LONGCHEER HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 35673)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2014

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

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

Group Income Statement for the first quarter ended 30 September 2014. These figures have not been audited.

Income Statement For 1st Quarter

	<----------The Group---------->		
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14 **RMB'000**	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13 **RMB'000**	**+/(-)** **%**
Continuing operations			
Revenue	**3,135**	**2,213**	**42**
Cost of sales	(808)	(777)	4
Gross profit	**2,327**	**1,436**	**62**
Other income	-	215	-100
Administrative expenses	(2,935)	(2,513)	17
Other operating expenses	(2,429)	(498)	388
Finance income	49	29	69
Share of results of associates	4,615	(1,461)	nm
Profit / (loss) before income tax	**1,627**	**(2,792)**	**nm**
Profit / (loss) for the period from continuing operations	**1,627**	**(2,792)**	**nm**
Discontinued operations			
Gain for the period from discontinued operations	**36,321**	**25,545**	**42**
Profit for the period	**37,948***	**22,753**	**67**
Profit for the period attributable to:			
Owners of the Company	37,948	21,970	73
Non-controlling interests	-	783	-100
	37,948	**22,753**	**67**

*Including the reclassification adjustment on disposal of subsidiaries under other comprehensive income of RMB29,132,000, profit for the period amounted to RMB8,816,000.

LONGCHEER HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 35673)

	<----------The Group---------->		
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14 **RMB'000**	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13 **RMB'000**	**+/(-) %**
Continuing operations			
Profit / (loss) for the period attributable to:			
Owners of the Company	1,627	(4,357)	nm
Non-controlling interests	-	1,565	-100
	1,627	**(2,792)**	**nm**
Discontinued operations			
Gain for the period attributable to:			
Owners of the Company	36,321	26,327	38
Non-controlling interests	-	(782)	-100
	36,321	**25,545**	**42**

Statement of Comprehensive Income

	<----------The Group---------->		
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14 **RMB'000**	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13 **RMB'000**	**+/(-) %**
Profit for the period	**37,948**	**22,753**	**67**
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	(411)	746	nm
Currency translation			
- Group	37	(1,375)	nm
- Associates	(7)	282	nm
- Available-for-sale financial assets	8	(20)	nm
Reclassification adjustment			
- Disposal of subsidiaries	(29,132)	6,026	nm
Other comprehensive income for the period, net of tax amounting to nil	**(29,505)**	**5,659**	**nm**
Total comprehensive income for the period	**8,443**	**28,412**	**-70**
Total comprehensive income attributable to:			
Owners of the Company	8,443	27,629	-69
Non-controlling interests	-	783	-100
	8,443	**28,412**	**-70**

nm: Not meaningful / material

Notes:

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

	<----------The Group---------->		
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14 **RMB'000**	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13 **RMB'000**	**+/(-) %**
Continuing operations			
(a) Interest income	49	29	69
(b) Amortisation of intangible assets	(3)	(3)	-
(c) Depreciation of property, plant and equipment	(10)	(14)	-29
(d) Foreign exchange (loss) / gain	(2,428)	199	nm
(e) Equity-settled share-based payment expenses	-	(497)	-100
Discontinued operations			
(a) Interest income	7,857	7,981	-2
(b) Interest income on other receivables	791	2,110	-63
(c) Interest expenses	(150)	(982)	-85
(d) Amortisation of land use rights	(67)	(100)	-33
(e) Amortisation of intangible assets	(434)	(1,400)	-69
(f) Depreciation of property, plant and equipment	(1,891)	(2,475)	-24
(g) Foreign exchange loss	(398)	(2,445)	-84
(h) Loss on disposal of property, plant and equipment	(8)	(24)	-67
(i) Write off of intangible assets	-	(166)	-100
(j) Gain / (loss) on disposal of subsidiaries	25,730	(4,570)	nm
(k) Allowance for and write down of inventories	(12,565)	(18,462)	-32

