LONGCHEER HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 31 MARCH 2014

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

1 (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for the 3rd quarter ended 31 March 2014. These figures have not been audited.

Income Statement For 3rd Quarter

	<----------The Group---------->					
	FY2014 3rd Qtr 1 Jan 14 to 31 Mar 14 **RMB'000**	**FY2013 3rd Qtr** 1 Jan 13 to 31 Mar 13 **RMB'000**	**+/(-) %**	**FY2014 9 months** 1 Jul 13 to 31 Mar 14 **RMB'000**	**FY2013 9 months** 1 Jul 12 to 31 Mar 13 **RMB'000**	**+/(-) %**
Revenue	**998,380**	**1,050,654**	**-5**	**4,149,220**	**2,672,868**	**55**
Cost of sales	(929,504)	(973,181)	-4	(3,837,182)	(2,465,866)	56
Gross profit	**68,876**	**77,473**	**-11**	**312,038**	**207,002**	**51**
Other income	1,687	739	128	6,689	9,645	-31
Distribution costs	(9,796)	(8,821)	11	(44,823)	(25,590)	75
Administrative expenses	(57,663)	(52,921)	9	(209,200)	(156,316)	34
Other operating expenses	(1,115)	(1,965)	-43	(13,647)	(2,740)	398
Finance income	9,967	7,986	25	27,484	20,461	34
Share of results of associates	1,447	1,236	17	4,231	3,979	6
Finance costs	(613)	(3,039)	-80	(2,155)	(10,756)	-80
Profit before income tax	**12,790**	**20,688**	**-38**	**80,617**	**45,685**	**76**
Income tax expense	(1,936)	(1,619)	20	(10,748)	(4,570)	135
Profit for the period	**10,854**	**19,069**	**-43**	**69,869**	**41,115**	**70**
Profit for the period attributable to:						
Owners of the Company	10,854	17,579	-38	69,189	38,940	78
Non-controlling interests	-	1,490	-100	680	2,175	-69
	10,854	**19,069**	**-43**	**69,869**	**41,115**	**70**

LONGCHEER HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

Statement of Comprehensive Income

	<----------The Group---------->					
	FY2014 3rd Qtr 1 Jan 14 to 31 Mar 14 **RMB'000**	**FY2013 3rd Qtr** 1 Jan 13 to 31 Mar 13 **RMB'000**	**+/(-) %**	**FY2014 9 months** 1 Jul 13 to 31 Mar 14 **RMB'000**	**FY2013 9 months** 1 Jul 12 to 31 Mar 13 **RMB'000**	**+/(-) %**
Profit for the period	**10,854**	**19,069**	**-43**	**69,869**	**41,115**	**70**
Other comprehensive income, net of tax						
Items that may be reclassified subsequently to profit or loss						
Change in fair value on available-for-sale financial assets	97	211	-54	762	10	7,520
Currency translation						
- Group	(641)	(917)	-30	(1,652)	(1,200)	38
- Associates	491	537	-9	368	66	458
- Available-for-sale financial assets	37	42	-12	(13)	(32)	-59
- Reclassification adjustment						
-Disposal of subsidiaries	-	-	nm	6,026	-	nm
Other comprehensive income for the period, net of tax amounting to nil	**(16)**	**(127)**	**-87**	**5,491**	**(1,156)**	**nm**
Total comprehensive income for the period	**10,838**	**18,942**	**-43**	**75,360**	**39,959**	**89**
Total comprehensive income attributable to:						
Owners of the Company	10,838	17,452	-38	74,680	37,784	98
Non-controlling interests	-	1,490	-100	680	2,175	-69
	10,838	**18,942**	**-43**	**75,360**	**39,959**	**89**

nm: Not meaningful / material

Notes:

(i) Profit before tax is determined after crediting / (charging) the following:

