926
Depreciation 折旧	11,332	12,286
Amortisation of land use rights 土地使用权摊销	35	35
Amortisation of government grants 政府补贴摊销	(56)	(56)
Operating profit before working capital changes 计算流动资金变更前后的营运利润	1,009	4,947
Decrease/(increase) in inventories 存货 减少/(增加)	33,817	(4,596)
Decrease/(increase) in trade and bills receivables 应收帐款及票据减少/(增加)	13,322	(4,266)
Decrease/(increase) in prepayments, other receivables and deposits 预付款, 其他应收款和预付订金减少/(增加)	15,889	(4,148)
Decrease in trade payables 应付帐款减少	(10,624)	(13,324)
Increase/(decrease) in accrued liabilities, other payables and deposits received 计提负债, 其他应付款和预收订金增加/(减少)	2,583	(6,237)
Cash used in operations 营运所用现金	55,996	(27,624)
Income taxes paid 已付税款	(93)	(97)
Net cash generated from/(used in) operating activities 营运活动所得/(所用)净现金	55,903	(27,721)
Cash flows from investing activities 投资活动所得现金流量		
Interest received 已收利息	3,236	1,381
Net cash generated from investing activities 投资活动所得净现金	3,236	1,381
Cash flows from financing activities 融资活动所得现金流量		
New bank borrowings 新增银行贷款	363,292	139,652
Repayment of bank borrowings 偿还银行贷款	(589,986)	(141,750)
Decrease/(Increase) in pledged deposits 抵押存款减少/(增加)	160,566	39,390
Interest paid 已付利息	(10,560)	(13,926)
Net cash (used in)/generated from financing activities 融资活动(所用)/所得净现金	(76,688)	23,366
Net decrease in cash and cash equivalents 现金和现金等值物净减少	(17,549)	(2,974)
Cash and cash equivalents at 1 Jul 于 7 月 1 日的现金和现金等值物	31,209	34,823
Cash and cash equivalents at 30 Sep 于 9 月 30 日的现金和现金等值物	13,660	31,849

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

显示(上市公司及集团) (i) 股东权益的所有变更的报表或 (ii) 资本化发行及分配产生的股东权益变更除外的股东权益变更的报表, 连同上一财政年同期的对比报表。

Statements of changes in equity for the three months ended 30 September 2014
截至 2014 年 9 月 30 日三个月的股东权益变更报表

Group 集团	Share capital 股本 RMB'000 Unaudited 未经审计	Share premium 股票溢价 RMB'000 Unaudited 未经审计	Merger reserve 合并储备 RMB'000 Unaudited 未经审计	Statutory reserve 法定储备 RMB'000 Unaudited 未经审计	Exchange fluctuation reserve 兑汇浮动储备 RMB'000 Unaudited 未经审计	Accumulated losses 累计亏损 RMB'000 Unaudited 未经审计	Total equity 总股东权益 RMB'000 Unaudited 未经审计
Balance at 1 Jul 2013 2013 年 7 月 1 日余额	78,438	137,794	(18,488)	33,647	(5,348)	(1,367)	224,676
Loss for the period 本期亏损	-	-	-	-	-	(19,863)	(19,863)
Total comprehensive loss for the period 本期总综合亏损	-	-	-	-	-	(19,863)	(19,863)
Balance at 30 Sep 2013 2013 年 9 月 30 日余额	78,438	137,794	(18,488)	33,647	(5,348)	(21,230)	204,813
Balance at 1 Jul 2014 2014 年 7 月 1 日余额	78,438	137,794	(18,488)	33,647	(5,348)	(78,910)	147,133
Loss for the period 本期亏损	-	-	-	-	-	(17,626)	(17,626)
Total comprehensive loss for the period 本期总综合亏损	-	-	-	-	-	(17,626)	(17,626)
Balance at 30 Sep 2014 2014 年 9 月 30 日余额	78,438	137,794	(18,488)	33,647	(5,348)	(96,536)	129,507

1. In accordance with the relevant laws and regulations of the the People's Republic of China ("PRC"), the subsidiaries of the Company established in the PRC are required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation in the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. This statutory reserve is non-distributable except upon liquidation of the PRC subsidiaries.

