中国软包装控股有限公司
CHINA FLEXIBLE PACKAGING HOLDINGS LIMITED

# HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 APRIL 2016
# 截止 2016 年 4 月 30 日的半年财务报表及股息公告

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
## 第一部分: 各季度（第一、第二及第三季度）、半年及全年业绩公告所需的资料

### 1(a) A statement of comprehensive income 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报表。

Group's Consolidated Statement of Comprehensive Income for the three months ("2Q 2016") and six months ("1H 2016") period ended 30 April 2016. These figures have not been audited.
截至 2016 年 4 月 30 日三个月及半年期间之集团收入报表。这些数目字尚未审计。

| | Group 集团 2nd quarter 3 months ended | | | Group 集团 Year-to-date 6 months ended | | |
|---|---|---|---|---|---|---|
| | 30 April 2016 RMB'000 | 30 April 2015 RMB'000 | +/(-) % | 30 April 2016 RMB'000 | 30 April 2015 RMB'000 | +/(-) % |
| **REVENUE 销售收益** | **31,694** | 73,379 | (56.8) | **81,099** | 198,102 | (59.1) |
| Cost of sales 销售成本 | **(63,968)** | (110,767) | (42.2) | **(144,903)** | (249,395) | (41.9) |
| **GROSS LOSS 毛损** | **(32,274)** | (37,388) | (13.7) | **(63,804)** | (51,293) | 24.4 |
| Other operating income 其他收益 | **80** | 55 | 45.5 | **169** | 88 | 92.0 |
| Selling and distribution expenses 销售及分销成本 | **(113)** | (337) | (66.5) | **(269)** | (506) | (46.8) |
| Administrative expenses 行政费用 | **(3,552)** | (4,026) | (11.8) | **(6,865)** | (7,839) | (12.4) |
| Finance costs 财务费用 | **(74)** | - | N/M | **(74)** | - | N/M |
| Other expenses 其他费用 | **(13)** | (47,291) | (100.0) | **(14)** | (47,311) | (100.0) |
| **LOSS BEFORE TAXATION 税前亏损** (Note 1) | **(35,946)** | (88,987) | (59.6) | **(70,857)** | (106,861) | (33.7) |
| Income tax expense 税金 | **-** | - | N/M | **-** | - | N/M |
| **NET LOSS FOR THE PERIOD 本期净亏损** | **(35,946)** | (88,987) | (59.6) | **(70,857)** | (106,861) | (33.7) |
| Other comprehensive income for the period (after tax and reclassification adjustments): 本期间其他全面收益： | | | | | | |
| Exchange differences on translation of financial statements of foreign operations 换算海外业务之汇兑差异 | **(7)** | 24 | N/M | **29** | 13 | 123.1 |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY 本期间全面亏损** | **(35,953)** | (88,963) | (59.6) | **(70,828)** | (106,848) | (33.7) |

N/M: Not meaningful 无意义

**1(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements**
**（集团）的收入报表连同上一财政年同期的对比报表。**

**Note 1:**

Loss before taxation

Loss before taxation is arrived at after charging/(crediting) the followings:
税前亏损乃经扣除 /(计入)下列各项列账：

| | | Group 集团 2nd quarter 3 months ended | | | Group 集团 Year-to-date 6 months ended | | |
|---|---|---|---|---|---|---|---|
| | | 30 April 2016 RMB'000 | 30 April 2015 RMB'000 | +/(-) % | 30 April 2016 RMB'000 | 30 April 2015 RMB'000 | +/(-) % |
| a. | Interest income 利息收入 | **(4)** | (55) | (92.7) | **(19)** | (88) | (78.4) |
| b. | Sales of Scraps 廢料收入 | **(47)** | - | N/M | **(118)** | - | N/M |
| c. | Exchange (gain)/loss 汇兑(收益)/损失 | **(26)** | 40 | N/M | **(32)** | 39 | N/M |
| d. | Depreciation and amortisation 折旧和摊销 | **7,105** | 9,090 | (21.8) | **14,210** | 18,180 | (21.8) |
| e. | Impairment loss on non-current assets 固定资产减值 | **-** | 47,245 | (100.0) | **-** | 47,245 | (100.0) |

