GREAT GROUP HOLDINGS LIMITED

UNAUDITED RESULT For the Period Ended 31 March 2015

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

1(a)(i) A consolidated income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1Q15	1Q14	%Change
	RMB'000	RMB'000	+/(-)
Continuing operations			
Revenue	**77,357**	83,680	-7.6%
Cost of sales	**(72,432)**	(80,077)	-9.5%
Gross profit	**4,925**	3,603	+36.7%
Other gains, net	**168**	651	-74.2%
Expenses			
-Selling and distribution	**(1,926)**	(2,167)	-11.1%
-Administrative	**(5,976)**	(5,553)	-7.6%
-Finance	**(2,342)**	(2,565)	-8.7%
Loss before income tax	**(5,151)**	(6,031)	-14.6%
Income tax expenses	**(747)**	(879)	-15.0%
Loss from continuing operations	**(5,898)**	(6,910)	-14.6%
Discontinued operation			
Gain from discontinued operation, net of tax	**-**	663	n.m.
Total loss	**(5,898)**	(6,247)	-5.6%
Other comprehensive income, net of tax:			
Item that may be reclassified subsequently to profit or loss			
- Currency translation gains arising from consolidation	**13**	178	-92.7%
Total comprehensive loss	**(5,885)**	(6,069)	-3.0%
Total (loss)/income attributable to			
- Equity holders of the Company	**(5,885)**	(6,572)	-10.5%
- Non-controlling interests	**-**	325	n.m.
	(5,885)	(6,247)	-5.8%
Total comprehensive (loss)/income attributable to			
- Equity holders of the Company	**(5,885)**	(6,394)	-8.0%
- Non-controlling interests	**-**	325	n.m.
	(5,885)	(6,069)	-3.0%

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial period:-

	Group		
	1Q15 RMB'000	1Q14 RMB'000	%Change +/(-)
(Expense)/Income			
Depreciation of property, plant and equipment	**(1,568)**	(1,538)	+2.0%
Amortisation of intangible assets	**(129)**	(129)	-
Interest income	**116**	676	-82.8%
Interest expense	**(2,342)**	(2,565)	-8.7%
Foreign exchange gains/(losses), net	**647**	(600)	n.m.
Government grants	**464**	1,135	-59.1%
Fair value losses on derivative financial instruments	**(1,004)**	(566)	+77.4%

"n.m." denotes "not meaningful"

1(b)(i) A balance sheet (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial period

	Group		Company	
	As at 31 Mar 2015 RMB'000	As at 31 Dec 2014 RMB'000	**As at 31 Mar 2015 RMB'000**	As at 31 Dec 2014 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	**100,081**	113,569	**330**	1,047
Trade and other receivables	**178,955**	168,252	**21,982**	1,401
Inventories	**39,025**	52,828	**-**	-
Other current assets	**1,546**	404	**749**	390
Derivative financial assets	**1,288**	2,293	**-**	-
	320,895	337,346	**23,061**	2,838
Non-current assets				
Investments in subsidiaries	**-**	-	**47,827**	47,827
Property, plant and equipment	**46,351**	47,915	**-**	8
Intangible assets	**15,861**	15,990	**-**	-
Deposit for machinery and equipment	**1,542**	1,463	**-**	-
	63,754	65,368	**47,827**	47,935
Total assets	**384,649**	402,714	**70,888**	50,673
LIABILITIES				
Current liabilities				
Trade and other payables	**72,364**	77,838	**18,810**	18,869
Borrowings	**299,675**	306,387	**-**	-
Current income tax liabilities	**2,536**	2,517	**-**	-
Total liabilities	**374,575**	386,742	**18,810**	18,869
NET ASSETS	**10,074**	15,972	**52,078**	31,803
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**104,766**	104,766	**104,766**	104,766
Restructuring reserve	**114,040**	114,040	**114,040**	114,040
Currency translation reserve	**165**	178	**-**	-
Warrant reserve	**727**	727	**727**	727
Accumulated losses	**(209,616)**	(203,731)	**(167,455)**	(187,730)
	10,082	15,980	**52,078**	31,803
	(8)	(8)	**-**	-
Total equity	**10,074**	15,972	**52,078**	31,803

