ZIWO HOLDINGS LTD.

Incorporated in Singapore on 10 January 2008 (Company Registration Number: 200800853Z)

UNAUDITED FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

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

1(a)(i) 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.

The Group's operations are principally conducted in the People's Republic of China ("PRC"). Accordingly, the consolidated financial statements have been prepared in the Chinese Renminbi ("RMB"), being the functional currency of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2015

	2nd Quarter ended 30 June			Half Year ended 30 June		
(RMB'000)	**Unaudited**	Unaudited	**Change**	**Unaudited**	Unaudited	**Change**
	2015	2014	**%**	**2015**	2014	**%**
Revenue	**26,031**	46,790	(44.4)	**59,519**	83,219	(28.5)
Cost of sales	**(23,220)**	(39,179)	(40.7)	**(50,817)**	(70,510)	(27.9)
Gross Profit	**2,811**	7,611	(63.1)	**8,702**	12,709	(31.5)
Other income	**352**	334	5.4	**677**	645	5.0
Selling and distribution expenses	**(2,559)**	(2,835)	(9.7)	**(4,780)**	(4,795)	(0.3)
Administrative expenses	**(2,548)**	(4,270)	(40.3)	**(7,853)**	(7,055)	11.3
Other operating expenses	**(50,745)**	(8)	634,212.5	**(51,025)**	(108)	47,145.4
(Loss)/profit before taxation	**(52,689)**	832	(6,432.8)	**(54,279)**	1,396	(3,988.2)
Income tax expense	**270**	(763)	(135.4)	**(209)**	(1,089)	(80.8)
Net (loss)/profit for the period	**(52,419)**	69	(76,069.6)	**(54,488)**	307	(17,848.5)
Other comprehensive income	**-**	-	-	**-**	-	-
Total comprehensive (loss)/income for the period	**(52,419)**	69	(76,069.6)	**(54,488)**	307	(17,848.5)

ZIWO HOLDINGS LTD

UNAUDITED FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

1(a)(ii) Other information

The Group's profit before taxation is derived at after charging the following:

	2nd Quarter ended 30 June			Half Year ended 30 June		
	Unaudited	Unaudited	**Change**	**Unaudited**	Unaudited	**Change**
(RMB'000)	**2015**	2014	**%**	**2015**	2014	**%**
Depreciation of property, plant and equipment charged in						
Cost of goods sold	**2,340**	2,259	3.6	**4,652**	4,421	5.2
Administrative expenses	**488**	617	(20.9)	**977**	751	30.1
Selling and distribution expenses	**46**	36	27.8	**105**	98	7.1
Amortisation of land use rights	**172**	134	28.4	**306**	280	9.3
Directors' remuneration						
Salaries and related cost	**330**	330	-	**660**	660	-
Share award expenses	**-**	-	-	**2,369**	-	n/m
Research and development expenses	**782**	448	74.6	**1,139**	814	39.9
Transportation expenses	**641**	871	(26.4)	**1,234**	1,413	(12.7)
Travelling expenses	**305**	167	82.6	**472**	320	47.5
Advertisement expenses	**200**	150	33.3	**300**	306	(2.0)
Entertainment expenses	**157**	39	302.6	**536**	319	68
Allowance for impairment of trade receivables	**4,105**	-	n/m	**4,385**	98	4,374.5
Prepaid know-how written off	**8,500**	-	n/m	**8,500**	-	n/m
Product defect claims and related expenses	**38,140**	-	n/m	**38,140**	-	n/m

ZIWO HOLDINGS LTD

UNAUDITED FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

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.