根据中国有关法规和守则, 本公司于中国设立的子公司需将税后利润(根据中国会计制度计算)的 10%转入法定储备直到法定储备达到该子公司的注册资本的 50%为止。这法定储备(除在该子公司清盘的情况下以外)是不可作分配的。

<u>Company 公司</u>	Share capital 股本 RMB'000 Unaudited 未经审计	Share premium 股票溢价 RMB'000 Unaudited 未经审计	Merger reserve 合并储备 RMB'000 Unaudited 未经审计	Accumulated losses 累计亏损 RMB'000 Unaudited 未经审计	Total equity 总股东 权益 RMB'000 Unaudited 未经审计
Balance at 1 Jul 2013 2013 年 7 月 1 日余额	78,438	137,794	34,364	(49,592)	201,004
Loss for the period 本期亏损	-	-	-	(2,118)	(2,118)
Total comprehensive loss for the period 本期总综合亏损	-	-	-	(2,118)	(2,118)
Balance at 30 Sep 2013 2013 年 9 月 30 日余额	78,438	137,794	34,364	(51,710)	(198,886)
Balance at 1 Jul 2014 2014 年 7 月 1 日余额	78,438	137,794	34,364	(128,229)	122,367
Loss for the period 本期亏损	-	-	-	(1,956)	(1,956)
Total comprehensive loss for the period 本期总综合亏损	-	-	-	(1,956)	(1,956)
Balance at 30 Sep 2014 2014 年 9 月 30 日余额	78,438	137,794	34,364	(130,185)	120,411

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

自上一财政期，本公司因附加股、红股、股份购回、行使认股选择权或认股证、其他权益发行兑换、发行股票以取得现金或收购对价或为任何其他目的而发行股票而发生的任何变更的详情。亦须注明截至本财政期末及截至上一财政年同期可能因所有有效可换股证券行使时会发行的股票数目，及库存股票股数（如有）占上市公司已发行股票的总数（扣除库存股票）。

There were no changes in the Company's share capital for the three months ended 30 September 2014.

截至 2014 年 9 月 30 日三个月内公司的股本没有任何变动。

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

显示于本财政期末和上一财政年末已发行股票数量，不包括库股票。

Ordinary shares of HK\$0.30 each
每股面值港币 0.30 元的普通股

As at 30 Sep 2014 截至 2014 年 9 月 30 日	As at 30 Jun 2014 截至 2014 年 6 月 30 日
268,000,000	268,000,000

The Company does not have any treasury shares as at 30 September 2014 and 30 June 2014.

公司于 2014 年 9 月 30 日和 2014 年 6 月 30 日没有任何库存股票。

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

显示本财政期末的所有销售、转让、弃置、取消和/或使用库存股票的报告声明。

Not applicable.
不适用。

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

有关数字是否已根据审计准则或惯例被审计或审阅。

The figures have not been audited or reviewed by auditors.
有关数字未经审计师审核或审阅。

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

如有关数字被审计或审阅，须附上审计师报告（包括对任何特定事项的澄清或强调）

Not applicable.
不适用。

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

是否已应用与上市公司最近经审核的年度财务报表内应用的相同会计政策和计算方法。

The Group had adopted the same accounting policies and methods of computation as stated in the audited financial statements for the year ended 30 June 2014, except for the adoption of the new and amended International Financial Reporting Standards ("IFRSs") which became effective for financial year beginning on or after 1 July 2014. The adoption of these IFRSs did not have any material impact to the Group's financial statements.