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

Amount repayable within one year

	As at 31 Mar 2015		As at 31 Dec 2014	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Bank borrowings	**90,350**	**-**	90,380	-
Bills payable	**85,339**	**-**	85,840	-
Trade financing	**123,986**	**-**	130,167	-
	299,675	**-**	306,387	-

Details of any collateral

- Bank borrowings of the Group are secured over leasehold buildings and workshops and land-use right of the Group and joint and several guarantees from a shareholder and its related parties.
- Bills payables of the Group are secured by certain short-term bank deposits of the Group and corporate guarantee from certain subsidiaries.
- Trade receivables factoring of the Group are secured by certain trade receivables and joint and several guarantees from a shareholder and its related parties.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately prec eding financial period

	Group	
	1Q15	1Q14
	RMB'000	RMB'000
Cash flows from operating activities		
Total loss	**(5,898)**	(6,247)
Adjustments for:		
-Income tax expense	**747**	879
-Amortisation and depreciation	**1,697**	1,667
-Interest expense	**2,342**	2,565
-Interest income	**(116)**	(676)
-Fair value losses on derivative financial instruments	**1,004**	566
-Unrealised currency translation losses	**50**	606
Operating losses before changes in working capital	**(174)**	(640)
Changes in working capital:		
-Trade and other receivables	**36,376**	48,620
-Inventories	**13,803**	1,841
-Other current assets	**(1,141)**	(1,053)
-Trade and other payables	**(5,460)**	(11,539)
- Provision for restructuring and retrenchment	**-**	(2,100)
Cash generated from operations	**43,404**	35,129
Interest received	**116**	676
Income tax paid	**(728)**	(618)
Net cash provided by operating activities	**42,792**	35,187
Cash flows from investing activites		
Additions to property, plant and equipment	**(4)**	(1,031)
Deposit for machinery and equipment	**(79)**	-
Net cash used in investing activities	**(83)**	(1,031)
Cash flows from financing activities		
Proceeds from borrowings	**111,846**	93,596
Repayment of borrowings	**(165,638)**	(141,328)
Interest paid	**(2,342)**	(2,565)
Decrease in short-term bank deposits pledged	**3,876**	10,498
Net cash used in financing activities	**(52,258)**	(39,799)
Net decrease in cash and cash equivalents	**(9,549)**	(5,643)
Cash and cash equivalents at beginning of financial period	**20,190**	54,098
Effects on currency translation on cash and cash equivalents	**(64)**	(431)
Cash and cash equivalents at end of financial period	**10,577**	48,024

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

Note:

For the purpose of consolidated cash flow statement, cash and cash equivalents comprise the following :-

	Group	
	1Q15	1Q14
	RMB'000	RMB'000
Cash and bank balances	**100,081**	102,012
Less: Short-term bank deposits pledged	**(89,504)**	(53,988)
	10,577	48,024

1(d)(i) A statement (for the issuer and the 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 period

(RMB'000)	Attributable to equity holders of the Company								Non-controlling interest	Total Equity
	Share Capital	Shares to be issued	Restructuring Reserve	Performance Share	Warrant Reserve	Currency Translation Reserve	Retained Profits/ (Accumulated Losses)	Total		
Group										
At 1 January 2015	104,766	-	114,040	-	727	178	(203,731)	15,980	(8)	15,972
Total comprehensive loss for the financial period	-	-	-	-	-	(13)	(5,885)	(5,898)	-	(5,898)
At 31 March 2015	104,766	-	114,040	-	727	165	(209,616)	10,082	(8)	10,074
At 1 January 2014	104,766	3,349	114,040	886	727	157	(182,280)	41,645	295	41,940
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	178	(6,572)	(6,394)	325	(6,069)
At 31 March 2014	104,766	3,349	114,040	886	727	335	(188,852)	35,251	620	35,871
Company										
At 1 January 2015	104,766	-	114,040	-	727	-	(187,730)	31,803	-	31,803
Total comprehensive income for the financial period	-	-	-	-	-	-	20,275	20,275	-	20,275
At 31 March 2015	104,766	-	114,040	-	727	-	(167,455)	52,078	-	52,078
At 1 January 2014	104,766	3,349	114,040	886	727	-	(181,852)	41,916	-	41,916
Total comprehensive loss for the financial period	-	0	-	-	-	-	(1,250)	(1,250)		(1,250)
At 31 March 2014	104,766	3,349	114,040	886	727	-	(183,102)	40,666	-	40,666