	Group		Company	
	Unaudited	Audited	**Unaudited**	Audited
(RMB'000)	**30/6/2015**	31/12/2014	**30/6/2015**	31/12/2014
ASSETS				
Non-Current				
Land use rights	**49,300**	49,606	-	-
Property, plant and equipment	**148,973**	152,496	-	-
Subsidiaries	**-**	-	**138,458**	138,458
	198,273	202,102	**138,458**	138,458
Current				
Inventories	**14,658**	13,422	**-**	-
Trade and other receivables	**54,024**	181,334	**56,251**	53,882
Other current assets	**433**	8,677	**-**	-
Cash and cash equivalents	**216,204**	133,361	**79**	61
	285,319	336,794	**56,330**	53,943
Total assets	**483,592**	538,896	**194,788**	192,401
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	**185,637**	183,268	**185,637**	183,268
Statutory reserve	**42,794**	42,794	**-**	-
Retained earnings/(accumulated losses)	**240,058**	294,546	**(7,532)**	(6,698)
Total equity	**468,489**	520,608	**178,105**	176,570
LIABILITIES				
Non-Current				
Deferred tax liabilities	**2,291**	2,291	**1,240**	1,240
Current				
Trade and other payables	**12,525**	14,116	**15,443**	14,591
Income tax payable	**287**	1,881	**-**	-
	12,812	15,997	**15,443**	14,591
Total liabilities	**15,103**	18,288	**16,683**	15,831
Total equity and liabilities	**483,592**	538,896	**194,788**	192,401

1(b)(ii) Aggregate amount of Group's borrowing and debt securities.

Amount repayable in one year or less, or on demand

None

Amount repayable after one year

None

Details of any collateral

Not applicable.

ZIWO HOLDINGS LTD

UNAUDITED FINANCIAL STATEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

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.

	2nd Quarter ended 30 June		Half Year ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities				
(Loss)/profit before taxation	**(52,689)**	832	**(54,279)**	1,396
Adjustments for:				
Interest Income	**(279)**	(198)	**(489)**	(383)
Depreciation of property, plant and equipment	**2,874**	2,912	**5,734**	5,270
Share award expenses	**-**	-	**2,369**	-
Prepaid know-how written off	**8,500**	-	**8,500**	-
Amortisation of land use rights	**172**	134	**306**	280
Allowance for impairment of trade receivables	**4,105**	-	**4,385**	98
Operating cash (outflows)/inflows before working capital changes	**(37,317)**	4,999	**(33,474)**	6,661
Changes in working capital				
Inventories	**(1,781)**	3,292	**(1,236)**	167
Trade and other receivables	**9,809**	3,478	**14,425**	8,269
Other current assets	**8,728**	171	**8,244**	(265)
Trade and other payables	**(1,709)**	(5,369)	**(1,591)**	(499)
Cash (used in)/generated from operations	**(22,270)**	6,571	**(13,632)**	14,333
Interest received	**279**	198	**489**	382
Income tax paid	**(209)**	(419)	**(1,803)**	(2,033)
Net cash flows (used in)/generated from operating activities	**(22,200)**	6,350	**(14,946)**	12,682
Cash flows from investing activities				
Purchase of property, plant and equipment	**(1,165)**	(2,295)	**(2,211)**	(3,321)
Refund of deposit for purchase of investment	**-**	-	**100,000**	-
Net cash flows (used in)/generated from investing activities	**(1,165)**	(2,295)	**97,789**	(3,321)
Cash flows from financing activities				
Proceeds from share issuance	**-**	33,675	**-**	33,675
Net cash flows generated from financing activities	**-**	33,675	**-**	33,675
Net (decrease)/increase in cash and cash equivalents	**(23,365)**	37,730	**82,843**	43,036
Cash and cash equivalents at beginning of financial period	**239,569**	201,051	**133,361**	195,745
Cash and cash equivalents at end of financial period	**216,204**	238,781	**216,204**	238,781

1(d)(i) A statement (for the Group and Company) 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.

