中国软包装控股有限公司
CHINA FLEXIBLE PACKAGING HOLDINGS LIMITED

THIRD QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2016
截止 2016 年 7 月 31 日的第三季度财务报表及股息公告

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
第一部分: 各季度（第一、第二及第三季度）、半年及全年业绩公告所需的资料

1(a) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.
（集团）的收入报表连同上一财政年同期的对比报表。

Group's Consolidated Statement of Comprehensive Income for the three months ended 31 July 2016 ("3Q 2016") and nine months ended 31 July 2016 ("9M 2016"). These figures have not been audited.
截至 2016 年 7 月 31 日三个月及九个月期间之集团合并收入报表。这些数目字尚未审计。

	Group 集团 3rd quarter 3 months ended			Group 集团 Year-to-date 9 months ended		
	31 July 2016 RMB'000	**31 July 2015 RMB'000**	+/(-) %	**31 July 2016 RMB'000**	**31 July 2015 RMB'000**	+/(-) %
REVENUE 销售收益	**26,380**	75,510	(65.1)	**107,479**	273,612	(60.7)
Cost of sales 销售成本	**(39,436)**	(109,556)	(64.0)	**(184,339)**	(358,951)	(48.6)
GROSS LOSS 毛损	**(13,056)**	(34,046)	(61.7)	**(76,860)**	(85,339)	(9.9)
Other operating income 其他收益	**27**	51	(47.1)	**196**	139	41.0
Selling and distribution expenses 销售及分销成本	**(44)**	(142)	(69.0)	**(313)**	(648)	(51.7)
Administrative expenses 行政费用	**(3,335)**	(3,222)	3.5	**(10,200)**	(11,061)	(7.8)
Finance costs 财务费用	**(245)**	-	N/M	**(319)**	-	N/M
Other expenses 其他费用	**(37)**	(25)	48.0	**(51)**	(47,336)	(99.9)
LOSS BEFORE TAXATION 税前亏损 (Note 1)	**(16,690)**	(37,384)	(55.4)	**(87,547)**	(144,245)	(39.3)
Income tax expense 税金	**-**	-	N/M	**-**	-	N/M
NET LOSS FOR THE PERIOD 本期净亏损	**(16,690)**	(37,384)	(55.4)	**(87,547)**	(144,245)	(39.3)
Other comprehensive loss for the period (after tax and reclassification adjustments): 本期间其他全面亏损：						
Exchange differences on translation of financial statements of foreign operations 换算海外业务之汇兑差异	**29**	-	N/M	**58**	13	346.2
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY 本期间全面亏损	**(16,661)**	(37,384)	(55.4)	**(87,489)**	(144,232)	(39.3)

N/M: Not meaningful 无意义

1(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements
（集团）的收入报表连同上一财政年同期的对比报表。

Note 1:

(Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting) the following:
税前(亏损)/盈利乃经扣除/(记账)下列各项列账：

		Group 集团 3rd quarter 3 months ended			Group 集团 Year-to-date 9 months ended		
		31 July 2016 RMB'000	31 July 2015 RMB'000	+/(-) %	31 July 2016 RMB'000	31 July 2015 RMB'000	+/(-) %
a.	Interest income 利息收入	**(2)**	(32)	(93.8)	**(21)**	(120)	(82.5)
b.	Sales of Scraps 廢料收入	**(22)**	(17)	29.4	**(140)**	(17)	723.5
c.	Net exchange loss/(gain) 汇兑净损失/(收益)	**30**	16	87.5	**(2)**	55	N/M
d.	Impairment loss on non-current assets 固定资产减值	**-**	-	N/M	**-**	47,245	N/M
e.	Depreciation and amortisation 折旧和摊销	**7,104**	6,855	3.6	**21,314**	25,035	(14.9)

N/M: Not meaningful 无意义

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.
（上市公司及集团）的资产负债表连同截至上一财政年的对比报表。