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 period

Warrants

The Company had on 20 May 2013 announced its entry into a Subscription Agreement with SAPO Investment Pte Ltd (Subscriber). Pursuant to the Subscription Agreement, the Company will issue 30,000,000 unlisted and non-transferable warrants ("Warrants") to the Subscriber for a subscription price of S$150,000.

The Warrants were issued at an issue price of S$ 0.005 each with each Warrant carrying the right to subscribe for one new share of the Company upon exercise of the Warrants by the Subscriber at the exercise price of S$ 0.075 for each new share. As at 31 December 2014, no warrant was exercised and converted into ordinary share of the Company. The Warrants will expire on 18 July 2016.

	Group and Company	
	As at 31 March 2015	As at 31 December 2014
	(No. of warrants outstanding)	
Beginning of financial period/year	**30,000,000**	-
Issuance of warrants	**-**	30,000,000
End of financial period/year	**30,000,000**	30,000,000

Great Group Performance Share Scheme Adopted on 18 June 2009

All the Shares Awards granted has lapsed as at 31 March 2015 due to the retirement, departure from the the company, or waiver of rights of the affected Directors and employees. The details have been clearly set out in the 4Q14 announcement.

There were no changes in the Company's share capital since the end of the previous period/year reported on and there were no outstanding convertibles or treasury shares held as at 31 March 2015.

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

	Group and Company	
	As at 31 March 2015	As at 31 December 2014
Number of issued shares excluding treasury shares	**265,000,000**	265,000,000

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 report on.

Not applicable.

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

The figures in this announcement have not been audited or reviewed by the Group's auditors.

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

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the fourth quarter as those applied for the most recently audited consolidated financial statements for the financial year ended 31 December 2014.

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

In the current financial period, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

Effective for annual periods beginning on or after 1 January 2015
- Improvements to FRSs
- Amendment to FRS 102 Share-based payment
- FRS 103 Business Combinations
- FRS 108 Operating Segments
- FRS 16 Property, Plant and Equipment
- FRS 24 Related Party Disclosures
- FRS 38 Intangible Assets

- RS 113 Fair Value Measurement
- Amendment to FRS 40 Investment Property

Effective for annual periods beginning on or after 1 January 2016
- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants

- Improvements to FRSs (November 2014)
- FRS 107 Financial Instruments: Disclosures
- FRS 19 Employee Benefits

Effective for annual period beginning on or after 1 January 2017
- FRS 115 Revenue from Contracts with Customers

Effective for annual period beginning on or after 1 January 2018
- FRS 109 Financial Instruments

The adoption of the above did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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

	Group	
	First Quarter ended 31 March	
	2015	2014
	RMB Cents	RMB Cents
(Losses)/Earnings per Share (Basic)		
- Continuing operations	**(2.23)**	(2.48)
- Discontinued operations	**-**	0.12
Number of shares		
Weighted average number of issued ordinary shares	**265,000,000**	265,000,000

	Group	
	First Quarter ended 31 March	
	2015	2014
	RMB Cents	RMB Cents
Losses per Share (Diluted)		
- Continuing operations	**(2.23)***	(2.48)
- Discontinued operations	**-**	0.10
Number of shares		
Weighted average number of issued ordinary shares	**295,000,000**	311,650,000

Basic loss per share is computed by dividing the loss attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period.

* As the Company incurred net loss for the first quarter ended 31 March 2015, the dilutive potential shares from outstanding warrants, shares to be issued and performance shares are anti-dilutive and no change is made to the diluted losses per share.

There was no dilutive instruments in issue for the first quarter ended 31 March 2014.