	Share capital RMB'000	Statutory reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total equity RMB'000
The Group				
Balance at 1 January 2015	**183,268**	**42,794**	**294,546**	**520,608**
Share award expenses	**2,369**	**-**	**-**	**2,369**
Total comprehensive loss for the period	**-**	**-**	**(54,488)**	**(54,488)**
Balance at 30 June 2015	**185,637**	**42,794**	**240,058**	**468,489**
Balance at 1 January 2014	149,593	41,785	289,422	480,800
Issue of new shares	33,675	-	-	33,675
Total comprehensive income for the period	-	-	307	307
Balance at 30 June 2014	183,268	41,785	289,729	514,782
The Company				
Balance at 1 January 2015	**183,268**	**-**	**(6,698)**	**176,570**
Share award expenses	**2,369**	**-**	**-**	**2,369**
Total comprehensive loss for the period	**-**	**-**	**(834)**	**(834)**
Balance at 30 June 2015	**185,637**	**-**	**(7,532)**	**178,105**
Balance at 1 January 2014	149,593	-	(2,822)	146,771
Issue of new shares	33,675	-	-	33,675
Total comprehensive loss for the period	-	-	(1,356)	(1,356)
Balance at 30 June 2014	183,268	-	(4,178)	179,090

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 issue 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 immediately preceding financial year.

	Number of ordinary shares	Share capital (RMB'000)
Share capital as at 1 April 2015 and 30 June 2015	373,717,184	185,637

There were no outstanding convertibles or treasury shares held as at 30 June 2015.

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.

	Company	
	30 June 2015	**31 December 2014**
No. of ordinary shares in issue	373,717,184	358,817,184

The Company does not have any treasury shares as at 30 June 2015 and 31 December 2014.

1(d)(iv) A statement showing all sales, transfers disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

These 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 financial statements have been applied.

Yes.

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.

The new and revised Financial Reporting Standards ("FRSs") which took effect from the current financial year are assessed to have no material impact to the results or the opening balances of the accumulated profit of the Group and of the Company for the year ending 31 December 2015.

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. (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustment made to the earnings).

	Group			
	2Q15	2Q14	**6M15**	6M14
(Loss)/profit after income tax (RMB'000)	**(52,419)**	69	**(54,488)**	307
Weighted average number of ordinary shares in issue (in '000)	**373,717**	339,102	**366,720**	319,169
(Loss)/earnings per share (RMB cents)				
Basic	**(14.03)**	0.02	**(14.86)**	0.10
Fully diluted	**(14.03)**	0.02	**(14.86)**	0.10

The Company does not have dilutive equity instruments as at 30 June 2015 and 30 June 2014.

7. Net assets value (for the group and the Company) 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.

	Group		Company	
	30/6/2015	31/12/2014	**30/6/2015**	31/12/2014
Net asset value (RMB'000)	**468,489**	520,608	**178,105**	176,570
Number of ordinary shares in issue (in '000)	**373,717**	358,817	**373,717**	358,817
Net asset value per share (RMB cents)	**125.36**	145.09	**47.66**	49.2

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

Commentary on Financial Results

Revenue

For the three months ended 30 June 2015 ("2Q15"), our Group recorded revenue of RMB 26.0 million, a decrease of approximately RMB 20.8 million or 44.4% from the revenue of RMB 46.8 million from the previous corresponding period ended 30 June 2014 ("2Q14").

The decline in revenue in 2Q15 was attributed to deteriorating business conditions which has affected all key business segments. Sandwich mesh fabric saw the steepest revenue decline of 54.8% from RMB 7.4 million in 2Q14 to RMB 3.3 million in 2Q15. Revenue from 30D terylene filament yarn declined by 50.4% from RMB 13.2 million in 2Q14 to RMB 6.6 million in 2Q15, while revenue from SBR and other foamed materials declined by 37.5% from RMB 25.8 million in 2Q14 to RMB 16.1 million in 2Q15.

Breakdown of revenue by business segments:

(RMB'000)	2Q15	2Q14	Change %	6M15	6M14	Change %
SBR and other foamed materials	**16,145**	25,815	**(37.5)**	**32,287**	49,420	**(34.7)**
30D terylene filament yarn	**6,557**	13,213	**(50.4)**	**19,641**	21,071	**(6.8)**
Sandwich mesh fabric	**3,329**	7,362	**(54.8)**	**7,591**	12,175	**(37.7)**
Others	**-**	400	**(100.0)**	**-**	553	**(100.0)**
Total	**26,031**	46,790	**(44.4)**	**59,519**	83,219	**(28.5)**

For the six months ended 30 June 2015 ("6M15"), our revenue decreased by approximately RMB 23.7 million or 28.5% from RMB 83.2 million in the previous corresponding period ended 30 June 2014 ("6M14") to RMB 59.5 million in 6M15.

