

China Yongsheng Limited
(Incorporated in Singapore under Registration No. 197302032R)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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

- 1(a) Consolidated statement of comprehensive income for China Yongsheng Limited (the “Company”) and its subsidiaries (the “Group”), together with comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	First quarter ended			
	Mar 15	Mar 14	Increase / (decrease)	
	Rmb'000	Rmb'000	Rmb'000	%
Revenue	73,233	133,248	(60,015)	(45%)
Cost of sales	(69,789)	(125,835)	(56,046)	(45%)
Gross profit	<u>3,444</u>	<u>7,413</u>	<u>(3,969)</u>	<u>(54%)</u>
Other operating income	391	636	(245)	(39%)
Selling and distribution expenses	(2,656)	(3,451)	(795)	(23%)
General and administrative expenses	(8,329)	(9,054)	(725)	(8%)
Other operating expenses	(416)	(420)	(4)	(1%)
Share of loss of associate	(153)	(3)	150	N.M.
Finance income	7,956	3,926	4,030	103%
Finance expenses	<u>(3,889)</u>	<u>(5,347)</u>	<u>(1,458)</u>	<u>(27%)</u>
Loss before income tax	<u>(3,652)</u>	<u>(6,300)</u>	<u>(2,648)</u>	<u>(42%)</u>
Income tax expense	<u>(39)</u>	<u>(879)</u>	<u>(840)</u>	<u>(96%)</u>
Loss for the period, representing total comprehensive income for the period	<u><u>(3,691)</u></u>	<u><u>(7,179)</u></u>	<u><u>(3,488)</u></u>	<u><u>(49%)</u></u>

The Group's loss before income tax is arrived at after charging/(crediting) the following:

	Group	
	First quarter ended	
	Mar 15	Mar 14
	Rmb'000	Rmb'000
Depreciation of property, plant and equipment	3,398	4,330
Loss on disposal of property, plant and equipment	38	56
Property, plant and equipment written off	-	1
Allowance for inventories	274	-
Amortisation of land use rights	46	46
Net allowance for doubtful debts/Bad debts written off	1,028	3,144
Foreign currency exchange loss	400	49

Note:

N.M. – Not Meaningful

1(b)(i) Statements of financial position for the Group and the Company, together with comparative statements as at the end of the immediately preceding financial year

	Group		Company	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Non-current assets				
Property, plant and equipment	77,953	81,366	11	13
Land use rights	6,896	6,942	-	-
Subsidiaries	-	-	236,112	236,112
Due from a subsidiary (non-trade)	-	-	95,127	96,002
Associate	3,153	3,306	-	-
Deferred tax assets	9,439	9,439	-	-
	<u>97,441</u>	<u>101,053</u>	<u>331,250</u>	<u>332,127</u>
Current assets				
Inventories	3,937	4,293	-	-
Trade and other receivables	738,284	808,713	11,755	11,603
Cash and cash equivalents	62,002	67,484	1,006	667
	<u>804,223</u>	<u>880,490</u>	<u>12,761</u>	<u>12,270</u>
Assets classified as held for sale	41,638	41,638	-	-
	<u>845,861</u>	<u>922,128</u>	<u>12,761</u>	<u>12,270</u>
Total assets	<u><u>943,302</u></u>	<u><u>1,023,181</u></u>	<u><u>344,011</u></u>	<u><u>344,397</u></u>