7. Net assets 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 period

	Group		Company	
	As at 31 Mar 2015	As at 31 Dec 2014	**As at 31 Mar 2015**	As at 31 Dec 2014
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Net assets value per ordinary share	**3.80**	6.03	**19.65**	12.00
Number of issued ordinary shares as at end of the financial period/year	**265,000,000**	265,000,000	**265,000,000**	265,000,000

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review 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/year 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/year reported on.

Commentary on Financial Results

Continuing operations

	Continuing operations		
	1Q15 RMB'000	1Q14 RMB'000	%Change +/(-)
Revenue	**77,357**	83,680	-7.6%
Cost of sales	**(72,432)**	(80,077)	-9.5%
Gross profit	**4,925**	3,603	+36.7%
Other gains, net	**168**	651	-74.2%
Expenses			
-Selling and distribution	**(1,926)**	(2,167)	-11.1%
-Administrative	**(5,976)**	(5,553)	-7.6%
-Finance	**(2,342)**	(2,565)	-8.7%
Loss before income tax	**(5,151)**	(6,031)	-14.6%
Income tax expenses	**(747)**	(879)	-15.0%
Net loss	**(5,898)**	(6,910)	-14.6%

Revenue

The breakdown of the revenue by business segments is as set out below:

In RMB ' 000	Revenue			Sales Volume			Average Selling Price		
	1Q15	1Q14	% Change +/(-)	**1Q15**	1Q14	% Change +/(-)	**1Q15**	1Q14	% Change +/(-)
				PC'000	PC' 000		**RMB/PC**	RMB/PC	
Contract manufacturing*	**77,357**	83,680	-7.6%	**10,916**	11,088	-1.6%	**7.09**	7.55	-6.1%
Total	**77,357**	83,680	-7.6%	**10,916**	11,088	-1.6%			

* The contract manufacturing business segment includes the results of GRAT.UNIC.

The Group's revenue for the first quarter ended 31 March 2015 ("1Q15") decreased by RMB6.3 million, or 7.6%, from RMB83.7 million in the first quarter ended 31 March 2014 ("1Q14") to RMB77.4 million in 1Q15. This was due to a decrease in average selling price coupled with the reduction in sales volume for the contract manufacturing business.

Revenue analysed by the geographical areas is as follows:

	Revenue		
	1Q15 RMB'000	1Q14 RMB'00	**%Change** +/(-)
Asia	**26,089**	15,015	+73.8%
Europe	**34,122**	49,150	-30.6%
America	**16,366**	16,034	+2.1%
Other	**780**	3,481	-77.6%
Total	**77,357**	83,680	-7.6%

Gross profit

The gross profit by business segments is as follows:

	Gross Profit		
	1Q15 RMB'000	1Q14 RMB'000	%Change +/(-)
Contract manufacturing business*	4,925	3,603	+36.7%
Total	4,925	3,603	+36.7%
Gross Profit Margin	6.4%	4.3%	n.m.

* The contract manufacturing business segment includes the results of GRAT.UNIC.

Gross profit increased by RMB1.3 million, or 36.7%, from a gross profit of RMB3.6 million in 1Q14 to a gross profit of RMB4.9 million in 1Q15. The increase in gross profit is mainly due to an improvement in the gross margin mainly arising from lower raw materials cost.

Other gains, net

The Group recorded other gains (net) of RMB0.2 million in 1Q15 as compared to other gains (net) of RMB0.7 million in 1Q14. The increase in foreign exchange gains was offset by the decrease in interest income and government grant received, as well as the higher fair value losses on derivative financial instruments.

	Other (losses)/gains, net		
	1Q15	1Q14	%Change
	RMB'000	RMB'000	+/(-)
Interest income	**116**	676	-82.8%
Government grants	**464**	1,135	-59.1%
Fair value losses on derivative financial instruments	**(1,004)**	(566)	+77.4%
Foreign exchange gains/(losses),net	**647**	(600)	n.m.
Other	**(55)**	6	n.m.
Total	**168**	651	-74.2%

Selling and distribution expenses

Selling and distribution expenses decreased by RMB0.3 million from RMB2.2 million in 1Q14 to RMB1.9 million in 1Q15. The decrease is mainly due to a reduction in promotion and exhibition expenses which is in line with a lower revenue.