N/M: Not meaningful 无意义

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

| | Group 集团 | | Company 公司 | |
|---|---|---|---|---|
| | As at | | As at | |
| | 30 April 2016 RMB'000 | 31 October 2015 RMB'000 | 30 April 2016 RMB'000 | 31 October 2015 RMB'000 |
| **NON-CURRENT ASSETS 非流动资产** | | | | |
| Property, plant and equipment 固定资产 | **144,207** | 157,706 | **-** | - |
| Land use rights 土地使用权 | **50,723** | 51,434 | **-** | - |
| Investment in subsidiaries 投资于子公司 | **-** | - | **263,154** | 264,298 |
| | **194,930** | 209,140 | **263,154** | 264,298 |
| **CURRENT ASSETS 流动资产** | | | | |
| Inventories 库存 | **5,741** | 15,699 | **-** | - |
| Accounts receivable 应收帐款 | **29,839** | 30,744 | **-** | - |
| Prepayments, deposits and other receivables 预付款, 定金及其他应收款 | **1,187** | 2,909 | **-** | - |
| Cash and cash equivalents 现金及银行结存 | **1,273** | 18,729 | **150** | 297 |
| | **38,040** | 68,081 | **150** | 297 |
| **CURRENT LIABLILITIES 流动负债** | | | | |
| Accounts payable 应付帐款 | **11,658** | 1,750 | **-** | - |
| Accruals, other payables and receipts in advance 应计债务,其他应付款及已收定金 | **6,676** | 10,007 | **88** | 163 |
| Bank loan 银行借款 | **20,000** | - | **-** | - |
| | **38,334** | 11,757 | **88** | 163 |
| **NET CURRENT (LIABILITIES)/ASSETS 净流动(负债)/资产** | **(294)** | 56,324 | **62** | 134 |
| **NET ASSETS 净资产** | **194,636** | 265,464 | **263,216** | 264,432 |
| **EQUITY 权益** | | | | |
| **Equity attributable to owners of the Company 权益归于公司拥有人** | | | | |
| Share capital 已发行股本 (Note 2) | **399** | 598,197 | **399** | 598,197 |
| Reserves 储备金 (Note 2) | **194,237** | (332,733) | **262,817** | (333,765) |
| **TOTAL EQUITY 权益总额** | **194,636** | 265,464 | **263,216** | 264,432 |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**
**集团借贷及抵押债务的总额**

**Amount repayable in one year or less, or on demand**
**一年或以内应该偿还或见索即付的款额**

| | **As at 30 April 2016**<br>**截至 2016 年 4 月 30 日** | | As at 31 October 2015<br>截至 2015 年 10 月 31 日 | |
|---|---|---|---|---|
| | **Secured**<br>**有抵押** | **Unsecured**<br>**无抵押** | Secured<br>有抵押 | Unsecured<br>无抵押 |
| | **RMB'000** | **RMB'000** | RMB'000 | RMB'000 |
| **Bank Loan** | **20,000** | **-** | - | - |

**Amount repayable after one year**
**一年后应偿还的款额**

| | **As at 30 April 2016**<br>**截至 2016 年 4 月 30 日** | | As at 31 October 2015<br>截至 2015 年 10 月 31 日 | |
|---|---|---|---|---|
| | **Secured**<br>**有抵押** | **Unsecured**<br>**无抵押** | Secured<br>有抵押 | Unsecured<br>无抵押 |
| | **RMB'000** | **RMB'000** | RMB'000 | RMB'000 |
| **Bank Loan** | **-** | **-** | - | - |

**Details of any collateral**
**抵押品（若有）的详情**

The short-term bank loan is secured by:

(i) Personal guarantee by an Executive Director
(ii) Certain non-current assets of a PRC subsidiary of the Group