	Group 集团		Company 公司	
	As at		As at	
	31 July 2016 RMB'000	31 October 2015 RMB'000	31 July 2016 RMB'000	31 October 2015 RMB'000
NON-CURRENT ASSETS 非流动资产				
Property, plant and equipment 固定资产	**137,458**	157,706	**-**	**-**
Land use rights 土地使用权	**50,368**	51,434	**-**	**-**
Investment in subsidiaries 投资于子公司	**-**	-	**262,217**	264,298
	187,826	209,140	**262,217**	264,298
CURRENT ASSETS 流动资产				
Inventories 库存	**4,827**	15,699	**-**	**-**
Accounts receivable 应收帐款	**31,454**	30,744	**-**	**-**
Prepayments, deposits and other receivables 预付款, 定金及其他应收款	**414**	2,909	**-**	**-**
Cash and cash equivalents 现金及银行结存	**19,279**	18,729	**358**	297
	55,974	68,081	**358**	297
CURRENT LIABLILITIES 流动负债				
Accounts payable 应付帐款	**10,718**	1,750	**-**	-
Accruals, other payables and receipts in advance 应计债务,其他应付款及已收定金	**5,092**	10,007	**126**	163
Amount due to a director 应付于董事款	**30,015**	-	**-**	-
Bank loan 银行借款	**20,000**	**-**	**-**	**-**
	65,825	11,757	**126**	163
NET CURRENT (LIABILITIES)/ASSETS 净流动(负债)/资产	**(9,851)**	56,324	**232**	134
NET ASSETS 净资产	**177,975**	265,464	**262,449**	264,432
EQUITY 权益				
Equity attributable to owners of the Company 权益归于公司拥有人				
Share capital 已发行股本	**399**	598,197	**399**	598,197
Reserves 储备金	**177,576**	(332,733)	**262,050**	(333,765)
TOTAL EQUITY 权益总额	**177,975**	265,464	**262,449**	264,432

1(b)(ii) Aggregate amount of group's borrowings and debt securities.
集团借贷及抵押债务的总额

Amount repayable in one year or less, or on demand
一年或以内应该偿还或见索即付的款额

	As at 31 July 2016 截至 2016 年 7 月 31 日		As at 31 October 2015 截至 2015 年 10 月 31 日	
	Secured 有抵押	**Unsecured 无抵押**	Secured 有抵押	Unsecured 无抵押
	RMB'000	**RMB'000**	RMB'000	RMB'000
Bank Loan	**20,000**	**-**	-	-
Amount due to a director (Note 1)	**-**	**30,015**	-	-

Note 1: Please refer to paragraph 13 for more details

Amount repayable after one year
一年后应偿还的款额

	As at 31 July 2016 截至 2016 年 7 月 31 日		As at 31 October 2015 截至 2015 年 10 月 31 日	
	Secured 有抵押	**Unsecured 无抵押**	Secured 有抵押	Unsecured 无抵押
	RMB'000	**RMB'000**	RMB'000	RMB'000
Bank Loan	**-**	**-**	-	-
Amount due to a director	**-**	**-**	-	-

Details of any collateral
抵押品（若有）的详情

1. The short-term bank loan is secured by:

(i) Personal guarantee by an Executive Director
(ii) Certain non-current assets of a PRC subsidiary of the Group

2. The amount due to a director is unsecured.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.
（集团）的现金流量表连同上一财政年同期的对比报表。