	<----------The Group---------->					
	FY2014 3rd Qtr	**FY2013 3rd Qtr**		**FY2014 9 months**	**FY2013 9 months**	
	1 Jan 14 to 31 Mar 14	1 Jan 13 to 31 Mar 13	**+/(-)**	1 Jul 13 to 31 Mar 14	1 Jul 12 to 31 Mar 13	**+/(-)**
	RMB'000	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
(a) Interest income	8,881	5,645	57	22,805	14,039	62
(b) Interest income on other receivables	1,086	2,341	-54	4,679	6,422	-27
(c) Interest expenses	(613)	(3,039)	-80	(2,155)	(10,756)	-80
(d) Amortisation of land use rights	(99)	(99)	-	(299)	(299)	-
(e) Amortisation of intangible assets	(771)	(1,525)	-49	(3,179)	(4,648)	-32
(f) Depreciation of property, plant and equipment	(2,287)	(2,621)	-13	(7,214)	(8,727)	-17
(g) Foreign exchange (loss) / gain	318	(1,179)	nm	(5,574)	(1,028)	442
(h) Loss on disposal of property, plant and equipment	(430)	(82)	424	(756)	(174)	334
(i) Write off of intangible assets	-	-	nm	(166)	-	nm
(j) Loss on disposal of subsidiaries	-	-	nm	(4,570)	-	nm
(k) Gain on disposal of interests in associates	-	-	nm	147	-	nm
(l) Allowance for and write down of inventories	(13,922)	(9,344)	49	(46,187)	(17,576)	163
(m) Equity-settled share-based payment expenses	(241)	(412)	-42	980	3,430	-71
(n) Gain from disposal of available-for-sale financial assets	-	550	-100	-	550	-100

(ii) Finance income includes interest income and interest income on other receivables.

(iii) Gain from disposal of available-for-sale financial asset is included in other income.

LONGCHEER HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

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.

Statements of Financial Position

	<-------- Group-------->		<------ Company----->	
	As at 31 Mar 14 RMB'000	**As at 30 Jun 13 RMB'000**	**As at 31 Mar 14 RMB'000**	**As at 30 Jun 13 RMB'000**
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	86,049	87,265	-	-
Investment properties	144,600	144,600	-	-
Land use rights	18,423	18,722	-	-
Intangible assets	3,454	4,736	-	-
Interests in subsidiaries	-	-	166,175	166,893
Interests in associates	85,753	75,041	-	-
Available-for-sale financial assets	4,156	3,407	-	-
	342,435	**333,771**	**166,175**	**166,893**
Current assets				
Cash and deposit balances	209,373	187,215	1,432	1,589
Restricted bank balances and pledged deposits	1,121,338	512,687	-	-
Amounts due from subsidiaries	-	-	138,086	47,911
Note receivables	182,451	340,207	-	-
Trade receivables	332,675	533,708	-	-
Other receivables	125,585	183,340	-	-
Trade deposits paid to suppliers	17,892	12,293	-	-
Inventories	280,949	329,645	-	-
	2,270,263	**2,099,095**	**139,518**	**49,500**
Current liabilities				
Bank borrowings	77,986	78,194	-	-
Trade and bill payables	1,573,499	1,502,901	-	-
Amounts due to subsidiaries	-	-	37,675	29,259
Other payables	164,842	106,302	2,664	2,847
Trade deposits received from customers	116,142	84,172	-	-
Income tax payable	10,865	6,854	-	-
	1,943,334	**1,778,423**	**40,339**	**32,106**
Net current assets	**326,929**	**320,672**	**99,179**	**17,394**
Net assets	**669,364**	**654,443**	**265,354**	**184,287**
EQUITY				
Equity attributable to owners of the Company				
Share capital	65,608	65,608	65,608	65,608
Treasury shares	(90,042)	(90,231)	(90,042)	(90,231)
Reserves	693,798	616,841	289,788	208,910
	669,364	**592,218**	**265,354**	**184,287**
Non-controlling interests	-	62,225	-	-
Total equity	**669,364**	**654,443**	**265,354**	**184,287**

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable within 1 year or less, or on demand

As at 31 March 2014	
Secured **RMB'000**	Unsecured **RMB'000**
77,986	-

As at 30 June 2013	
Secured **RMB'000**	Unsecured **RMB'000**
78,194	-

Amount repayable after 1 year

As at 31 March 2014	
Secured **RMB'000**	Unsecured **RMB'000**
-	-

As at 30 June 2013	
Secured **RMB'000**	Unsecured **RMB'000**
-	-

Details of Collateral for Secured Borrowings: Pledged bank and structure deposits of RMB 50.9 million and corporate guarantees from a subsidiary of the Group and third parties. Meanwhile, a subsidiary of the Group provides guarantees to the third parties with reference to the terms and conditions in the guarantee provided by the third parties.