Cost of Sales

Our cost of sales comprise mainly raw material costs, electricity and water costs, direct labour costs and other manufacturing overheads.

Breakdown of costs of sales

(RMB'000)	2Q15	2Q14	Change %	6M15	6M14	Change %
Raw material costs	**16,794**	30,615	**(45.1)**	**37,712**	55,107	**(31.6)**
Electricity and water costs	**1,632**	2,499	**(34.7)**	**3,424**	4,136	**(17.2)**
Direct labour costs	**2,095**	2,832	**(26.0)**	**4,269**	5,222	**(18.2)**
Other manufacturing overheads	**2,699**	2,854	**(5.4)**	**5,412**	5,513	**(1.8)**
Others	**-**	379	**(100.0)**	**-**	532	**(100.0)**
Total	**23,220**	39,179	**(40.7)**	**50,817**	70,510	**(27.9)**

In 2Q15, cost of sales decreased by RMB 16.0 million or 40.7% compared to 2Q14, corresponding to the decline in revenue during the same period. Raw materials cost declined by RMB 13.8 million or 45.1% in line with reduction in production capacity. Electricity and water costs declined by RMB 0.9 million, from RMB 2.5 million in 2Q14 to RMB 1.6 million in 2Q15. Direct labour costs reduced by RMB 0.7 million or 26% due to scale back of production headcount. Other manufacturing overheads comprise mainly depreciation expenses, transportation costs and consumables costs. The decrease in manufacturing overheads by RMB 0.2 million or 5.4% was mainly due to decrease in transportation and consumables costs. The decrease was partially offset by increase in depreciation expenses.

In 6M15, cost of sales decreased by approximately RMB 19.7 million or 27.9% from RMB 70.5 million in 6M14 which correspond with the reduction in revenue.

Gross Profit Margin

Gross profit margin by product segments:

	2Q15	2Q14	**Change %**	**6M15**	6M14	**Change %**
SBR and other foamed materials	**16.6**	15.3	1.3	19.4	15.3	4.1
30D terylene filament yarn	**(8.8)**	13.8	(22.6)	12.6	11.3	1.3
Sandwich mesh fabric	**(1.6)**	24.8	(26.4)	10.6	22.6	(12.0)

Overall gross profit margin of the Group declined by approximately 5.5 percentage points from 16.3% in 2Q14 to 10.8% in 2Q15 due to tightening margins for 30D terylene filament yarn and sandwich mesh fabric amidst weakening business sentiments. Gross margin for 30D terylene filament yarn declined by 22.6% from 13.8% in 2Q14 to negative margin of 8.8% in 2Q15 while gross margin for sandwich mesh fabric declined by 26.4% from 24.8% to negative margin of 1.6%. This is due to intense downward pressure on pricing due to weak market sentiments. Due to efforts to contain manufacturing overheads and streamline production operations with the acquisition of new equipment, gross profit margins for SBR and other foamed materials improved slightly by 1.3% from 15.3% in 2Q14 to 16.6% in 2Q15.

Management has done a review on the viability of the 30D terylene filament yarn business going forward. In view of negative margins and intense competition in the segment as well as additional investment in the production facility needed to upgrade the production equipment, a decision was made to close the production line given that it is unlikely to be viable.

In 6M14, our gross profit decreased by RMB 4.0 million or 31.5% from RMB 12.7 million in 6M14 to RMB 8.7 million in 6M15. Overall gross profit margin has also decreased slightly by 0.7 percentage points from 15.3% in 6M14 to 14.6% in 6M15.