	Group 集团			
	3 months ended 31 July 2016 RMB'000	3 months ended 31 July 2015 RMB'000	9 months ended 31 July 2016 RMB'000	9 months ended 31 July 2015 RMB'000
Cash flows from operating activities 营业活动所得现金流量				
Loss before taxation 税前亏损	**(16,690)**	(37,384)	**(87,547)**	(144,245)
Adjustments for: 调整下列各项:				
Depreciation of property, plant and equipment 固定资产折旧	**6,749**	6,517	**20,248**	24,183
Amortisation of land use rights 土地使用权摊销	**355**	338	**1,066**	852
Impairment loss on non-current assets 固定资产减值	**-**	-	**-**	47,245
Finance costs 财务费用	**245**	-	**319**	-
Interest income 利息收入	**(2)**	(32)	**(21)**	(120)
Operating loss before working capital changes 营运资金变更前营运亏损	**(9,343)**	(30,561)	**(65,935)**	(72,085)
Changes in 营运资金变动:				
Inventories 库存	**914**	14,358	**10,872**	(5,730)
Accounts receivable 应收帐款	**(1,615)**	(2,331)	**(710)**	72,950
Prepayments, deposits and other receivables 预付款, 预付订金及其他应收款	**773**	(3,609)	**2,495**	(4,585)
Accounts payable 应付帐款	**(940)**	1,475	**8,968**	1,475
Accruals and other payables 应计债务及其他应付款	**(1,584)**	5,607	**(4,915)**	2,139
Cash used in operating activities 营业活动所(用)/得现金	**(11,795)**	(15,061)	**(49,225)**	(5,836)
Interest received 已收利息	**2**	32	**21**	120
Net cash flows used in operating activities 营业活动所用净现金流量	**(11,793)**	(15,029)	**(49,204)**	(5,716)
Net cash flows generated from financing activities 融资活动所得现金流量				
Advance from a Director 应付于董事款增加	**30,015**	-	**30,015**	-
Proceeds from bank borrowing 银行借款所得	**-**	-	**20,000**	-
Interest paid 已付利息	**(245)**		**(319)**	
Cash generated from financing activities 融资活动所得现金	**29,770**	-	**49,696**	-
Net increase/(decrease) in cash and cash equivalents 现金及现金等值净增加/(减少)	**17,977**	(15,029)	**492**	(5,716)
Cash and cash equivalents at beginning of period 期初现金及现金等值	**1,273**	38,042	**18,729**	28,716
Effect of foreign exchange rate changes 汇率变动的影响	**29**	-	**58**	13
Cash and cash equivalents at end of period 期末现金及现金等值	**19,279**	23,013	**19,279**	23,013

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.
显示（上市公司及集团）（i）股权的所有变更的报表或（ii）资本化发行及股东分配产生的股权变更除外的股权变更的报表，连同上一财政年同期的对比报表

	Issued share capital 股本	Share premium account 股份溢价	Contributed surplus 实缴盈余	Share redemption reserve 赎回储备	Capital reserve 资本储备	Foreign currency translation reserve 汇兑储备	Statutory reserve 法定储备	Other reserve 其他储备	Accumulated losses 损益账户	Total equity 总计
The Group 集团	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance as at 1 November 2015 于 2015 年 11 月 1 日结存	598,197	304,361	-	62	-	3,482	86,527	36,630	(763,795)	**265,464**
Cancellation of shares arising from Capital Reduction 从减资而产生的股份取消	(597,798)	-	597,798	-	-	-	-	-	-	-
Share Premium Reduction and crediting of contributed surplus 削减股份溢价及计入实缴盈余	-	(304,361)	304,361	-	-	-	-	-	-	-
Offset of credit arising from Capital Reorganisation against accumulated losses 以实缴盈余抵消累计亏损	-	-	(763,795)	-	-	-	-	-	763,795	-
Total comprehensive income for the year 年度綜合收益:										
- Loss for the year 年度亏损	-	-	-	-	-	-	-	-	(87,547)	**(87,547)**
Other comprehensive income for the year: 年度其他綜合收益:										
- Exchange differences on translation of financial statements of foreign operation 換算海外业务之汇差	-	-	-	-	-	58	-	-	-	**58**
Total comprehensive loss for the year 年度綜合亏损:	-	-		-	-	58	-	-	(87,547)	**(87,489)**
Balance as at 31 July 2016 于 2016 年 7 月 31 日结存	**399**	**-**	**138,364**	**62**	**-**	**3,540**	**86,527**	**36,630**	**(87,547)**	**177,975**

	Issued share capital 股本	Share premium account 股份溢价	Contributed surplus 实缴盈余	Share redemption reserve 赎回储备	Capital reserve 资本储备	Foreign currency translation reserve 汇兑储备	Statutory reserve 法定储备	Other reserve 其他储备	Retained earnings/ (accumulated losses) 损益账户	Total equity 总计
The Group 集团	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance as at 1 November 2014 于 2014 年 11 月 1 日结存	598,238	304,382	-	-	-	3,461	86,527	36,630	(581,515)	**447,723**
Total comprehensive income for the year 年度綜合收益:										
- Profit for the year 年度利润	-	-	-	-	-	-	-	-	(144,245)	**(144,245)**
Other comprehensive income for the year: 年度其他綜合收益:										
- Exchange differences on translation of financial statements of foreign operation 換算海外业务之汇差	-	-	-	-	-	13	-	-	-	**13**
Total comprehensive income for the year 年度綜合收益:	-	-	-	-	-	13	-	-	(144,245)	**(144,232)**
Balance as at 31 July 2015 于 2015 年 7 月 31 日结存	**598,238**	**304,382**	**-**	**-**	**-**	**3,474**	**86,527**	**36,630**	(725,760)	**303,491**