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

Statement of cash flows for 3rd Quarter Ended 31 March

	<----------The Group---------->			
	FY2014 3rd Qtr 1 Jan 14 to 31 Mar 14 **RMB'000**	**FY2013 3rd Qtr** 1 Jan 13 to 31 Mar 13 **RMB'000**	**FY2014 9 months** 1 Jul 13 to 31 Mar 14 **RMB'000**	**FY2013 9 months** 1 Jul 12 to 31 Mar 13 **RMB'000**
Cash flow from operating activities:				
Profit before income tax	12,790	20,688	80,617	45,685
Adjustments for:				
Interest income	(8,881)	(5,645)	(22,805)	(14,039)
Interest income on other receivables	(1,086)	(2,341)	(4,679)	(6,422)
Interest expenses	613	3,039	2,155	10,756
Allowance for and write down of inventories	13,922	9,344	46,187	17,576
Amortisation of land use rights	99	99	299	299
Amortisation of intangible assets	771	1,525	3,179	4,648
Depreciation of property, plant and equipment	2,287	2,621	7,214	8,727
Loss on disposal of property, plant and equipment	430	82	756	174
Write off of intangible assets	-	-	166	-
Share of results of associates	(1,447)	(1,236)	(4,231)	(3,979)
Dividend received from available-for-sale financial assets	-	-	(164)	(42)
Loss on disposal of subsidiaries	-	-	4,570	-
Gain on disposal of interests in associates	-	-	(147)	-

	<----------The Group---------->			
	FY2014 3rd Qtr	**FY2013 3rd Qtr**	**FY2014 9 months**	**FY2013 9 months**
	1 Jan 14 to 31 Mar 14	1 Jan 13 to 31 Mar 13	1 Jul 13 to 31 Mar 14	1 Jul 12 to 31 Mar 13
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Equity-settled share-based payment expenses	241	412	(980)	(3,430)
Gain from disposal of available-for-sale financial asset	-	(550)	-	(550)
Operating cash flows before movements in working capital	**19,739**	**28,038**	**112,137**	**59,403**
Decrease / (increase) in trade and note receivables	681,707	24,551	313,595	(235,867)
(Increase) / decrease in other receivables and trade deposits paid to suppliers	(296)	11,959	(90,078)	(7,439)
Decrease / (increase) in inventories	154,529	(31,731)	(1,432)	(226,599)
(Decrease) / increase in trade and bill payables	(599,237)	83,030	126,707	959,986
(Decrease) / increase in other payables and trade deposits received from customers	(5,490)	(61,115)	133,416	28,635
Cash generated from operations	**250,952**	**54,732**	**594,345**	**578,119**
Interest paid	(597)	(3,039)	(2,154)	(10,756)
Income tax (paid) / refund	(100)	1,080	116	(6,793)
Net cash generated from operating activities	**250,255**	**52,773**	**592,307**	**560,570**
Cash flow from investing activities:				
Interest received	11,914	8,952	32,847	16,299
Proceeds from disposal of property, plant and equipment	41	17	50	359
Purchase of property, plant and equipment	(3,876)	(1,695)	(10,474)	(3,820)
Purchase of intangible assets	(163)	(1,297)	(2,690)	(1,297)
Dividend received from associates	4,884	-	4,884	-
Proceed from disposal of interests in associates	-	-	1,650	-
Dividend received from available-for-sale financial assets	-	-	164	42
Proceeds from disposal of available-for-sale financial assets	-	550	-	550
Disposal of subsidiaries (net of cash and cash equivalents disposed)	-	-	20,879	-
Distribution to non-controlling interests upon winding-up of subsidiaries	-	-	(5,238)	-
(Increase) / decrease in restricted bank balances and pledged deposits	(289,309)	35,830	(608,651)	(341,970)
Net cash (used in) / generated from investing activities	**(276,509)**	**42,357**	**(566,579)**	**(329,837)**
Cash flow from financing activities:				
Purchase of treasury shares	-	(746)	(1,723)	(746)