Other Income

Other income comprise mainly income from sale of scrap materials and interest income from bank deposits. Other income increased by approximately RMB 18 thousand or 5.4% from RMB 334 thousand in 2Q14 to RMB 352 thousand in 2Q15 mainly due to increase in the sale of scrap materials. For the half-year results, other income increased by RMB 32 thousand or 5.0% from RMB 645 thousand in 6M14 to RMB 677 thousand in 6M15 due to increase in the sale of scrap materials.

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly transportation costs, salaries, entertainment expenses, advertisement expenses, R&D expenses, travelling expenses and depreciation expenses. Selling and distribution expenses decreased by approximately RMB 276 thousand or 9.7% from RMB 2.8 million in 2Q14 to RMB 2.6 million in 2Q15. The decrease was due to transportation expenses and lower sales-related tax, offset by increase in R&D expenses and travelling expenses.

In 6M15, selling and distribution expenses decreased slightly by approximately RMB 15 thousand or 0.3% from approximately RMB 4.8 million in 6M14, mainly due to decrease in transportation expenses and lower sales-related tax. The decrease was partially offset by an increase in R&D expenses, travelling and entertainment expenses.

Administrative Expenses

Administrative expenses comprise mainly salaries, staff welfare, share award expenses, general office expenses, insurance, professional fees, travelling expenses and depreciation expenses. Administrative expenses decreased by approximately RMB 1.7 million or 40.3% from RMB 4.3 million in 2Q14 to RMB 2.5 million in 2Q15. The decrease was due to lower general office expenses and reduction in professional fees. The decrease is offset by increase in staff welfare.

Administrative expenses increased by RMB 0.8 million or 11.3% from RMB 7.1 million in 6M14 to RMB 7.9 million in 6M15. The increase in administrative expenses largely attributed to share award expenses and increase in depreciation expenses and staff welfare. The increase was partially offset by reduction in general office expenses and professional fees.

Other Operating Expenses

Other operating expenses comprise mainly allowance for impairment of trade receivables, prepaid know-how written off and product defect claims. In 2Q15, other operating expenses increased by approximately RMB 50.7 million from RMB 8 thousand in 2Q14 to RMB 50.7 million in 2Q15 due to impairment allowance of trade receivables of RMB 4.1 million, prepaid know-how amounting to RMB 8.5 million written off and product defect claim of RMB 38.1 million.

Allowance for impairment of trade receivables has increased in 2Q15 due to longer payment cycles amidst weakening business climate in China. With the cessation of the 30D terylene filament yarn business unit, prepaid know-how amounting to RMB 8.5 million has been written off. Product defect claim of RMB 38.1 million pertaining to defective filament yarn and sandwich mesh sold has been made by one of our key customers. The filament yarn and sandwich mesh were processed by our customer and sold to another third-party as material for the production of shoes. The discoloration and uneven texture of the yarn and mesh material resulted in defective goods deemed to be unsuitable for sale. This resulted in compensation claims by the shoe manufacturer against our customer for losses incurred in the affected batch of production. Testing results conducted by both the customer and the Group confirmed that both material used were defective and of substandard quality. Internal investigations traced the source of the problem to faulty machineries used in the production of both products. The customer subsequently filed a legal suit against us for defective product claims. Based on advice from our legal advisor, an out of court settlement of RMB 38 million was proposed in order to resolve the issue amicably and prevent aggravating legal damages for our Group. The customer has since accepted the settlement amount and the Group has paid the amount. The Group does not rule out further potential claims from other customers relating to the defective filament yarn and sandwich mesh which the Company has supplied to.

Income Tax

Income tax expense reduced by approximately RMB 0.9 million or 80.8% from RMB 1.1 million in 6M14 to RMB 0.2 million in 6M15. The reduction is mainly attributed to overprovision adjustment made to tax expense in the first quarter of 2015.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Assets

Our non-current assets comprise mainly property, plant and equipment and land use rights.