	Issued share capital 股本	Share premium account 股份溢价	Contributed surplus 实缴盈余	Share redemption reserve 赎回储备	Capital reserve 资本储备	Foreign currency translation reserve 汇兑储备	Statutory reserve 法定储备	Other reserve 其他储备	Accumulated losses 损益账户	Total equity 总计
The Company 公司	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance as at 1 November 2015 于 2015 年 11 月 1 日结存	598,197	304,361	-	62	99,175	-	-	36,630	(773,993)	**264,432**
Cancellation of shares arising from Capital Reduction 从减资而产生的股份取消	(597,798)	-	597,798	-	-	-	-	-	-	-
Share Premium Reduction and crediting of contributed surplus 削减股份溢价及计入实缴盈余	-	(304,361)	304,361	-	-	-	-	-	-	-
Offset of credit arising from Capital Reorganisation against accumulated losses 以实缴盈余抵消累计亏损	-	-	(773,993)	-	-	-	-	-	773,993	**-**
Loss and total comprehensive loss for the year 亏损及年度綜合亏损	-	-	-	-	-	-	-	-	(1,983)	**(1,983)**
Balance as at 31 July 2016 于 2016 年 7 月 31 日结存	**399**	**-**	**128,166**	**62**	**99,175**	**-**	**-**	**36,630**	**(1,983)**	**262,449**

The Company 公司	Issued share capital 股本	Share Premium Account 股票溢价	Contributed surplus 实缴盈余	Share redemption reserve 赎回储备	Capital reserve 资本储备	Foreign currency translation reserve 汇兑储备	Statutory reserve 法定储备	Other reserve 其他储备	Accumulated losses 损益账户	Total equity 总计
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 November 2014 于 2014 年 11 月 1 日结存	598,238	304,382	-	-	99,175	-	-	36,630	(739,952)	**298,473**
Loss and total comprehensive loss for the year 亏损及年度綜合收益:	-	-	-	-	-	-	-	-	(1,603)	**(1,603)**
Balance as at 31 July 2015 于 2015 年 7 月 31 日结存	**598,238**	**304,382**	**-**	**-**	**99,175**	**-**	**-**	**36,630**	**(741,555)**	**296,870**

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 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.
自上一个财政期，公司股本因附加股、红股、股份购回、行使认股选择权或认股权证、其他权益发行兑换、发行股票以取得现金或收购对价或为任何其他目的而发行股票而产生的任何变更的详情。亦须注明截至本财政期末及截至上一财政年同期可能就兑换所有结存的可换证券而发行的股票数目。

There was no change in the Company's issued share capital during the 3 months period ended 31 July 2016.

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.
显示截至本财务期结束及于前一财政年末已发行股份的总数量，不包括库存股份。

The Company does not have any treasury shares. Total number of issued shares as at 31 July 2016 was 4,860,956 (as at 31 October 2015: 4,860,956)

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.
声明截至本财务期结束所有的销售，转让，处置，取消和/或使用库存股。

Not applicable. 不适用。

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.
有关数目字是否经审计或审阅，且按何种审计标准或惯例审计或审阅。

The figures have not been audited or reviewed by the Company's auditors.
公司的审计师尚未审计或审阅有关数字。

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).
若有关数目字经审计或审阅，须附上审计师报告（包括对任何特定事项的澄清或强调）。

The figures have not been audited or reviewed by the Company's auditors.
公司的审计师尚未审计或审阅有关数字。

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.
是否应用上市公司最新经审计的年度财务报表的相同会计政策及计算方法。

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 October 2015.

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.
若会计政策及计算方法出现任何变更，包括会计标准所规定的任何变更，须列出有关的变更、变更的原因及变更所产生的影响。

The Group has adopted the applicable new and revised International Financial Reporting Standards ("IFRSs") which became effective for the financial period beginning on or after 1 November 2015. For the current reporting period ended 31 July 2016, the adoption of these new and revised IFRSs did not give rise to significant impact on the Group's' financial statements.