**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。**

| | Group 集团 | | | |
|---|---|---|---|---|
| | 3 months ended 30 April 2016 RMB'000 | 3 months ended 30 April 2015 RMB'000 | 6 months ended 30 April 2016 RMB'000 | 6 months ended 30 April 2015 RMB'000 |
| **Cash flows from operating activities 营业活动所得现金流量** | | | | |
| Loss before taxation 税前亏损 | **(35,946)** | (88,987) | **(70,857)** | (106,861) |
| Adjustments for: 调整下列各项: | | | | |
| Depreciation of property, plant and equipment 固定资产折旧 | **6,749** | 8,833 | **13,499** | 17,666 |
| Amortisation of land use rights 土地使用权摊销 | **356** | 257 | **711** | 514 |
| Interest income 利息收入 | **(4)** | (55) | **(19)** | (88) |
| Impairment loss on non-current assets 固定资产减值 | **-** | 47,245 | **-** | 47,245 |
| **Operating loss before working capital changes 营运资金变更前营运亏损** | **(28,845)** | (32,707) | **(56,666)** | (41,524) |
| Changes in 营运资金变动: | | | | |
| Inventories 库存 | **4,663** | 10,076 | **9,958** | (20,088) |
| Accounts receivable 应收帐款 | **(1,688)** | 3,662 | **905** | 75,281 |
| Prepayments, deposits and other receivables 预付款, 预付订金及其他应收款 | **1,439** | (595) | **1,722** | (976) |
| Accounts payable 应付帐款 | **3,783** | - | **9,908** | - |
| Accruals and other payables 应计债务及其他应付款 | **(2,419)** | (387) | **(3,331)** | (3,468) |
| **Cash (used in)/generated from operating activities 营业活动所(用)/得现金** | **(23,067)** | (19,951) | **(37,504)** | 9,225 |
| Tax refund/(paid) 退回/(已付)税金 | **-** | - | **-** | - |
| Interest received 已收利息 | **4** | 55 | **19** | 88 |
| **Net cash flows (used in)/generated from operating activities 营业活动所(用)/得净现金流量** | **(23,063)** | (19,896) | **(37,485)** | 9,313 |
| **Net cash flows from financing activities 融资活动所得现金流量** | | | | |
| Proceeds from bank borrowing 银行借款所得 | **20,000** | - | **20,000** | - |
| **Cash generated from financing activities 融资活动所得现金** | **20,000** | - | **20,000** | - |
| Net (decrease)/increase in cash and cash equivalents 现金及现金等值净(减少)/增加 | **(3,063)** | (19,896) | **(17,485)** | 9,313 |
| Cash and cash equivalents at beginning of period 期初现金及现金等值 | **4,343** | 57,914 | **18,729** | 28,716 |
| Effect of foreign exchange rate changes 汇率变动的影响 | **(7)** | 24 | **29** | 13 |
| Cash and cash equivalents at end of period 期末现金及现金等值 | **1,273** | 38,042 | **1,273** | 38,042 |

**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）股权的所有变更的报表或（ii）资本化发行及股东分配产生的股权变更除外的股权变更的报表，连同上一财政年同期的对比报表**

| | Issued share capital 股本 | Share premium account 股份溢价 | Contributed surplus 实缴盈余 | Share redemption reserve 赎回储备 | Capital reserve 资本储备 | Foreign currency translation reserve 汇兑储备 | Statutory reserve 法定储备 | Other reserve 其他储备 | Accumulated losses 损益账户 | Total equity 总计 |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Group 集团** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Balance as at 1 November 2015 于 2015 年 11 月 1 日结存 | 598,197 | 304,361 | - | 62 | - | 3,482 | 86,527 | 36,630 | (763,795) | **265,464** |
| Cancellation of shares arising from Capital Reduction 从减资而产生的股份取消 **(Note 2(a))** | (597,798) | - | 597,798 | - | - | - | - | - | - | - |
| Share Premium Reduction and crediting of contributed surplus 削减股份溢价及计入实缴盈余 **(Note 2(b))** | - | (304,361) | 304,361 | - | - | - | - | - | - | - |
| Offset of credit arising from Capital Reorganisation against accumulated losses 以实缴盈余抵消累计亏损 **(Note 2(c))** | - | - | (763,795) | - | - | - | - | - | 763,795 | - |
| Total comprehensive income for the year 年度綜合收益: | | | | | | | | | | |
| - Loss for the year 年度亏损 | - | - | - | - | - | - | - | - | (70,857) | **(70,857)** |
| Other comprehensive income for the year: 年度其他綜合收益: | | | | | | | | | | |
| - Exchange differences on translation of financial statements of foreign operation 换算海外业务之汇差 | - | - | - | - | - | 29 | - | - | - | **29** |
| Total comprehensive loss for the year 年度綜合亏损: | - | - | | - | - | 29 | - | - | (70,857) | **(70,828)** |
| Balance as at 30 April 2016 于 2016 年 4 月 30 日结存 | **399** | **-** | **138,364** | **62** | **-** | **3,511** | **86,527** | **36,630** | **(70,857)** | **194,636** |