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

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 30 Sept 14	**As at 30 Jun 14**	**As at 30 Sept 14**	**As at 30 Jun 14**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	114	88,748	-	-
Investment properties	130,000	144,600	-	-
Land use rights	-	18,323	-	-
Intangible assets	2	2,832	-	-
Deposits paid	-	20,815	-	-
Interests in subsidiaries	-	-	-	166,186
Interests in associates	98,844	94,236	-	-
Available-for-sale financial assets	-	4,056	-	-
	228,960	**373,610**	**-**	**166,186**
Current assets				
Cash and deposit balances	39,170	227,707	36,508	2,238
Restricted balances in banks and pledged deposits	-	1,028,377	-	-
Financial assets at fair value through profit or loss	-	23,380	-	23,380
Available-for-sale financial assets	-	10,000	-	-
Amounts due from subsidiaries	-	-	156,593	143,613
Note receivables	-	57,455	-	-
Trade receivables	148	456,350	-	-
Other receivables	541	118,601	-	-
Trade deposits paid to suppliers	-	1,911	-	-
Inventories	-	378,719	-	-
	39,859	**2,302,500**	**193,101**	**169,231**
Current liabilities				
Bank borrowings	-	77,854	-	-
Trade and bill payables	-	1,577,794	-	-
Amounts due to subsidiaries	-	-	8,306	44,744
Other payables	19,524	186,338	4,183	27,506
Trade deposits received from customers	378	120,210	-	-
Income tax payable	-	28,290	-	-
	19,902	**1,990,486**	**12,489**	**72,250**
Net current assets	**19,957**	**312,014**	**180,612**	**96,981**
Net assets	**248,917**	**685,624**	**180,612**	**263,167**
EQUITY				
Equity attributable to owners of the Company				
Share capital	65,608	65,608	65,608	65,608
Treasury shares	(90,042)	(90,042)	(90,042)	(90,042)
Reserves	273,351	710,058	205,046	287,601
	248,917	**685,624**	**180,612**	**263,167**
Non-controlling interests	-	-	-	-
Total equity	**248,917**	**685,624**	**180,612**	**263,167**

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

Amount repayable within 1 year or less, or on demand

As at 30 September 2014	
Secured **RMB'000**	Unsecured **RMB'000**
-	-

As at 30 June 2014	
Secured **RMB'000**	Unsecured **RMB'000**
77,854	-

Amount repayable after 1 year

As at 30 September 2014	
Secured **RMB'000**	Unsecured **RMB'000**
-	-

As at 30 June 2014	
Secured **RMB'000**	Unsecured **RMB'000**
-	-

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

Statement of cash flows for 1st Quarter Ended 30 September

	<----------The Group---------->	
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14 **RMB'000**	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13 **RMB'000**
Cash flow from operating activities		
Profit / (loss) before income tax from continuing operations	1,627	(2,792)
Gain before income tax from discontinued operations	37,421	29,855
Profit before income tax	39,048	27,063
Adjustments for**:**		
Interest income	(7,906)	(8,010)
Interest income on other receivables	(791)	(2,110)
Interest expenses	150	982
Allowance for and write down of inventories	12,565	18,462
Amortisation of land use rights	67	100
Amortisation of intangible assets	437	1,403
Depreciation of property, plant and equipment	1,901	2,489
Loss on disposal of property, plant and equipment	8	24
Write off of intangible assets	-	166
Share of results of associates	(4,615)	(1,025)
Dividend received from available-for-sale financial assets	-	(164)
(Gain) / loss on disposal of subsidiaries	(25,730)	4,570
Equity-settled share-based payment expenses	-	497
Operating cash flows before movements in working capital	**15,134**	**44,447**
(Increase) / decrease in trade and note receivables	(46,544)	47,555

	<----------The Group---------->	
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13
	RMB'000	**RMB'000**
Increase in other receivables and trade deposits paid to suppliers	(62,412)	(105,495)
Increase in inventories	(162,726)	(96,488)
Increase in trade and bill payables	146,292	7,195
Increase in other payables and trade deposits received from customers	123,529	69,258
Cash generated from / (used in) operations	**13,273**	**(33,528)**
Interest paid	(150)	(999)
Income tax refund	2	249
Net cash generated from / (used in) operating activities	**13,125**	**(34,278)**
Cash flow from investing activities		
Interest received	8,948	11,706
Proceeds from disposal of property, plant and equipment	30	7
Purchase of property, plant and equipment	(10,637)	(4,454)
Purchase of intangible assets	(52)	(1,897)
Dividend received from available-for-sale financial assets	-	164
Redemption of financial assets at fair value through profit or loss	23,380	-
Disposal of subsidiaries (net of cash and cash equivalents disposed)	151,515	20,879
Decrease in restricted balances in banks and pledged deposits	70,174	15,173
Net cash generated from investing activities	**243,358**	**41,578**
Cash flow from financing activities		
Dividends paid	(445,150)	-
Purchase of treasury shares	-	(1,723)
Repayment of bank borrowings	-	(10,000)
Net cash used in financing activities	**(445,150)**	**(11,723)**
Net decrease in cash and cash equivalents	**(188,667)**	**(4,423)**
Cash and cash equivalents at the beginning of the financial period	226,151	186,075
Effect of foreign exchange rate changes, net	130	(1,828)
Cash and cash equivalents at the end of the financial period	**37,614**	**179,824**
Analysis of cash and cash equivalents		
Cash and bank balances	37,614	677,338
Less: Restricted balances in banks and pledged deposits	-	(497,514)
Cash and cash equivalents	**37,614**	**179,824**
Fixed bank deposits with an original maturity of more than 3 months	1,556	1,140
Cash and deposit balances	**39,170**	**180,964**