	<----------The Group---------->			
	FY2014 3rd Qtr	**FY2013 3rd Qtr**	**FY2014 9 months**	**FY2013 9 months**
	1 Jan 14 to 31 Mar 14	1 Jan 13 to 31 Mar 13	1 Jul 13 to 31 Mar 14	1 Jul 12 to 31 Mar 13
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Proceeds from bank borrowings	10,000	-	20,000	20,000
Repayment of bank borrowings	-	(78,968)	(20,000)	(166,968)
Net cash generated from / (used in) financing activities	**10,000**	**(79,714)**	**(1,723)**	**(147,714)**
Net (decrease) / increase in cash and cash equivalents	**(16,254)**	**15,416**	**24,005**	**83,019**
Cash and cash equivalents at the beginning of the financial period	224,353	186,212	186,075	119,014
Effect of foreign exchange rate changes, net	134	(49)	(1,847)	(454)
Cash and cash equivalents at the end of the financial period	**208,233**	**201,579**	**208,233**	**201,579**
Analysis of cash and cash equivalents				
Cash and bank deposits	1,329,571	609,670	1,329,571	609,670
Less: Restricted bank balances and pledged deposits	(1,121,338)	(408,091)	(1,121,338)	(408,091)
Cash and cash equivalents	**208,233**	**201,579**	**208,233**	**201,579**
Fixed bank deposits with an original maturity of more than 3 months	1,140	677	1,140	677
Cash and deposit balances	**209,373**	**202,256**	**209,373**	**202,256**

LONGCHEER HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

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.

Statement of Changes in Equity for the Group

	Attributable to owners of the Company												
	Share capital	Treasury shares	Share premium	Capital reserve	Legal reserve	Share award reserve	Trans-lation reserve	Property re-valuation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Jan 2014	**65,608**	**(91,954)**	**138,818**	**30,546**	**68,833**	**1,215**	**(51,026)**	**10,994**	**617**	**484,634**	**658,285**	**-**	**658,285**
Arising from share award plan	-	-	-	-	-	241	-	-	-	-	241	-	241
Use of treasury shares for share award vested	-	1,912	-	-	-	(747)	-	-	-	(1,165)	-	-	-
Transactions with owners	**-**	**1,912**	**-**	**-**	**-**	**(506)**	**-**	**-**	**-**	**(1,165)**	**241**	**-**	**241**
Profit for the period	-	-	-	-	-	-	-	-	-	10,854	10,854	-	10,854
Other comprehensive income													
-Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	97	-	97	-	97
-Currency translation													
- Group	-	-	-	-	-	-	(641)	-	-	-	(641)	-	(641)
- Associate	-	-	-	-	-	-	491	-	-	-	491	-	491
- Available-for-sale financial assets	-	-	-	-	-	-	37	-	-	-	37	-	37
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(113)**	**-**	**97**	**10,854**	**10,838**	**-**	**10,838**
Balance at 31 Mar 2014	**65,608**	**(90,042)**	**138,818**	**30,546**	**68,833**	**709**	**(51,139)**	**10,994**	**714**	**494,323**	**669,364**	**-**	**669,364**

LONGCHEER HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

	Attributable to owners of the Company												
	Share capital	Treasury shares	Share premium	Capital reserve	Legal reserve	Share award reserve	Trans-lation reserve	Property re-valuation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Jan 2013	**65,608**	**(89,485)**	**138,818**	**64,290**	**69,691**	**1,503**	**(54,242)**	**10,994**	**(201)**	**348,251**	**555,227**	**63,650**	**618,877**
Arising from share award plan	-	-	-	-	-	412	-	-	-	-	412	-	412
Purchase of treasury shares	-	(746)	-	-	-	-	-	-	-	-	(746)	-	(746)
Transactions with owners	**-**	**(746)**	**-**	**-**	**-**	**412**	**-**	**-**	**-**	**-**	**(334)**	**-**	**(334)**
Profit for the period	-	-	-	-	-	-	-	-	-	17,579	17,579	1,490	19,069
Other comprehensive income													
-Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	211	-	211	-	211
-Currency translation													
- Group	-	-	-	-	-	-	(917)	-	-	-	(917)	-	(917)
- Associate	-	-	-	-	-	-	537	-	-	-	537	-	537
- Available-for-sale financial assets	-	-	-	-	-	-	42	-	-	-	42	-	42
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(338)**	**-**	**211**	**17,579**	**17,452**	**1,490**	**18,942**
Transfer to legal reserve	-	-	-	-	4,462	-	-	-	-	(4,462)	-	-	-
Balance at 31 Mar 2013	**65,608**	**(90,231)**	**138,818**	**64,290**	**74,153**	**1,915**	**(54,580)**	**10,994**	**10**	**361,368**	**572,345**	**65,140**	**637,485**