Net book value of property, plant and equipment ("PPE") decreased by approximately RMB 3.5 million from RMB152.5 million as at 31 December 2014 to RMB 149.0 million as at 30 June 2015 mainly due to the depreciation charge incurred during the period and offset by addition of PPE amounting to RMB 2.2 million. Land use rights amounted to RMB 49.3 million as at 30 June 2015 after amortization charge.

Our current assets comprise inventories, trade and other receivables, other current assets and cash and cash equivalent. Current assets reduced by RMB 51.5 million from RMB 336.8 million as at 31 December 2014 to RMB 285.3 million as at 30 June 2015.

Inventories comprised mainly raw materials, finished goods, work-in-progress ("WIP") and consumables. Inventories increased by approximately RMB 1.3 million from RMB 13.4 million as at 31 December 2014 to RMB 14.7 million as at 30 June 2015. Although there was a reduction in raw material stock and work in progress as at 30 June 2015, a steeper increase in the stock of finished goods led to the overall increase in inventories.

Trade and other receivables decreased by approximately RMB 127.3 million from RMB 181.3 million as at 31 December 2014 to RMB 54.0 million as at 30 June 2015 mainly due to the refund of deposit for purchase of investment amounting to RMB 100 million and allowance for impairment of trade receivables amounting to RMB 4.1 million in 2Q15 was made.

Cash and cash equivalents increased by approximately RMB 82.8 million from RMB 133.4 million as at 31 December 2014 to RMB 216.2 million as at 30 June 2015.

Other current assets comprise mainly prepaid and deferred expenses and it was reduced by approximately RMB 8.2 million mainly due to write off of prepaid know-how with the cessation of 30D filament yard production line.

Liabilities

Our current liabilities amounted to RMB 12.8 million as at 30 June 2015, a decrease of approximately RMB 3.2 million from RMB 16.0 million as at 31 December 2014. This decrease is mainly attributed to decrease in income tax payable as well as trade and other payables in 2Q15.

Commentary on Statement of Cashflows

Cash used in operating activities was RMB 22.3 million in 2Q15 and RMB 13.6 million in 6M15 compared to cash generated from operating activities of RMB 6.6 million in 2Q14 and RMB 14.3 million in 6M14. This is largely attributed to net loss for 2Q15 and 6M15 which has impacted operating cash flows.

Cash used in investing activities pertains to the purchase of equipment for SBR and other foamed materials which amounted to RMB 1.2 million in 2Q15. Cash used in investing activities pertaining to the purchase of PPE for 6M15 was RMB 2.2 million. Additional cash generated from investing activities was the refund of deposit for the purchase of investment in 6M15.

As at 30 June 2015, the Group's cash and cash equivalents decreased by RMB 23.4 million for the quarter 2Q15 and increased by RMB 82.8 million for the half year period 6M15.

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

Our current result is in line with our statement made under paragraph 10 in our first quarter results announcement released on 14 May 2015.

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 event that may affect the Group in the next reporting period and the next 12 month

The Group expects the uncertainty in the economic environment to continue and this brings about challenges to our business operations. Volume of new orders has come down significantly and payment cycles of existing contracts have been lengthened due to the weak business climate. With the cessation of the 30D Terylene filament yarn business unit, revenue is expected to be further reduced. Gross profit margins for the remaining business segments are expected to continue to come under increased pressure as competition intensifies. Thus, the Group is stepping up on plans to source for new investment opportunities, viable ventures or collaborative opportunities over the next 12 months to expand its revenue base.

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.

No dividend has been declared or recommended for the period ended 30 June 2015.

13. Use of Proceeds from the Placement.

The Company had completed a placement of 59,802,864 new ordinary shares amounting to approximately S$6.91 million in the capital of the Company in May 2014 (the "Placement"). The Company will make an announcement when the net proceeds from the Placement are materially disbursed.

14. Interested Person Transactions ("IPT")

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.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $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 $100,000)
Nil	Nil	Nil

The Company does not have a general mandate from shareholders for IPT.

15. Negative Assurance

Statement Pursuant to SGX Listing Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Company and of the Group for the second quarter and six months ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ting Chun Yuen
Executive Chairman & CEO
14 August 2015