	Group		Company	
	31 March 2015 Rmb'000	31 December 2014 Rmb'000	31 March 2015 Rmb'000	31 December 2014 Rmb'000
Capital and reserves				
Share capital	182,405	182,405	653,285	653,285
Reserves	79,014	79,014	-	-
Accumulated profits/(losses)	<u>117,794</u>	<u>121,485</u>	<u>(311,585)</u>	<u>(310,370)</u>
Total equity	<u>379,213</u>	<u>382,904</u>	<u>341,700</u>	<u>342,915</u>
Current liabilities				
Trade and other payables	334,717	397,949	2,311	1,482
Short-term bank borrowings	210,927	219,357	-	-
Mortgage loans	4,358	6,747	-	-
Income tax payable	<u>5,800</u>	<u>7,937</u>	<u>-</u>	<u>-</u>
	555,802	631,990	2,311	1,482
Liabilities directly associated with assets classified as held for sale	<u>8,287</u>	<u>8,287</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>564,089</u>	<u>640,277</u>	<u>2,311</u>	<u>1,482</u>
Total equity and liabilities	<u><u>943,302</u></u>	<u><u>1,023,181</u></u>	<u><u>344,011</u></u>	<u><u>344,397</u></u>

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

	As at 31 March 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Amount repayable in one year or less, or on demand				
Mortgage loans	4,358	-	6,747	-
Short-term bank borrowings and bills payables	250,127	-	273,557	-
	<u>254,485</u>	<u>-</u>	<u>280,304</u>	<u>-</u>

Details of any collateral:

Mortgage loans, short-term bank borrowings and bills payables are secured by property, plant and equipment, land use rights, bank balances pledged by certain subsidiaries, and guarantees of certain directors and related parties.

1(c) **Consolidated statement of cash flows for the Group, together with comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	First quarter ended	
	31 March 2015	31 March 2014
	Rmb'000	Rmb'000
Operating activities		
Loss before income tax	(3,652)	(6,300)
Adjustments for:		
Depreciation of property, plant and equipment	3,398	4,330
Loss on disposal of property, plant and equipment	38	56
Property, plant and equipment written off	-	1
Amortisation of land use rights	46	46
Allowance for inventories	274	-
Allowance for impairment loss on trade receivables/Bad debts written off	1,028	3,144
Share of loss of associate	153	3
Finance income	(7,956)	(3,926)
Finance expenses	3,889	5,347
Operating cash flows before movements in working capital	(2,782)	2,701
Trade and other receivables	76,859	30,306
Inventories	82	(618)
Trade and other payables	(82,826)	(54,985)
Cash used in operations	(8,667)	(22,596)
Income tax paid	(2,176)	(1,660)
Net cash used in operating activities	(10,843)	(24,256)

	Group	
	First quarter ended	
	31 March 2015	31 March 2014
	Rmb'000	Rmb'000
Investing activities		
Purchase of property, plant and equipment	(155)	(19)
Proceeds from disposal of property, plant and equipment	23	52
Amount received from the intended sale of a subsidiary	19,952	-
Interest received	388	434
Net cash from investing activities	20,208	467
Financing activities		
Mortgage loan repayments	(2,389)	(4,292)
Repayments of short-term bank borrowings	(91,507)	(51,000)
Proceeds from short-term bank borrowings	83,119	83,925
Interest paid	(4,070)	(4,874)
Decrease in pledged bank balances	16,002	7,711
Net cash from financing activities	1,155	31,470
Net increase in cash and cash equivalents	10,520	7,681
Cash and cash equivalents at beginning of the period	31,902	20,943
Cash and cash equivalents at end of the period	42,422	28,624
Cash and cash equivalents include:		
Cash at bank and in hand	62,002	83,023
Assets classified as held for sale	23	23
Deposits pledged	(19,603)	(54,422)
	42,422	28,624

1(d)(i) Statements for the Group and the 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	Reserves Rmb'000	Accumulated profits Rmb'000	Total equity Rmb'000
<u>Group</u>				
At 1 January 2014	182,405	74,297	112,320	369,022
Loss for the period, representing total comprehensive income for the period	-	-	(7,179)	(7,179)
At 31 March 2014	182,405	74,297	105,141	361,843
At 1 January 2015	182,405	79,014	121,485	382,904
Loss for the period, representing total comprehensive income for the period	-	-	(3,691)	(3,691)
At 31 March 2015	182,405	79,014	117,794	379,213

	Share capital Rmb'000	Accumulated losses Rmb'000	Total equity Rmb'000
<u>Company</u>			
At 1 January 2014	653,285	(308,530)	344,755
Profit for the period, representing total comprehensive income for the period	-	1,859	1,859
At 31 March 2014	653,285	(306,671)	346,614
At 1 January 2015	653,285	(310,370)	342,915
Loss for the period, representing total comprehensive income for the period	-	(1,215)	(1,215)
At 31 March 2015	653,285	(311,585)	341,700

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.