Statement of Changes in Equity for the Company

Company	Share capital	Treasury shares	Share premium	Share award reserve	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Jan 2014	**65,608**	**(91,954)**	**138,818**	**1,215**	**(85,723)**	**147,687**	**175,651**
Arising from share award plan	-	-	-	241	-	-	241
Use of treasury shares for share award vested	-	1,912	-	(747)	-	(1,165)	-
Transactions with owners	**-**	**1,912**	**-**	**(506)**	**-**	**(1,165)**	**241**
Profit for the period	-	-	-	-	-	87,659	87,659
Other comprehensive income							
-Currency translation	-	-	-	-	1,803	-	1,803
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**1,803**	**87,659**	**89,462**
Balance at 31 Mar 2014	**65,608**	**(90,042)**	**138,818**	**709**	**(83,920)**	**234,181**	**265,354**
Balance at 1 Jan 2013	**65,608**	**(89,485)**	**138,818**	**1,503**	**(80,120)**	**155,741**	**192,065**
Arising from share award plan	-	-	-	412	-	-	412
Purchase of treasury shares	-	(746)	-	-	-	-	(746)
Transactions with owners	**-**	**(746)**	**-**	**412**	**-**	**-**	**(334)**
Loss for the period	-	-	-	-	-	(2,625)	(2,625)
Other comprehensive income							
-Currency translation	-	-	-	-	(504)	-	(504)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(504)**	**(2,625)**	**(3,129)**
Balance at 31 Mar 2013	**65,608**	**(90,231)**	**138,818**	**1,915**	**(80,624)**	**153,116**	**188,602**

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.

There was no change in the authorised, issued and paid-up share capital of the Company since the Company's previous announcement.

As at 31 March 2014, the Company held 44,218,750 (31 March 2013: 43,019,250) treasury shares. During the quarter, 1,084,500 treasury shares were used to satisfy the vesting of an equivalent number of share awards.

As at 31 March 2014, there were 2,530,500 (31 March 2013: 4,449,000) share awards outstanding, which would result in an issue or transfer of an equivalent number of shares in the Company if performance conditions are met.

Details of the Share Award Plan are provided in the Circular to shareholders dated 28 September 2007. In summary, these share awards would vest over a 3-year period, and subject to achievement of certain performance conditions. Shares would be issued or transferred to such participants in accordance with their entitlements of the share awards.

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---->	
	As at 31 Mar 14	**As at 30 Jun 13**
Issued shares	396,664,100	396,664,100
Less: Treasury shares	(44,218,750)	(43,019,250)
Total number of issued shares excluding treasury shares	352,445,350	353,644,850

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.

During the quarter, 1,084,500 treasury shares were used to satisfy the vesting of an equivalent number of share awards.

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

The figures have not been audited or reviewed by the Company's auditors.

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

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 30 June 2013, except for the adoption of revised International Financial Reporting Standards (IFRSs) which became effective for the financial period beginning on 1 July 2013. The adoption of these revised IFRSs did not give rise to significant changes to the financial statements.

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.

Refer to note (4) above.

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.

	<----------The Group---------->			
	FY2014 3rd Qtr RMB cents	**FY2013 3rd Qtr RMB cents**	**FY2014 9 months RMB cents**	**FY2013 9 months RMB cents**
Earnings per share	3.08	4.96	19.68	10.98
Weighted average number of shares	352,047,700	354,267,072	351,657,474	354,518,924

There was no dilutive potential ordinary share. There is no dilution effect from contingently issuable shares arising from the share awards as performance conditions for the current financial year has not been met.

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.

	<----The Group---->		<----The Company--->	
	As at 31 Mar 14 RMB (cents)	**As at 30 Jun 13 RMB (cents)**	**As at 31 Mar 14 RMB (cents)**	**As at 30 Jun 13 RMB (cents)**
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period	189.92	167.46	75.29	52.11
Number of shares (excluding treasury shares)	352,445,350	353,644,850	352,445,350	353,644,850

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.