集团已应用与截至 2014 年 6 月 30 日财政年经审核的年度财务报表内应用的相同会计政策和计算方法（除采用了适用于财政年以 2014 年 7 月 1 日或以后的新修订国际财务报告准则 ("IFRSs")）。采用这些 IFRSs 不会对集团的财务报表有重大影响。

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

如会计政策和计算方法有任何变更（包括会计准则要求），须列出有关的变更、变更原因和变更的影响。

Not applicable.
不适用。

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

扣除优先股股息准备后，集团在本财政期间及上一财政年同期每股普通股的盈利

	<u>Group 集团</u>	
	3 months ended 30 Sep 2014 截至 2014 年 9 月 30 日 三个月 Unaudited 未经审计	3 months ended 30 Sep 2013 截至 2013 年 9 月 30 日 三个月 Unaudited 未经审计
In RMB cents 人民币分		
Loss per ordinary share of the group, after deducting any provision for preference dividends 扣除任何优先股股息准备后，集团每股普通股亏损		
(a) Based on number of ordinary shares on issue; and 基于以发行普通股数目	(6.58)	(7.41)
(b) On a diluted basis 基于摊薄基准	N/A	N/A

Note:

The calculation of basic loss per share for the 3 months ended 30 September 2014 was computed by dividing the Group's loss for the period by 268,000,000 ordinary shares (3 months ended 30 September 2013: 268,000,000 ordinary shares) during the period.

截至 2014 年 9 月 30 日三个月的每股亏损的计算方法是将集团本期亏损除以本期普通股数量 268,000,000 股（截至 2013 年 9 月 30 日三个月：268,000,000 普通股）。

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

基于期末已发行股本（扣除库存股票）计算，(a) 于本财政期末；和 (b) 于上一财政年末上市公司和集团每股普通股资产净值。

	<u>Group 集团</u>		<u>Company 本公司</u>	
	30 Sep 2014 2014 年 9 月 30 日 Unaudited 未经审计	30 Jun 2014 2014 年 6 月 30 日 Unaudited 未经审计	30 Sep 2014 2014 年 9 月 30 日 Unaudited 未经审计	30 Jun 2014 2014 年 6 月 30 日 Unaudited 未经审计
In RMB 人民币				

Net asset value per ordinary share based on issued share capital at the end of:

基于期末已发行股本计算，每股普通股资产净值

0.48 0.55 0.45 0.46

Note:

The net asset value was calculated by dividing the Group's net asset value by 268,000,000 ordinary shares (30 June 2014: 268,000,000).

资产净值的计算方法是将集团资产净值除以本期普通股数量 268,000,000 股（2014 年 6 月 30 日：268,000,000 股）。

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

回顾集团表现使能对集团业务得到合理了解。此必包括以下分析

:

- (a) 本财政期内影响集团销售收入、销售成本和盈利的季节性或周期性因素（如适用）；和
- (b) 本财政期内影响集团现金流、流动资金、资产或负债的因素。

REVIEW OF FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014("1QFY2015") COMPARED TO THE THREE MONTHS ENDED 30 SEPTEMBER 2013("1QFY2014")

截至 2014 年 9 月 30 日三个月("1QFY2015")比较截至 2013 年 9 月 30 日三个月("1QFY2014")的财务业绩回顾

Revenue 销售收入

Revenue decreased by approximately RMB27.5 million from RMB127.1 million in 1QFY2014 to RMB99.6 million in 1QFY2015 as a result of intense price competition and a decrease in sales volume due to weak market demand.

销售收入由 1QFY2014 的人民币一亿二千七百一十万元减少约人民币二千七百五十万元至 1QFY2015 的人民币九千九百六十万元，主要原因是市场需求疲弱，价格竞争激烈和销售量下降所致。

Cost of sales and gross profit 销售成本和毛利

Cost of sales decreased in line with revenue by approximately RMB23.5 million from RMB126.7 million in 1QFY2014 to RMB103.2 million in 1QFY2015.