Notes:

(i) Gain for the period from discontinued operations

	<----------The Group---------->		
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13	**+/(-)**
	RMB'000	**RMB'000**	**%**
Revenue	**1,356,382**	**1,251,009**	**8**
Cost of sales	(1,313,665)	(1,154,110)	14
Gross profit	**42,717**	**96,899**	**-56**
Other income	3,840	512	650
Distribution costs	(6,647)	(12,995)	-49
Administrative expenses	(36,292)	(58,338)	-38
Other operating expenses	(425)	(3,248)	-87
Finance income	8,648	10,091	-14
Share of results of associates	-	2,486	-100
Finance costs	(150)	(982)	-85
Profit before income tax	**11,691**	**34,425**	**-66**
Income tax expense	(1,100)	(4,310)	-74
	10,591	**30,115**	**-65**
Gain / (loss) on disposal of subsidiaries (note (ii))	**25,730**	**(4,570)**	**nm**
Gain for the period from discontinued operations	**36,321**	**25,545**	**42**
Gain for the period attributable to:			
Owners of the Company	36,321	26,327	38
Non-controlling interests	-	(782)	-100
	36,321	**25,545**	**42**

(ii) The attributable net assets of subsidiaries disposed are as follows:

	<----------The Group---------->	
	FY2015 1st Qtr 1 Jul 14 to 30 Sep 14 **RMB'000**	**FY2014 1st Qtr** 1 Jul 13 to 30 Sep 13 **RMB'000**
Net assets disposed of:		
Cash and cash equivalents	85,102	112,491
Non-current assets	154,918	4,284
Other current assets	2,241,602	186,005
Current liabilities	(2,241,603)	(105,868)
Net assets	240,019	196,912
Less Non-controlling interests	-	(52,498)
Release of translation reserve	(29,132)	6,026
Transfer to interests in associates	-	(12,500)
	210,887	137,940
Consideration receivable	(236,617)	(133,370)
(Gain) / loss on disposal (note (i))	**(25,730)***	**4,570**
Cash and cash equivalents disposed of	(85,102)	(112,491)
Consideration receivable	236,617	133,370
Net cash inflow arising from disposal	**151,515**	**20,879**

*Including the reclassification adjustment on disposal of subsidiaries under other comprehensive income of RMB29,132,000, loss on disposal amounted to RMB3,402,000 which mainly comprised of the transaction cost and additional directors' fee.

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 equity**
	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 Jul 2014	**65,608**	**(90,042)**	**138,818**	**30,546**	**75,433**	**888**	**(51,610)**	**10,994**	**614**	**504,375**	**685,624**
Dividends paid	-	-	-	-	-	-	-	-	-	(445,150)	(445,150)
Disposal of subsidiaries	-	-	-	(30,546)	(75,433)	-	-	(4,219)	(203)	110,401	-
Transactions with owners	**-**	**-**	**-**	**(30,546)**	**(75,433)**	**-**	**-**	**(4,219)**	**(203)**	**(334,749)**	**(445,150)**
Profit for the period	-	-	-	-	-	-	-	-	-	37,948	37,948
Other comprehensive income											
-Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	(411)	-	(411)
-Currency translation											
- Group	-	-	-	-	-	-	37	-	-	-	37
- Associate	-	-	-	-	-	-	(7)	-	-	-	(7)
- Available-for-sale financial assets	-	-	-	-	-	-	8	-	-	-	8
- Reclassification adjustment											
- Disposal of subsidiaries	-	-	-	-	-	-	(29,132)	-	-	-	(29,132)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(29,094)**	**-**	**(411)**	**37,948**	**8,443**
Balance at 30 Sept 2014	**65,608**	**(90,042)**	**138,818**	**-**	**-**	**888**	**(80,704)**	**6,775**	**-**	**207,574**	**248,917**