| | Issued share capital 股本 | Share premium account 股份溢价 | Contributed surplus 实缴盈余 | Share redemption reserve 赎回储备 | Capital reserve 资本储备 | Foreign currency translation reserve 汇兑储备 | Statutory reserve 法定储备 | Other reserve 其他储备 | Retained earnings/ (accumulated losses) 损益账户 | Total equity 总计 |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Group 集团** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Balance as at 1 November 2014 于 2014 年 11 月 1 日结存 | 598,238 | 304,382 | - | - | - | 3,461 | 86,527 | 36,630 | (581,515) | **447,723** |
| Total comprehensive income for the year 年度綜合收益: | | | | | | | | | | |
| - Profit for the year 年度利润 | - | - | - | - | - | - | - | - | (106,861) | **(106,861)** |
| Other comprehensive income for the year: 年度其他綜合收益: | | | | | | | | | | |
| - Exchange differences on translation of financial statements of foreign operation 换算海外业务之汇差 | - | - | - | - | - | 13 | - | - | - | **13** |
| Total comprehensive income for the year 年度綜合收益: | - | - | - | - | - | 13 | - | - | (106,861) | **(106,848)** |
| Balance as at 30 April 2015 于 2015 年 4 月 30 日结存 | **598,238** | **304,382** | **-** | **-** | **-** | **3,474** | **86,527** | **36,630** | **(688,376)** | **340,875** |

| | Issued share capital 股本 | Share premium account 股份溢价 | Contributed surplus 实缴盈余 | Share redemption reserve 赎回储备 | Capital reserve 资本储备 | Foreign currency translation reserve 汇兑储备 | Statutory reserve 法定储备 | Other reserve 其他储备 | Accumulated losses 损益账户 | Total equity 总计 |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Company 公司** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Balance as at 1 November 2015 于 2015 年 11 月 1 日结存 | 598,197 | 304,361 | - | 62 | 99,175 | - | - | 36,630 | (773,993) | **264,432** |
| Cancellation of shares arising from Capital Reduction 从减资而产生的股份取消 | (597,798) | - | 597,798 | | | | | | | |
| Share Premium Reduction and crediting of contributed surplus 削减股份溢价及计入实缴盈余 | | (304,361) | 304,361 | | | | | | | |
| Offset of credit arising from Capital Reorganisation against accumulated losses 以实缴盈余抵消累计亏损 | | | (773,993) | | | | | | 773,993 | |
| Loss and total comprehensive loss for the year 亏损及年度綜合亏损 | - | - | | - | - | - | - | - | (1,216) | **(1,216)** |
| Balance as at 30 April 2016 于 2016 年 4 月 30 日结存 | **399** | **-** | **128,166** | **62** | **99,175** | **-** | **-** | **36,630** | **(1,216)** | **263,216** |

| The Company 公司 | Issued share capital 股本 RMB'000 | Share premium account 股票溢价 RMB'000 | Contributed surplus 实缴盈余 RMB'000 | Share redemption reserve 赎回储备 RMB'000 | Capital reserve 资本储备 RMB'000 | Foreign currency translation reserve 汇兑储备 RMB'000 | Statutory reserve 法定储备 RMB'000 | Other reserve 其他储备 RMB'000 | Accumulated losses 损益账户 RMB'000 | Total equity 总计 RMB'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 November 2014 于 2014 年 11 月 1 日结存 | 598,238 | 304,382 | | - | 99,175 | - | - | 36,630 | (739,952) | **298,473** |
| Loss and total comprehensive loss for the year 亏损及年度綜合收益: | - | - | | - | - | - | - | - | (1,185) | **(1,185)** |
| Balance as at 30 April 2015 于 2015 年 4 月 30 日结存 | **598,238** | **304,382** | | **-** | **99,175** | **-** | **-** | **36,630** | **(741,137)** | **297,288** |

Note 2:

Changes in Group's and Company's equity arising from the Capital Reorganisation
从资本重组所产生的公司权益变化

Subsequently, with the passing of a special resolution in respect of the Proposed Capital Reorganisation (as detailed in the Circular of the Company dated 29 January 2016 issued by the Company to its shareholders) at the Special General Meeting of the Company held on 23 February 2016, the capital reorganisation (the "Capital Reorganisation") had taken effect on 18 March 2016. Its effects on the Group's and the Company's equity involved the following:

