

CHINA HONGCHENG HOLDINGS LIMITED

(Incorporated in Bermuda)

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

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

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

Update on Financial Position

The unaudited loss of the Company was RMB17.7 million for the 3 months ended 30 September 2014 (“1QFY2015”) compared to RMB19.9 million in 1QFY2014. The slightly lower loss was mainly attributable to a decrease in the sales volume and the profit margins of the Group’s products as a result of the weak market conditions during the period. High finance costs which contributed to approximately 60% of the Group’s loss for the period.

Update on Future Direction

To help the domestic manufacturers in the current weak market conditions, in Shandong Province, the PRC government had expanded the scope of the input value-added tax (“VAT”) deductible for agricultural products to cotton yarn manufacturing commencing from October 2014. As a result of the revised policy, most cotton textile manufacturers are expected to enjoy cost savings from this tax benefit as the input VAT deduction allowed will be increased for manufacturers who used raw cotton for cotton yarn production.

As the domestic market demand is still weak, the Company continues to focus on the European and US markets. In addition, the Company has recently commenced production for the orders from its US retail customer, Target Corporation. Concurrently, the Company will continue to explore other business opportunities in overseas markets such as South East Asia

By Order of the Board
CHINA HONGCHENG HOLDINGS LIMITED

Liu Ming
Executive Chairman
10 November 2014