Administrative expenses

Administrative expenses increased by RMB0.4 million from RMB5.6 million in 1Q14 to RMB6.0 million in 1Q15 largely due to staff retrenchment compensation.

Finance expenses

Finance expenses in 1Q15 of RMB2.3 million were RMB0.3 million lower than that of 1Q14 of RMB2.6 million. This was mainly due to lower bank borrowings of RMB299.7 million as at 31 March 2015 as compared to RMB306.4 million as at 31 December 2014.

Income tax expense

Income tax expense decreased by RMB0.2 million from RMB0.9 million in 1Q14 to RMB0.7 million in 1Q15. The reduction in income tax expense is mainly due to lower chargeable income derived by the Group's major subsidiaries.

Discontinued operation

On 23 October 2014, the Company entered into a termination agreement with Christensen, Jens Fruelund to terminate the acquisition of Sinex Solutions Limited ("Sinex") under Brands Solutions Business Segment. Prior thereto, there was loss of control culminating in the resignation of the Group's representative on the board of Sinex with effect from 25 September 2014. Accordingly, the Company has deconsolidated the results of Sinex and its results are classified as discontinued operation. The consolidated comparative statement of comprehensive loss for 1Q14 has been reorganised to distinguish the discontinued operation from the continued operations for the Group.

Gain from discontinued operation, net of tax

	Discontinued operation		
	1Q15	1Q14	%Change
	RMB'000	RMB'000	+/(-)
Revenue	**-**	9,208	n.m.
Cost of sales	**-**	(8,332)	n.m.
Gross profit	**-**	876	n.m.
Expenses			
-Selling and distribution	**-**	(110)	n.m.
-Administrative	**-**	(103)	n.m.
Profit before income tax	**-**	663	n.m.
Income tax expenses	**-**	-	n.m.
Net profit	**-**	663	n.m.

Commentary on Financial Position

Current assets

Cash and cash equivalents decreased by RMB13.5 million from RMB113.6 million as at 31 December 2014 to RMB100.1 million as at 31 March 2015.

Trade and other receivables increased by RMB10.7 million or 6.4% to RMB179.0 million as at 31 March 2015 from RMB168.3 million as at 31 December 2014 mainly due to two new customers. Increase in advances to one supplier also contributed to this increase.

	31 Mar 2015	31 Dec 2014	% Change
	RMB'000	RMB'000	+/ (-)
Trade receivables	**194,215**	186,249	+4.3%
Less: Allowance for impairment of trade receivables	**(137,793)**	(137,793)	-
	56,422	48,456	+16.4%
Advances to suppliers	**108,435**	103,222	+5.1%
Less: Allowance for impairment of advances to suppliers	**(3,393)**	(3,393)	-
	105,042	99,829	+5.2%
Other receivables	**10,441**	8,090	+29.1%
Value added tax receivables	**7,050**	11,877	-40.6%
Total	**178,955**	168,252	+6.4%

Inventories

	31 Mar 2015	31 Dec 2014	% Change
	RMB '000	RMB '000	+/ (-)
Raw materials	**30,142**	42,794	-29.6%
Work-in-progress	**1,999**	2,485	-19.6%
Finished goods	**15,336**	16,001	-4.2%
Sub-total	**47,477**	61,280	-22.5%
Less: Write-down of finished goods which were considered obsolete.	**(8,452)**	(8,452)	-
Total	**39,025**	52,828	-26.1%

Inventories as at 31 March 2015 were RMB39.0 million, representing a decrease of RMB13.8 million from RMB52.8 million as at 31 December 2014. The decrease was due to a RMB12.7 million reduction in raw materials and RMB0.7 million decrease in finished goods..

Non current assets

The Group's property, plant and equipment decreased by RMB1.5 million, or 3.1%, to RM46.4 million as at 31 March 2015 from RMB47.9 million as at 31 December 2014. This was mainly due to the depreciation charges of RMB 1.6 million.