(a) *Cancellation of shares arising from a capital reduction*

The par value of each issued and unissued Share was reduced from US$15.00 to US$0.01 by cancellation of the paid-up share capital of the Company to the extent of US$14.99 on each of the Shares on the Effective Date (the "Capital Reduction"), and hence the issued share capital was reduced from US$72,914,340 (equivalent to approximately RMB598,197,000*) to US$48,609.56 (equivalent to approximately RMB399,000.00*) (divided into 4,860,956 Shares with a par value of US$0.01 each). The credit arising from the Capital Reduction in the sum of US$72,865,730.44 (equivalent to approximately RMB597,798,000*) have been credited to the contributed surplus account of the Group and the Company;

(b) *Share premium reduction and crediting of Contributed Surplus*

The share premium account of the Group and the Company was reduced to zero by cancellation of the entire sum of approximately RMB304,361,000 standing to the credit of the share premium account of the Group and the Company as at 31 October 2015 (the "Share Premium Reduction"). The credit of the entire sum arising from the Share Premium Reduction have been credited to the contributed surplus account of the Group and the Company; and

(c) Offset of credit arising from Capital Reorganisation against accumulated losses

The sum of approximately RMB763,795,000 and RMB773,993,000 in the contributed surplus account of the Group and the Company respectively were utilised to set-off against the Accumulated Losses of the Group and the Company amounting to approximately RMB763,795,000 and RMB773,993,000 respectively as at 31 October 2015 in full.

All capitalized terms above shall bear the same meaning as used in the Circular.

***** Based on a historical foreign currency exchange rate at the date the shares were issued of US$1 : RMB8.20.

**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 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.**

**自上一个财政期，公司股本因附加股、红股、股份购回、行使认股选择权或认股权证、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产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就兑换所有结存的可换证券而发行的股票数目。**

Changes in Company's share capital arising from the Capital Reorganisation
从资本重组所产生的公司股本变化

| | As at 31 January 2016 (Before Capital Reorganisation) | As at 30 April 2016 (After Capital Reorganisation) |
|---|---|---|
| **Par Value of Authorised Share Capital** | | |
| Number of Shares | 20,000,000 | 30,000,000,000 |
| Par Value (US$) | 15.00 | 0.01 |
| Total (US$) | 300,000,000 | 300,000,000 |
| **Par Value of Issued and Paid-up Capital** | | |
| Number of Shares | 4,860,956 | 4,860,956 |
| Par Value (US$) | 15.00 | 0.01 |
| Total (US$) | 72,914,340.00 | 48,609.56 |

**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.**

The company does not have any treasury shares. Total number of issued shares as at 30 April 2016 was 4,860,956 (31 October 2015: 4,860,956)

**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.**

Not applicable. 不适用。

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**
**有关数目字是否经审计或审阅，且按何种审计标准或惯例审计或审阅。**

The figures have not been audited or reviewed by the Company's auditors.
公司的审计师尚未审计或审阅有关数字。

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**
**若有关数目字经审计或审阅，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.**
**是否应用上市公司最新经审计的年度财务报表的相同会计政策及计算方法。**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 October 2015.

**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.**
**若会计政策及计算方法出现任何变更，包括会计标准所规定的任何变更，须列出有关的变更、变更的原因及变更所产生的影响。**

The Group has adopted the applicable new and revised International Financial Reporting Standards ("IFRSs") which became effective for the financial period beginning on or after 1 November 2015. For the current reporting period ended 30 April 2016, the adoption of these new and revised IFRSs did not give rise to significant impact on the Group's' financial statements.

**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.**
**集团在本财政期间及上一财政年同期每股普通股的收益（扣除优先股息的准备金）。**

| | 2nd quarter 3 months ended | | Year-to-date 6 months ended | |
|---|---|---|---|---|
| | 30 April 2016 | 30 April 2015 (Restated) | 30 April 2016 | 30 April 2015 (Restated) |
| Loss per ordinary share for the period based on net loss attributable to owners of the Company:- | | | | |
| 集团的每股普通股的收益按照可归于股东的净亏损:- | | | | |
| (i) Based on the weighted average number of ordinary shares on issue (RMB); and<br>根据已发行普通股本的加权平均数 (人民币); 及 | (7.40) | (18.30) | (14.57) | (21.98) |
| (ii) On a fully diluted basis (RMB)<br>根据完全摊薄机准 (人民币) | N/A | N/A | N/A | N/A |
| Weighted average number of shares<br>加权平均股份數目 | 4,860,956 | 4,860,956 | 4,860,956 | 4,860,956 |

On 14 August 2015, the Company completed a share consolidation of every one hundred (100) ordinary shares of par value US$0.15 each in the capital of the Company into one (1) ordinary share of par value US$15.00 ("Consolidated Share") ("Share Consolidation"). For illustrative purpose, adjusted basic loss per share for the comparative figures of the three months and six months periods ended 30 April 2016 are presented to account for the effect of the Share Consolidation. In this presentation, the weighted average number of ordinary shares is reduced by the number of shares that were absorbed into the Consolidated Shares as if the transaction took place at the start of the comparative periods.