The Company did not issue any new capital during the financial period ended 31 March 2015.

There are no outstanding convertibles or treasury shares as at 31 March 2015 and 31 March 2014 respectively.

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 did not hold any treasury shares as at the end of the current financial period reported on and as at the end of the immediately preceding financial year. The total number of issued shares of the Company as at 31 March 2015 and as at 31 December 2014 is 1,663,900,000.

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

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by our auditors.

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

Except as disclosed in section 5 below, the Group has adopted the same accounting policies and methods of computation for the current financial period ended 31 March 2015 as compared with the audited consolidated financial statements for the financial year ended 31 December 2014.

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 Group adopted various new/revised Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRSs) which took effect for the financial year beginning on 1 January 2015. The adoption of these new/revised FRS and INT FRSs did not result in any significant impact on the financial statements of the Group.

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.

	Group	
	First quarter ended	
	31 March 2015	31 March 2014
	Rmb	Rmb
(a) Based on weighted average number of ordinary shares (cents/share)	(0.22)	(0.43)
(b) Based on fully diluted basis (cents/share)	(0.22)	(0.43)
Weighted average number of shares ('000) in issue used for calculation of earnings per share	1,663,900	1,663,900

Earnings per share is calculated based on the Group's loss for the period attributable to the equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial period.

The Group does not have any potential dilutive ordinary shares in existence for the financial periods ended 31 March 2015 and 31 March 2014.

7. **Net asset 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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	Rmb	Rmb	Rmb	Rmb
Net asset value per ordinary share based on issued share capital as at the end of the period (cents/share)	22.79	23.01	20.54	20.61
Number of shares in issue as at end of the period ('000)	1,663,900	1,663,900	1,663,900	1,663,900

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 Performance – 1st Quarter of FY2015

Revenue

Revenue decreased from Rmb133.2 million in the first quarter of FY2014 to Rmb73.2 million in the first quarter of FY2015 mainly due to lower construction activities experienced in this quarter.

Cost of sales

Cost of sales decreased from Rmb125.8 million in the first quarter of FY2014 to Rmb69.8 million in the first quarter of FY2015 mainly in line with the decrease in revenue.

Gross profit

Gross profit decreased from Rmb7.4m in the first quarter of FY2014 to Rmb3.4m in the first quarter of FY2015 mainly due to lower gross profit margin resulting from the decrease in average unit selling price of concrete sales being greater than the decrease in average unit cost of production.

Other operating income

Other operating income decreased from Rmb0.6 million in the first quarter of FY2014 to Rmb0.4 million in the first quarter of FY2015 mainly due to decrease in rental income. This decrease is partially offset by the write back of expenses accruals which are more than 2 years old.

Selling and distribution expenses

Selling and distribution expenses decreased from Rmb3.5 million in the first quarter of FY2014 to Rmb2.7 million in the first quarter of FY2015 mainly due to lower marketing expenses incurred.

Share of loss of associate

The increase in share of loss of associate was due to higher losses reported by the associate in this quarter.

Finance income

The effect of the discounting of trade receivables which are contractually collectible after one year is debited against revenue whereas the subsequent unwinding effect of discounting is recognised as finance income. Finance income increased from Rmb3.9 million in the first quarter of FY2014 to Rmb8.0 million in the first quarter of FY2015 mainly due to higher unwinding effect of the discounting in the first quarter of FY2015.