Gross profit decreased from RMB398,000 in 1QFY2014 to a gross loss of RMB3.6 million in 1QFY2015 and gross profit margin decreased from 0.3% in 1QFY2014 to gross loss margin of 3.6% in 1QFY2015. As the PRC government imposed a quota on overseas cotton purchases to protect the domestic cotton industry, the Group had to purchase more of the higher-priced domestic cotton to produce the Group's products, thus resulting in the decrease of profit margin.

销售成本随销售由 1QFY2014 的人民币一亿二千六百七十万元减少约人民币二千三百五十万元至 1QFY2015 的人民币一亿零三百二十万元。

毛利由 1QFY2014 的人民币三十九万八千元减少至 1QFY2015 的亏损人民币三百六十万元，而毛利率由 1QFY2014 的 0.3%减少到 1QFY2015 的亏损率 3.6%。这主要原因是集团产品的棉花成本增加所致，因为期内海外采购棉花的配额有限集团需利用价格较高的本地棉花来制造产品。

Other income 其他收入

Other income which comprised mainly interest income, increased by approximately RMB1.6 million from RMB1.7 million in 1QFY2014 to RMB3.3 million in 1QFY2015. The increase in other income was mainly due to the increase in bank interest rates.

其他收入，主要是利息收入，由 1QFY2014 的人民币一百七十万元增加约人民币一百六十万元至 1QFY2015 的人民币三百三十万元，主要原因是银行存款利率增加所致。

Selling and distribution expenses 销售费用

Selling and distribution expenses decreased in line with sales volume by approximately RMB0.6 million from RMB1.5 million in 1QFY2014 to RMB0.9 million in 1QFY2015, mainly due to the decrease in the related transportation costs.

销售费用随销售量由 1QFY2014 的人民币一百五十万元减少约人民币六十万元至 1QFY2015 的人民币九十万元，主要原因是有关的运费减少所致。

Administrative expenses 管理费用

Administrative expenses decreased by approximately RMB0.8 million from RMB6.5 million in 1QFY2014 to RMB5.7 million in 1QFY2015, mainly due to the decrease in staff welfare expenses for the workers as the number of workers was reduced due to the decline in the Group's production capacity.

管理费用由 1QFY2014 的人民币六百五十万元减少约人民币八十万元至 1QFY2015 的人民币五百七十万元，主要原因是集团调节产能减少工人使有关的员工福利费用减少所致。

Finance costs 财务成本

Finance costs decreased by approximately RMB3.3 million from RMB13.9 million in 1QFY2014 to RMB10.6 million in 1QFY2015 due to an decrease in bank borrowings during the period. However, high finance costs continued to be an extremely significant cause of the loss.

财务成本由 1QFY2014 的人民币一千三百九十万元减少约人民币三百三十万元至 1QFY2015 的人民币一千零六十万元，主要原因是减少银行贷款上升所致。但是，财务成本依然会是集团亏损的一个极重要因素。

Loss before income tax 税前亏损

Loss before income tax decreased by approximately RMB2.3 million from RMB19.9 million in 1QFY2014 to RMB17.6 million in 1QFY2015, mainly due to the decrease in finance costs.

税前亏损由 1QFY2014 的人民币一千九百九十万元减少约人民币二百三十万元至 1QFY2015 人民币一千七百六十万元，主要原因是财务成本减少所致。

Loss for the period 期内亏损

As a result of the above factors, loss for the period decreased by approximately RMB2.3 million from RMB19.9 million in 1QFY2014 to RMB17.6 million in 1QFY2015.

期内利润由 1QFY2014 的人民币一千九百九十万元减少约人民币二百三十万元至 1QFY2015 人民币一千七百六十万元，主要原因已于上文陈述。

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**2014 年 9 月 30 日财务状况审阅****Inventories 库存**

Inventories decreased by RMB33.8 million during the period under review, mainly due to the Group's policy to reduce its inventories level when the sales decreased.