	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**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance at 1 Jul 2013	**65,608**	**(90,231)**	**138,818**	**64,290**	**74,153**	**2,436**	**(55,868)**	**10,994**	**(48)**
Purchase of treasury shares	-	(1,723)	-	-	-	-	-	-	-
Waive of dividend by non-controlling interests	-	-	-	-	-	-	-	-	-
Arising from share award plan	-	-	-	-	-	497	-	-	-
Disposal of subsidiaries	-	-	-	(33,744)	(4,462)	-	-	-	-
Transactions with owners	**-**	**(1,723)**	**-**	**(33,744)**	**(4,462)**	**497**	**-**	**-**	**-**
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive income									
-Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	746
-Currency translation									
- Group	-	-	-	-	-	-	(1,375)	-	-
- Associate	-	-	-	-	-	-	282	-	-
- Available-for-sale financial assets	-	-	-	-	-	-	(20)	-	-
-Reclassification adjustment									
- Disposal of subsidiaries	-	-	-	-	-	-	6,026	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**4,913**	**-**	**746**
Balance at 30 Sept 2013	**65,608**	**(91,954)**	**138,818**	**30,546**	**69,691**	**2,933**	**(50,955)**	**10,994**	**698**

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 Jul 2014	**65,608**	**(90,042)**	**138,818**	**888**	**(83,886)**	**231,781**	**263,167**
Dividends paid	-	-	-	-	-	(445,150)	(445,150)
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**(445,150)**	**(445,150)**
Profit for the period	-	-	-	-	-	362,730	362,730
Other comprehensive income							
-Currency translation	-	-	-	-	(135)	-	(135)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(135)**	**362,730**	**362,595**
Balance at 30 Sept 2014	**65,608**	**(90,042)**	**138,818**	**888**	**(84,021)**	**149,361**	**180,612**
Balance at 1 Jul 2013	**65,608**	**(90,231)**	**138,818**	**2,436**	**(83,335)**	**150,991**	**184,287**
Purchase of treasury shares	-	(1,723)	-	-	-	-	(1,723)
Arising from share award plan	-	-	-	497	-	-	497
Transactions with owners	**-**	**(1,723)**	**-**	**497**	**-**	**-**	**(1,226)**
Loss for the period	-	-	-	-	-	(2,326)	(2,326)
Other comprehensive income							
-Currency translation	-	-	-	-	(1,111)	-	(1,111)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,111)**	**(2,326)**	**(3,437)**
Balance at 30 Sept 2013	**65,608**	**(91,954)**	**138,818**	**2,933**	**(84,446)**	**148,665**	**179,624**

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 30 September 2014, the Company held 44,218,750 (30 September 2013: 45,303,250) treasury shares. There were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 30 September 2014.

As at 30 September 2014, there were 2,530,500 (30 September 2013: 4,399,000) 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 30 Sept 14	**As at 30 Jun 14**
Issued shares	396,664,100	396,664,100
Less: Treasury shares	(44,218,750)	(44,218,750)
Total number of issued shares excluding treasury shares	352,445,350	352,445,350

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, no 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 2014, except for the adoption of revised International Financial Reporting Standards (IFRSs) which became effective for the financial period beginning on 1 July 2014. 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---------->	
	FY2015 1st Qtr RMB cents	**FY2014 1st Qtr RMB cents**
Earnings / (losses) per share		
-continuing operations	0.46	(1.24)
-continuing and discontinued operations	10.77	6.25
Weighted average number of shares	352,445,350	351,563,872

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 30 Sept 14 RMB (cents)	**As at 30 Jun 14 RMB (cents)**	**As at 30 Sept 14 RMB (cents)**	**As at 30 Jun 14 RMB (cents)**
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period	70.63	194.53	51.25	74.67
Number of shares (excluding treasury shares)	352,445,350	352,445,350	352,445,350	352,445,350

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

Note
As stated in the announcement of the Company dated 8 September 2014, the disposal (*"Disposal"*) of Mobell Technology Pte. Ltd. (*"Mobell"*) was completed on 5 September 2014. Accordingly, Mobell ceased to be a subsidiary of the Company and the results of Mobell and its subsidiaries was consolidated up to the date of completion of the Disposal. For further details, please refer to the announcements of the Company dated 24 June 2014 and 8 September 2014 and the circular of the Company dated 31 July 2014.

Revenue

After completion of capital reduction of Shanghai Tricheer in September 2013 and completion of the Disposal in September 2014, revenue of the Group mainly comprised of rental income derived from investment property in Xi'an.

