

**CHINA HONGCHENG HOLDINGS LIMITED**  
(Incorporated in Bermuda)

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**QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL**

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*China Hongcheng Holdings Limited (the “**Company**”) was placed on the watch-list pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) with effect from 4 September 2013.*

Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST, the Board of Directors (the “**Board**”) of the Company wishes to provide the following updates:

Update on Financial Position

The unaudited loss of the Company was RMB77.5 million for the financial year ended 30 June 2014 (Audited loss for the financial year ended 30 June 2013: RMB77.5 million). The loss was mainly attributable to a decrease in sales volume and the profit margins of the Group’s products as a result of the weak market conditions and an increase in the Group’s bank borrowings for additional working capital during the period. The borrowing costs contributed to about 70% of the Group’s loss for the period.

Update on Future Direction

As the current domestic market demand is weak, the Company is focusing on the European and US markets.

Consistent with this strategy, the Group has been negotiating orders with a US retail customer, Target Corporation, and had passed their quality control requirements. Accordingly, the Company expects the Group’s export sales to improve in the near future.

By Order of the Board  
CHINA HONGCHENG HOLDINGS LIMITED

Liu Ming  
Executive Chairman  
29 August 2014