库存减少人民币三千三百八十万元，主要原因是期内销售减少，集团策略减少库存所致。

Trade and bills receivables 应收帐款和票据

Trade and bills receivables decreased in line with sales by RMB13.3 million.

应收账款和票据随销售减少人民币一千三百三十万元。

Prepayments, other receivables and deposits 预付款、其他应收款及预付订金

Prepayments, other receivables and deposits decreased by RMB15.9 million. This was attributable mainly to the utilisation of deposits paid to suppliers to purchase raw materials.

预付款、其他应收款及预付订金减少人民币一千五百九十万元，主要原因是耗用了向供应商购买原材料的订金来采购原材料所致。

Pledged deposits 抵押存款

Pledged deposits decreased by RMB160.6 million, mainly due to the repayment of the related short term bank borrowings in the form of bills payable during the period.

抵押存款减少人民币一亿六千零六十万元，主要原因是期内集团偿还了有关的应付票据所致。

Trade payables 应付帐款

Trade payables decreased by RMB10.6 million, mainly due to a decrease in the purchase of raw materials.

应付帐款减少人民币一千零六十万元，主要原因是集团减少原料采购所致。

Bank borrowings 银行贷款

Bank borrowings decreased by RMB226.7 million during the period under review, mainly due to the reduction of the Group's borrowings according to its working capital needs.

银行贷款减少人民币二亿二千六百七十万元，主要原因是集团根据资金需要情况减少贷款所致。

Other major assets and liabilities such as deposits, accrued liabilities, other payables and deposits and tax payable remained at approximately the same level as 30 June 2014.

其他主要的资产和负债如预付订金、计提负债、其他应付款及预收订金和应付税金都维持与2014年6月30日相约水平。

The net current liabilities of RMB392.0 million as at 30 September 2014 were mainly due to the Group's utilization of short term bank borrowings to increase the flexibility in managing the Group's bank borrowings in accordance with the Group's working capital needs, which resulted in the reduction of interest costs.

因此，于2014年9月30日有净流动负债人民币三亿九千二百万元，因为集团利用短期贷款以加强集团管理贷款的灵活性，方便根据集团资金需要减少贷款及其相关利息。

The Group has maintained good relationships with the banks. As a usual practice, the Group will arrange with the banks to reschedule the bank borrowings when they fall due. The Group is therefore confident that the existing bank borrowings can be renewed as and when they fall due so that the operations of the Group will not be affected. Nevertheless, Management is monitoring the Group's cashflow closely to ensure that the Group has adequate working capital.

集团与银行一直保持良好业务关系。按惯例，贷款到期时，集团会与银行再安排贷款。所以，集团有信心目前贷款到期时也能安排跟新延续而集团运作不受影响。无论如何，管理层会紧密监察集团的现金流，确保集团有足够的流动资金。

CASH FLOW STATEMENT REVIEW**现金流量表审阅****1QFY2015 vs 对比 1QFY2014**

Net cash generated from operating activities was RMB55.9 million in 1QFY2015, mainly due to the decrease in inventories, trade and bills receivables and prepayments, other receivables

and deposits. This was contrasted against the net cash used in operating activities RMB27.7 million in 1QFY2014.

1QFY2015 的营运活动所得净现金是人民币五千五百九十万元，主要原因是库存、应收帐款及票据和预付款、其他应收款及预付订金减少所致。而 1QFY2014 的营运活动所用净现金是人民币二千七百七十万元。

Net cash generated from investing activities was RMB3.2 million in 1QFY2014 compared to RMB1.4 million in 1QFY2014, mainly due to the interest received during the period.

1QFY2015 的投资活动所得净现金是人民币三百二十万元，主要是期内的利息收入。而 1QFY2014 的投资活动所得净现金是人民币一百四十万元。

Net cash used in financing activities was RMB76.7 million in 1QFY2015, mainly due to the repayment of bank borrowings. This was contrasted against the net cash generated from financing activities RMB23.4 million in 1QFY2014.