Finance expenses

Finance expenses decreased from Rmb5.3 million in the first quarter of FY2014 to Rmb3.9 million in the first quarter of FY2015 mainly due to decrease in interest expenses in relation to lower bank loans.

Income tax expense

Income tax expense of approximately Rmb39,000 incurred in the first quarter of FY2015 was attributable to taxable income generated by one subsidiary.

Review of Financial Position

Trade and other payables decreased from Rmb397.9 million as at 31 December 2014 to Rmb334.7 million as at 31 March 2015 mainly due to decrease in trade payables.

Mortgage loans decreased from Rmb6.7 million as at 31 December 2014 to Rmb4.4 million as at 31 March 2015 due to payment made.

Income tax payable decreased from Rmb7.9 million as at 31 December 2014 to Rmb5.8 million as at 31 March 2015 mainly due to income tax paid during the period.

Review of Cash Flows

The Group reported negative cash flows from operating activities of Rmb10.8 million in the first quarter of FY2015 mainly due to loss for the quarter and movements in working capital, where the decrease in trade and other payables is greater than the decrease in trade and other receivables. However, with the net cash received from investing activities, the Group maintained cash and bank balances of Rmb62.0 million as at 31 March 2015.

Cash flows from investing activities in the first quarter of FY2015 amounting to Rmb20.2 million were mainly attributable to an amount received from the intended sale of a subsidiary during the period.

Cash flows from financing activities in the first quarter of FY2015 amounting to Rmb1.2 million were mainly attributable to a decrease in pledged bank balances, which was offset by interest paid and net repayment of short term bank borrowings.

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

No forecast or prospect statement has been previously disclosed to the shareholders.

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 Group continues to operate in a challenging and competitive environment amidst the continued weaknesses in the building and housing industries in Suzhou. The situation is not expected to improve in the next quarter.

The Company had announced on 23 October 2014 that the Board received a formal proposal (the “Proposal”) from an entity related to certain executive directors of the Company that may result in the delisting of the Company. As set out in the update announcements dated 30 November 2014, 24 December 2014, 23 January 2015, 23 February 2015, 23 March 2015 and 23 April 2015 respectively, discussions are still ongoing and there is no certainty whether a transaction will take place pursuant to the Proposal.

The Company had also announced on 10 March 2015 that Assetgold Finance Limited (“Assetgold”) and Suzhou Yongsheng Concrete Co., Ltd (“SY Concrete”), both wholly-owned subsidiaries of the Company, had entered into a sale and purchase agreement with Shanghai Jiangong Construction Material Co., Ltd (“SJCM”) and Shanghai Construction Overseas (Holdings) Limited (collectively, the “Purchasers”), pursuant to which it is proposed that Assetgold and SY Concrete shall sell their entire equity interest in Suzhou Industrial Park Yongsheng Concrete Co., Ltd (“SIP Yongsheng”) to the Purchasers (the “Disposal”). On the 30 April 2015, the parties have also entered into a supplementary agreement in relation to the Disposal. At this stage, all the equity interests held by SY Concrete and Assetgold in SIP Yongsheng and the rights attached to such equity interests (including but not limited to the property right, voting right, personnel right, right to know and other rights), obligations and liabilities have been respectively transferred to the Purchasers on 1 April 2015 and the date of completion of the Disposal is deemed to be 1 April 2015.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared during the current financial period reported on?

Nil

(b) Corresponding period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date Payable.

Not applicable.

(d) *Book closure date.*

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

13. 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.

The aggregate value of transactions entered into by the Group with interested persons and their affiliates, as defined in the SGX Listing Manual, is less than S\$100,000.

The Group does not have any general mandate from shareholders for the current financial period pursuant to Rule 920.

Confirmation By The Board

We, Sun Jianming and Zhao Deming, being two Directors of China Yongsheng Limited (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 3 months period ended 31 March 2015 as set out above to be false or misleading in any material aspect.

For and on behalf of the Board

Sun Jianming

Zhao Deming