Revenue increased to RMB3.1 million in Q1 FY15 compared to RMB2.2 million in Q1 FY14. The increase in rental income was attributable to the increase in average rental rate upon renewal of expired lease agreements.

Gross profit and gross profit margin

Gross profit increased to RMB2.3 million in Q1 FY15 compared to RMB1.4 million in Q1 FY14. Correspondingly, gross profit margin for Q1 FY15 increased to 74% compared to 65% in Q1 FY14. The increase was attributable to the increase in average rental rate upon renewal of expired lease agreements.

Administrative expenses

Administrative expenses increased from RMB2.5 million to RMB2.9 million mainly due to increase in management cost for the investment property in Xi'an.

Other operating expenses

Other operating expenses increased from RMB0.5 million in Q1 FY14 to RMB2.4 million in Q1 FY15 mainly due to the unrealised exchange losses recorded in Q1 FY15 amounted to RMB2.4 million due to depreciation of Singapore dollars against RMB. After completion of the Disposal and special dividends payment, most of the cash is held in Singapore dollars.

Share of results of associates

Share of results of associates improved from a loss of RMB1.5 million in Q1 FY14 to a profit of RMB4.6 million in Q1 FY15 mainly attributable to improvement in performance of its 20%-owned associate, Mentech and the disposal of its loss-making associate in December 2013.

Balance Sheet

After completion of the Disposal, the business of the Group are mainly in investment properties and equity interests in associates. As such the assets of the Group after Disposal are mainly investment properties and interests in associates.

Investment properties

This relates to the Group's investment property located in Xi'an which was leased out for generating rental income.

Interests in associates

This relates to the Group's investment in 20%-owned associate, Mentech amounting to RMB83.8 million and 14.68%-owned associate, Shanghai Tricheer amounting to RMB15.0 million.

Cash and deposit balances

Cash and deposit balances decreased from RMB227.7 million to RMB39.2 million. It is the Company's continuing effort in enhancing shareholders' value. As such, following the Disposal, the Group distributed the excess cash including the net proceeds from the Disposal to shareholders as special dividends. The special dividends have been paid to shareholders in September 2014.

Other payables

This mainly relates to the payables to constructors for the Xi'an investment property.

Working Capital Management

Working capital was managed as to optimise capital efficiency:-

Turnover Days	**Q1 FY15 Days**	**Q1 FY14 Days**
Trade receivables (including trade deposits paid to suppliers)	15.4	40.5
Inventories	13.1	29.0
Trade payables (including trade deposits received from customers)	61.9	123.2

Cash Flow

For Q1 FY15, the Group recorded net cash generated from operating activities of RMB13.1 million. This is mainly attributable to profits generated in this quarter.

During the quarter, the Group received RMB151.5 million (net of cash and cash equivalents disposed of) from the Disposal.

To maximise shareholders' value and return the excess cash to shareholders, the Company paid special dividends totalling RMB445.2 million, representing SGD0.2562 per share to its shareholders during the quarter.

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.

On 24 June 2014, the Company entered into a conditional sale and purchase agreement with First Prosperous International Limited (the **"Purchaser"**) in relation to the disposal of its entire interest in its wholly-owned subsidiary, Mobell Technology Pte. Ltd. to the Purchaser (the **"Disposal"**) for an aggregate cash consideration of RMB240 million. Mobell Technology Pte. Ltd. and its subsidiaries are principally engaged in the ODM business of designing mobile devices. The Disposal is approved by shareholders in the special general meeting held on 15 August 2014. The completion of the Disposal took place on 5 September 2014. For further details of the Disposal, please refer to the announcements dated 24 June 2014 and 8 September 2014 and circular dated 31 July 2014.

After the Disposal, the Group was principally engaged in the business of investment in property and equity interests in 20%-owned Mentech and 14.68%-owned Shanghai Tricheer, as such, the business of the Group will be affected by property leasing environment in the PRC and the performance of Mentech and Shanghai Tricheer.

Going forward, the Board will consider all options available to the Company. Shareholders will be informed in due course once a definitive decision has been made

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? No.

Note: At the special general meeting held on 15 August 2014, shareholders' approval had been obtained on the disposal of Mobell Technology Pte. Ltd. and the payment of a first and second special dividends.

The first special dividends of SGD0.1139 per share was paid on 2 September 2014 and the second special dividends of SGD0.1423 per share was paid on 26 September 2014.

(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 30 September 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Du Junhong
Executive Chairman

7 November 2014