1QFY2015 的融资活动所用净现金是人民币七千六百七十万元，主要原因是偿还银行贷款所致。而 1QFY2014 的融资活动所得净现金是人民币二千三百四十万元。

As a result, there was a net decrease in cash and cash equivalents of RMB17.5 million in 1QFY2015 compared with RMB3.0 million in 1QFY2014.

因此，1QFY2015 现金和现金等值物净减少是人民币一千七百五十万元。而 1QFY2014 的现金和现金等值物净减少是人民币三百万元。

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

如以前曾向股东披露预测或前景声明，列明它与实际业绩的差别。

The 1QFY2015 results are in line with the information described in paragraph 10 of the FY2014 results announcement.

1QFY2015 业绩与 FY2014 的业绩公告第 10 段描述的内容相符。

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

截至公告日，集团所处行业的显著趋势和竞争情况以及可能影响集团在下个报告和未来 12 个月的任何已知因素或事项的有关评论。

In April 2014, the PRC government had reformed the domestic cotton policy by granting government subsidies to the cotton farmers instead of collecting cotton from them. Although this will benefit domestic textile manufacturers in the long run, the recent decrease in the price of the newly collected cotton had exerted downward pressure on the selling prices of cotton textile products produced by the domestic textile manufacturers in the short run. As such, the performance of the domestic textile manufacturers would be temporarily affected due to the higher-priced cotton which were purchased previously. This trend is expected to continue for a while more.

Whilst Management continues to focus on its operational efficiencies and strengthen its inventories management, the next twelve months are expected to continue to be challenging.

中国政府于 2014 年 4 月对本地棉花收储政策作了改革，政府不再实行棉花收储，给棉农实行直补政策。相信本地纺织制造商长远会因此受惠。但受此新棉花政策影响，近来新棉价格下降已给本地纺织厂家的棉纺制品价格带来短期压力。因厂家仍然正在使用之前用较高价格购入的库存棉花来生产制品，他们的利润表现会暂时手都影响。此情况将会维持一段时间。

虽然管理层会继续完善营运效率和加强库存管理，未來的 12 個月会依然是艱難和充满挑戰。

11. Dividend
股息

(a) Current Financial Period Reported On
本财政期

Any dividend declared for the current financial period reported on?
有否股息于本财政期被宣布派发？

Nil.
无。

(b) Corresponding Period of the Immediately Preceding Financial Year
上财政年同期

Any dividend declared for the corresponding period of the immediately preceding financial year?
有否股息于上财政年同期被宣布派发？

Nil.
无。

(c) Date payable
支付日期

Not applicable.
不适用。

(d) Books closure date
截止过户日期

Not applicable.
不适用。

12. If no dividend has been declared/recommended, a statement to that effect.
如没有宣布或建议派发股息，须作此声明。

No dividend has been recommended for the period under review.
期内没有建议派发股息。

13. Interested person transactions
关联人士交易

The Company does not have a shareholders' mandate for interested person transactions.
本公司没有股东授权的关联人士交易。

14. Negative Assurance Confirmation

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of **China Hongcheng Holdings Limited** which may render these interim financial results for the first quarter ended 30 September 2014 to be false or misleading in any material aspect.

我们确认根据我们所知情的所有资料，没有任何事情导致那些会引起截至 2014 年 9 月 30 日 第一季度财务报告出现重大虚假或误导而需要**中国宏诚控股有限公司**董事会需要特别的留意。

Liu Ming 刘明
Executive Chairman & CEO
执行主席及总裁

Zhao Yan 赵岩
Executive Director
执行董事

BY ORDER OF THE BOARD
奉董事会之命

Liu Ming 刘明
Executive Chairman
执行主席
10 November 2014
2014 年 11 月 10 日