Basic loss per share for 2Q 2016 is calculated based on the total comprehensive loss attributable to owners of the Company for the period of approximately RMB35,953,000 (2Q 2015: RMB88,963,000) divided by 4,860,956 ordinary shares of US$0.01 each (2Q 2015: 4,860,956 ordinary shares of US$0.01 each) in issue during the period.

Basic loss per share for 1H 2016 is calculated based on the total comprehensive loss attributable to owners of the Company for the period of approximately RMB70,828,000 (1H 2015:

RMB106,848,000) divided by 4,860,956 ordinary shares of US$0.01 each (2Q 2015: 4,860,956 ordinary shares of US$0.01 each) in issue during the period.

There were no potential dilutive ordinary shares in existence during the three months and six months ended 30 April 2016 and 2015 and accordingly, no diluted loss or earnings per share has been presented.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**
**(a) current financial period reported on; and**
**(b) immediately preceding financial year.**

**（上市公司及集团）的每股普通股净资产值，按上市公司在下列财政期末已发行股本计算：-**
**(a) 本财政期；及**
**(b) 上一财政年。**

| | Group 集团 | | Company 公司 | |
|---|---|---|---|---|
| | As at | | As at | |
| | 30 April 2016 | 31 October 2015 | 30 April 2016 | 31 October 2015 |
| Net assets value per ordinary share (RMB)<br>每股普通股的净资产值(人民币) | 40.04 | 54.61 | 54.15 | 54.40 |

The net assets value for the Group and the Company per ordinary share was calculated based on the equity attributable to the owners of the Group and the Company as at 30 April 2016 and 31 October 2015; and 4,860,956 ordinary shares of the Company in issue as at 30 April 2016 and 31 October 2015.

**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.**

**回顾集团业绩以取得对集团的业务合理的理解。有关回顾须包括下列各项的讨论：-**
**(a) 本财政期间影响集团的营业额、成本及收益的任何显著因素，包括季节性或周期性因素（若适用）；及**
**(b) 本财政期间影响集团的现金流量、营运资金、资产或债务的任何重大因素。**

**Review Group performance**

***The Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income***

***The Group's revenue***

The Group's revenue decreased by 56.8% or RMB41.7 million from RMB73.4 million in 2Q 2015 to RMB31.7 million in 2Q 2016. The decrease was mainly attributed by the (i) significant drop in average selling price of the Group's major product low shrinkage films because of lower market demand, keener competition and the presence of sub-standard products which were sold at lower prices, and; (ii) drop in sales volume caused by downscaled production in the Group's production line no.3 in 1Q 2016 in light of production performance issues.

***The Group's gross profit and operating loss before Tax***

The cost of sales decreased from RMB110.8 million in 2Q 2015 to RMB64.0 million in 2Q 2016, representing a decrease of 42.2% or RMB46.8 million. It was due to the decrease in the sales volume and production overheads including utilities expenses, fuel costs, depreciation and amortisation charges of non-current assets in 2Q 2016.

The Group recorded a gross loss of RMB32.3 million in 2Q 2016 compared with RMB37.4 million in 2Q 2015, with a decrease of 13.7% or RMB5.1 million. The gross loss was mainly attributable to (i) the unfavourable product mix where only low-cost products accounted for our total sales yielding an unattractive margin; (ii) presence of sub-standard products issue mainly in low-cost segment which had put a burden on margins, (iii) economic and industry slowdown in the PRC. The direct material cost, direct labour costs and overheads dropped at a much slower pace than the fall in selling prices, and (iv) higher fixed overheads absorption due to the significant drop in production volume.

Under the current adverse market conditions even as the Group suffers a gross loss with the sale of its products, management believes that the Group needs to maintain its manufacturing operation to meet market demand and to maintain customer relationships.