Review of the Performance of the Group

Revenue

The Group's revenue for Q3 FY14 decreased by 5% to RMB 998.4 million compared to Q3 FY13 of RMB 1,050.7 million.

The decrease in revenue was mainly due to a decrease of 30% in total shipment from 5.27 million units in Q3 FY13 to 3.72 million units in Q3 FY14.

Gross profit and Gross profit margin

Gross profit for Q3 FY14 decreased by 11% to RMB 68.9 million in Q3 FY14 compared to RMB 77.5 million for Q3 FY13. Gross profit margin for Q3 FY14 was 6.90% while gross profit margin in Q3 FY13 was7.37%.

Other income

Other income increased from RMB 0.7 million in Q3 FY13 to RMB 1.7 million in Q3 FY14 mainly due to receipt of Value-Added-Tax refund from government in Q3 FY14.

Distribution Costs and Administrative Expenses

Operating expenses comprising, distribution costs and administrative expenses increased by 9% to RMB 67.4 million in Q3 FY14 as compared to RMB 61.7 million in Q3 FY13 due mainly to increase in staff costs including staff performance bonus.

Distribution costs and administrative expenses to revenue ratio increased from 5.88% in Q3 FY13 to 6.75% in Q3 FY14.

Other operating expenses

Other operating expenses decreased from RMB 2.0 million in Q3 FY13 to RMB 1.1 million in Q3 FY14 mainly due to incurrence of foreign exchange loss of RMB 1.2 million in Q3 FY13 compared to a gain of RMB 0.3 million in Q3 FY14.

As a result of increase in contribution from export sales in Q3 FY14, which are denominated in United States dollars and the depreciation of Reminbi against United States dollars in the current quarter, the Group recorded foreign exchange gain in the current quarter.

Finance income

Finance income comprised of interest income, interest income on other receivable from Yaxin.

Interest income increased from RMB 5.6 million in Q3 FY13 to RMB 8.9 million in Q3 FY14 as a result of increase in deposit balances. Average deposits balances including restricted bank balances and pledged deposits increased from RMB 620.6 million during Q3 FY13 to RMB 1,194.1 million during Q3 FY14.

Interest income on other receivable from Yaxin decreased from RMB 2.3 million in Q3 FY13 to RMB 1.1 million in Q3 FY14 due to decrease in receivable from Yaxin following the partial payment from Yaxin in FY14.

Finance costs

Finance costs for Q3 FY14 decreased to RMB 0.6 million in Q3 FY14 compared to RMB 3.0 million in Q3 FY13. This was mainly due to decrease in note receivable discounting which reduced finance costs.

Allowance for and write down of inventories

Allowance for and write down of inventories increased by 49% to RMB 13.9 million in Q3 FY14 compared to RMB 9.3 million in Q3 FY13. This is mainly due to increase in business volume resulting higher level of inventories of the Group for the quarter as well as changes in technology trend and recent consumption and usage level of the inventories.

Average level of inventories increased by 24% to RMB 388.9 million in Q3 FY14 compared to RMB 313.4 million in Q3 FY13.

Allowance for and write down of inventories as a percentage of cost of sales increased to 1.50% in Q3 FY14 as compared to 0.96% in Q3 FY13.

The net realisable value of inventories is assessed in accordance with the accounting policies stated in the audited financial statements for the year ended 30 June 2013.

Balance Sheets
(31 March 2014 compared to 30 June 2013)

Property, Plant & Equipment

Property, plant and equipment amounted to RMB 86.0 million which is mainly attributable to the factory and equipment at the Group's manufacturing base located in Huizhou.

Investment Properties

This mainly relates to the Group's investment properties located in Xi'an and Shanghai.

Interests in Associates

This mainly relates to the Group's investment in 20%-owned associate, Mentech. Interests in associates increased to RMB 85.8 million as at 31 March 2014 from RMB 75.0 million as at 30 June 2013 was attributable to the recognition of the Group's interest in Tricheer as associate following the completion of capital reduction and since then Tricheer ceased to be subsidiary of the Group. For details of the capital reduction of Tricheer, please refer to the announcements dated 6 May 2013 and 16 October 2013 and circular dated 3 July 2013.