Current liabilities

As at 31 March 2015, current liabilities amounted to RMB374.6 million, a decrease of 3.1% or RMB12.1 million compared to RMB386.7 million as at 31 December 2014. This was mainly due to the decrease in borrowings of RMB6.7 million as at 31 March 2015 and the decrease in trade and other payables of RMB5.5 million.

The breakdown of borrowings is as follows:

	As at 31 Mar 2015			As at 31 Dec 2014		
	Gross	**Deposits pledged**	**Net**	Gross	Deposits pledged	Net
	RMB' 000	**RMB' 000**	**RMB' 000**	RMB' 000	RMB' 000	RMB' 000
Bank borrowings	**90,350**	**-**	**90,350**	90,380	-	90,380
Bills payables	**85,339**	**(39,504)**	**45,835**	85,840	(38,379)	47,461
Trade financing	**123,986**	**(50,000)**	**73,986**	130,167	(55,000)	75,167
Total	**299,675**	**(89,504)**	**210,171**	306,387	(93,379)	213,008

The decrease in gross borrowings was mainly due to the repayment of borrowings for trade financing of RMB6.2 million.

Shareholder's equity

Total shareholders' equity as at 31 March 2015 amounted to approximately RMB10.1 million, comprising mainly of share capital of RMB104.8 million, restructuring reserve of RMB114.0 million and accumulated losses of RMB209.6 million. The decrease was mainly due to a total loss of RMB5.9 million incurred during 1Q15.

Movement in accumulated losses of the Group is as follows:

In RMB ' 000	**31 Mar 2015**	**31 Dec 2014**	**% Change**
			+/ (-)
Beginning of financial period	**(203,731)**	(182,280)	+11.8%
Total loss	**(5,898)**	(22,337)	-73.6%
Reversal of performance share expense	**-**	886	n.m.
Total	**(209,629)**	(203,731)	+2.9%

Commentary on financial cash flow

Cash and bank balances decreased by RMB9.6 million to RMB10.6 million as at 31 March 2015 from RM20.2 million as at 31 December 2014.

The Group generated RMB42.8 million from operating activities mainly due to improved working capital as management tightened its controls over trade and other payables and inventories. In addition, the Group relied on bills payable to pay most of the suppliers, thus reducing the outflow of cash and bank balances.

The Group's net cash used in investing activities of RMB0.08 million was mainly related to deposits for machinery and equipment.

Net cash used in financing activities of RMB52.3 million, was mainly due to higher repayment of borrowings as compared to the increase in proceeds from borrowings.

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

Not applicable.

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

With continuing uncertainties and volatility in the business environment that the Group operates in, the Group expects conditions to remain challenging. In particular, China's labour cost is losing its competitiveness against relatively lower cost manufacturing countries in Southeast Asia and the Bangladesh. The Group will continue to intensify its efforts to contain costs and increase efficiency for the contract manufacturing business segment.

The Company has announced a proposed renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 2,065,000,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.005 for each Rights Share on the basis of seven (7) Rights Shares for every one (1) existing ordinary share in the capital of the Company held by the shareholders of the Company. The Company will be seeking approval of shareholders for the Proposed Rights Issue at an extraordinary general meeting to be convened.

The Group believes that the completion of the Proposed Rights Issue will strengthen the Group's financial position and set the platform for new potential investments and businesses.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

14. Interested person transactions

The Group does not have a general mandate from shareholders on interested person transactions. The aggregate value of interested person transactions for the period ended 31 March 2015 is as follows:

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Purchases from Quanzhou Honghao Colour Printing Co., Ltd., a company in which our Ex-Director Mr Weng Wenju owns 50% of the interest. Mr Weng Wenju is brother of Mr Weng Wenwei.	RMB0.03 million	NA

Mr Weng Wenwei had, in connection with banking facilities granted by various banks to our Group, provided personal guarantees to secure such facilities. No fees were paid or are payable by our Group to Mr Weng Wenwei in connection with such guarantees.

15. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate has been obtained from shareholders for IPTs.

On behalf of the Board of Directors,

BY ORDER OF THE BOARD
Weng Wenwei (翁文伟)
Chief Executive Officer
7 May 2015