Other revenue of RMB0.08 million in 2Q 2016 (2Q 2015: RMB0.06 million) mainly comprised of sales of scrap materials and exchange gain.

Selling and distribution costs decreased by RMB0.2 million over the last corresponding period to RMB0.1 million in 2Q 2016 (2Q 2015: RMB0.3 million), mainly due to the decrease in travelling and other business related expenses.

Administrative expenses recorded a decrease of 11.8% over the last corresponding period to RMB3.6 million (2Q 2015: RMB4.0 million) due mainly to the decrease in depreciation charges and other office expenses in the administration department.

Other expenses decreased from RMB47.3 million in 2Q 2015 to RMB0.01 million in 2Q 2016. It was attributed to the absence of impairment losses of RMB47.2 million on non-current assets recognised in 2Q 2015.

***The Group's net loss from ordinary activities attributable to owners of the Company***

The Group recorded a net loss of RMB35.9 million in 2Q 2016, with a decrease of 59.6% compared with the net loss of RMB89.0 million in 2Q 2015.

**Review on consolidated statement of financial position and statement of cash flows**

***The Group's Consolidated Statement of Financial Position***

Non-current assets comprised of land use rights, property, plant and equipment. It decreased by 6.8% or RMB14.2 million from RMB209.1 million as at 31 October 2015 to RMB194.9 million as at 30 April 2016. This was mainly due to the amortisation and depreciation charges incurred whilst no additions to non-current assets.

Current assets of the Group decreased by 44.1% or RMB30.1 million from RMB68.1 million as at 31 October 2015 to RMB38.0 million as at 30 April 2016. It was mainly due to the decrease in cash and bank balance to RMB1.3 million as at 30 April 2016, by 93.2% or RMB17.4 million from RMB18.7 million as at 31 October 2015. The decrease was ascribed to the operating loss during the period under review. Besides, the Group's inventories reduced by RMB10.0 million to RMB5.7 million as at 30 April 2016, which was mainly due to lower purchases in April 2016 in response to the downward sales trend. Apart from this, deposits, prepayments and other receivables decreased by 59.2% or RMB1.7 million to RMB1.2 million as at 30 April 2016, which was largely attributable to the settlement of advance payments to suppliers subsequent to the year ended 31 October 2015. Accounts receivable also decreased from RMB30.7 million as at 31 October 2015 to RMB29.8 million as at 30 April 2016, representing a decline of 2.9% or RMB0.9 million, which was in line with the drop in the sales in 2Q 2016.

Current liabilities of the Group increased by 226.1% or RMB26.5 million to RMB38.3 million as at 30 April 2016, largely attributable to an external bank loan obtained in 2Q 2016. In order to address the Group's tightening liquidity condition and to provide working capital for the Group, one of the PRC subsidiaries of the Group obtained a short-term bank loan of RMB20.0 million from the Bank of China Limited on 22 March 2016 which was repayable in one year at an interest rate of 4.57% per annum. The bank loan was secured by a personal guarantee of a Company's

Executive Director and certain non-current assets of the PRC subsidiary. Besides, accounts payable increased from RMB1.8 million as at 31 October 2015 to RMB11.7 million as at 30 April 2016. The Group had discussed with key suppliers to lengthen the payable period to improve the Group's liquidity position. Accruals and other payables dropped by 33.3 % or RMB3.3 million to RMB6.7 million as at 30 April 2016, due to lower advance payments from customers at the current period end compared with the last financial year end.

Due to the above, the Group has a net current liability of RMB0.3 million compared to the net current assets of RMB56.3 million as at 31 October 2015.

***The Group's Consolidated Statement of Cash Flows***

In 2Q 2016, the net cash outflow in operating activities of the Group amounted to RMB23.1 million as compared with RMB19.9 million in the last corresponding period of 2015. The net cash outflow was mainly attributable to the operating loss before working capital changes of RMB28.8 million. The cash outflow was partially offset by the cash generated from the realisation in inventories and increase in accounts payable.

The Group recorded a net cash inflow in financing activities amounting to RMB20.0 million in 2Q 2016. It ascribed to the cash generated from a short-term bank loan obtained from the Bank of China Limited during the 2Q 2016.

Therefore, the cash and cash equivalent balance has decreased from RMB4.3 million as at 31 January 2016 to RMB1.3 million as at 30 April 2016.