Restricted bank balances and pledged deposits

During the period, restricted bank balances and pledged deposits increased from RMB 512.7 million as at 30 June 2013 to RMB 1,121.3 million as at 31 March 2014. This is mainly due to the increase in settlement of amount with suppliers using bill payables. For issuing bill payables, the Group has to place deposits with banks as restricted bank balances and pledged deposits. As such, balance of restricted bank balances and pledged deposits increased. Details of bill payables are discussed under heading "Trade and bill payables" below.

Note receivables

During the period, note receivables decreased by RMB 157.8 million or 46% to RMB 182.5 million upon maturity of certain note receivables.

Trade receivables

During the period, trade receivables decreased by RMB 201.0 million or 38% to RMB 332.8 million following settlement by customers during the period.

Other receivables

Other receivables mainly relates to a refund of deposit paid for a property in Zhangjiang, Shanghai. The refund of deposits bears interest. During the quarter, interest income from the other receivable amounted to RMB 1.0 million. For further details of the transaction, please refer to announcement by the Company released on 27 July 2011, 4 February 2013 and 29 January2014. Balance of other receivables decreased from RMB 183.3 million as at 30 June 2013 to RMB 125.6 million as at 31 March 2014 mainly due to the receipt of partial payment from Yaxin during FY14.

Inventories

The decrease in amount of inventories of RMB 48.7 million or 15% is mainly due to decrease in procurement following decrease in revenue recorded during the quarter.

Trade and bill payables

Trade and bill payables increased by RMB 70.6 million or 5% mainly due to increase in settlement using bill payables with maturity ranged from 3 months to 1 year. As a result of this, the trade payables turnover days also increased during the period. Amount of bill payables increased from RMB 748.4 million as at 30 June 2013 to RMB 1,115.0 million as at 31 March 2014. For issuance of bill payables, the Group has to place deposits with banks as restricted bank balances and pledged deposits, hence balance of restricted bank balances and pledged deposits also increased from RMB 512.7 million as at 30 June 2013 to RMB 1,121.3 million as at 31 March 2014 which is discussed above.

As a result of increase in settlement using bill payables, net finance income (defined as interest income excluding income on other receivables over interest expenses) increased from RMB 2.6 million in Q3 FY13 to RMB 8.3 million in Q3 FY14.

Other Payables

The increase in other payables is mainly due to increase in accruals of staff costs including staff performance bonus following improvement in profitability of the Group.

Working Capital Management

Working capital was managed as to optimise capital efficiency:-

Turnover Days	**Q3 FY14 Days**	**Q3 FY13 Days**
Trade receivables (including trade deposits paid to suppliers)	29.6	32.6
Inventories	21.8	22.9
Trade payables (including trade deposits received from customers)	116.9	108.3

Despite increase in settlement using bill payables with maturity ranged from 3 months to 1year and thus trade payables turnover days increase accordingly, the overall net finance income has been increased.

Cash Flow

For Q3 FY14, the Group recorded net cash generated from operating activities of RMB 250.3 million. This is mainly attributable to (i) profit recorded during Q3 FY14 and (ii) decrease in balance of trade receivables following settlements from customers.

During the quarter, the Group paid RMB 4.0 million for acquisition of fixed assets and placed RMB 289.3 million as restricted bank balances and pledged deposits for issuance of bill payables. Furthermore, the Group received dividend of RMB 4.9 million from its 20%-owned associate, Mentech.

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

No forecast or prospect statement had been made.

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.

The 3G smartphone market is highly competitive and the competition is increasingly more intensive in the future, with gross profit margin continuously under pressure.

Moreover, the change of promotion policies of the major telecommunication carriers in China may also affect the demand of smartphones in China which resulted pressure on our shipment volume.

The Group has been putting its efforts in developing 4G products and could be put into the market in the near future.

The Group will continue to rationalise its clientele and execute strict cost control to improve its operating efficiency. Barring from any unforeseeable circumstances, the Company will benefit from the efforts in products and customers rationalization and resulting profitability.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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) Dividend is before tax, net of tax or tax exempt : N.A.

(d) Date of Dividend payable : N.A.

(e) Book Closure Date : N.A.

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

No dividend has been recommended.

13. 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 IPT mandate has been obtained.

14. Negative Confirmation pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the quarter ended 31 March 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
LONGCHEER HOLDINGS LIMITED

Dr Du Junhong
Executive Chairman
12 May 2014