***Liquidity and going concern's assumption***

The financial statements have been prepared on the going concern basis assuming that the Group will continue to operate as a going concern notwithstanding that:

(i) the net current liabilities of RMB0.3 million of the Group as at 30 April 2016;
(ii) there was a significant decrease in cash and cash equivalents of the Group during the period by RMB17.4 million from RMB18.7 million as at 31 October 2015 to RMB1.3 million as at 30 April 2016; and
(iii) the Group recorded RMB23.1 million negative cash flow in operating activities in 2Q 2016.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the Group prepared the financial statements based on the assumption that the Group can be operated as a going concern and is of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from the period end date, after taking into consideration of the following:

(i) the Group has proposed to undertake a renounceable non-underwritten rights cum warrants issue in order to provide working capital for the Group, and to address the Group's tightening liquidity condition;
(ii) the Group continues to implement measures to improve its liquidity condition, including but not limited to, shortening receivable collection period, lowering inventory level and tightening cost controls over various selling and administrative expenses; and
(iii) the Group has been scaling down the production from the less effective production line as an immediate measure to reduce operating loss and conserve cash balance.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**
**就先前向股东披露的预测或前景声明而言，前述与实际业绩的任何出入。**

As disclosed in the 1st quarter Financial Results Announcement dated 15 March 2016, the Group's performance for the current financial period ended 30 April 2016 was expected to report a loss and the Group's actual performance for the 2Q 2016 was in line with the statement (Paragraph 10) of the Company's announcement dated 15 March 2016.

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

The Group has been scaling down the production from the less effective production line no. 3, which was set up initially in 1997 in one of the operating subsidiaries in the People's Republic of China, namely Jieyang City Yuntong Plastic Packaging Co., Limited ("Yuntong") due to production performance issues and market price fluctuation in low shrinkage BOPP products. Going forward, the Board intends to permanently close down the operation of the production line no.3 in the second half of FY2016 and is evaluating the various options for this production line.

The Group's performance continues to be affected by: (i) intense market competition in China's manufacturing sector; and (ii) weakening local demand and difficulty in sourcing sales orders in high margin product segment. Furthermore, the Group has also been suffering from persistent substandard product issue. Accordingly, the Group expects to report an operating loss for the next reporting period.

On 29 April 2016, the Board of Directors of the Company announced that the Company proposes to undertake a renounceable non-underwritten rights cum warrants issue of up to 9,721,912 new ordinary shares in the capital of the Company at an issue price of S$0.70 for each Rights Share, with up to 4,860,956 free detachable warrants, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S$1.05 for each Warrant Share, on the basis of two (2) Rights Shares for every one (1) existing ordinary share of par value US$0.01 in the capital of the Company, held by entitled shareholders of the Company as at a books closure date to be determined by the Board of Directors of the Company, with one (1) free Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded ("Proposed Rights cum Warrants Issue").

The Company will make update announcements on the Proposed Rights cum Warrants Issue.

**11. Dividend**
**股息**

**(a) Current Financial Period Reported On**
**本财政期**

Any dividend declared for the current financial period reported on?
本财政期是否宣布派发任何股息？

None
无

**(b) Corresponding Period of the Immediately Preceding Financial Year**
**上一财政年同期**

Any dividend declared for the corresponding period of the immediately preceding financial year?
上一财政年同期是否宣布派发任何股息？

No
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.**
**若不宣布 / 建议派发股息，须作出有关声明。**

Not Applicable. 不适用

**13. Interested person transactions**
**关连人仕交易**

The Company does not have any general mandate from shareholders for interested person transaction. No interested person transactions were entered into during the year under review.
本上市公司没有任何关联人仕交易的股东授权. 在此财政期间，没有关连人仕交易.

**14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST.**
**根据新加坡证券交易所有限公司上市参考手册第 705 条附例(5)要求董事确认事项**

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited second quarter financial results of the Group as at 30 April 2016 to be false or misleading.

董事局在此确认我们已根据其所知情的所有资料，没有任何事情导致上市公司董事局需要特别的留意那些会引起第二季度财务报告截止 2016 年 4 月 30 日出现虚假或误导.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.**
**根据新加坡证券交易所有限公司上市参考手册第 720 条附例(1) 要求所有董事及高级管理人员确认附例承诺事项。**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

BY ORDER OF THE BOARD
奉董事会之命

**Zeng Hanming**
Chairman of the Board
14 June 2016