6. Earnings/(loss) 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.
集团在本财政期间及上一财政年同期每股普通股的盈利/(亏损)（扣除优先股息的准备金）。

	3rd quarter 3 months ended		Year-to-date 9 months ended	
	31 July 2016	31 July 2015 (Adjusted)	31 July 2016	31 July 2015 (Adjusted)
Loss per ordinary share for the period based on net loss attributable to owners of the Company:-				
集团的每股普通股的亏损按照可归于股东的净亏损:				
(i) Based on the weighted average number of ordinary shares on issue (RMB); and 根据已发行普通股本的加权平均数 (人民币); 及	(3.43)	(7.69)	(18.00)	(29.67)
(ii) On a fully diluted basis (RMB) 根据完全摊薄基准 (人民币)	N/A	N/A	N/A	N/A
Weighted average number of Consolidated Shares 加权平均已合股的普通股股份数目	4,860,956	4,860,956	4,860,956	4,860,956

On 14 August 2015, the Company completed a share consolidation of every one hundred (100) ordinary shares of par value US$0.15 each in the capital of the Company into one (1) ordinary share of par value US$15.00 ("Consolidated Share") ("Share Consolidation"). For illustrative purpose, adjusted basic loss per share for the comparative figures of the three months and nine months periods ended 31 July 2016 are presented to account for the effect of the Share Consolidation. In this presentation, the weighted average number of ordinary shares is reduced by the number of shares that were absorbed into the Consolidated Shares as if the transaction took place at the start of the comparative periods.

Basic loss per share for the 3Q 2016 are calculated based on the total comprehensive loss for the period attributable to owners of the Company of approximately RMB16,661,000 (3Q 2015: RMB37,384,000) divided by 4,860,956 ordinary shares of US$0.01 each (adjusted 3Q 2015: 4,860,956 ordinary shares of US$15.0 each) in issue during the period.

Basic loss per share for the 9M 2016 are calculated based on the total comprehensive loss for the period attributable to owners of the Company of approximately RMB87,489,000 (9M 2015: RMB144,232,000) divided by 4,860,956 ordinary shares of US$0.01 each (adjusted 9M 2015: 4,860,956 ordinary shares of US$15.0 each) in issue during the period.

There were no potential dilutive ordinary shares in existence during the three months and nine months ended 31 July 2016 and 2015 and accordingly, no diluted loss or earnings per share has been presented.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.
（上市公司及集团）的每股普通股净资产值，按上市公司在下列财政期末已发行股本计算：-
(a) 本财政期；及
(b) 上一财政年。

	Group 集团 As at		Company 公司 As at	
	31 July 2016	31 October 2015	31 July 2016	31 October 2015
Net assets value per ordinary share (RMB) 每股普通股的净资产值(人民币)	36.61	54.61	53.99	54.40

The net assets value for the Group and the Company per ordinary share was calculated based on the equity attributable to the owners of the Group and the Company as at 31 July 2016 and 31 October 2015; and 4,860,956 ordinary shares of the Company in issue as at 31 July 2016 and 31 October 2015.

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.
回顾集团业绩以取得对集团的业务合理的理解。有关回顾须包括下列各项的讨论：-
(a) 本财政期间影响集团的营业额、成本及收益的任何显著因素，包括季节性或周期性因素（若适用）；及
(b) 本财政期间影响集团的现金流量、营运资金、资产或债务的任何重大因素。

Review Group performance

The Group's Consolidated Statement of Comprehensive Income

The Group's revenue

The Group's revenue decreased by 65.1% or RMB49.1 million from RMB75.5 million in 3Q 2015 to RMB26.4 million in 3Q 2016. The decrease was mainly attributed to the significant drop in sales volume of the Group's major product low shrinkage films. It was attributed to (i) downscaled production in the less effective production line no.3 in 3Q 2016 in light of production performance issues and market price fluctuation in low shrinkage BOPP products; and (ii) lower overall market demand from the weakening domestic consumer market and keener market competition.

The Group's gross loss and operating loss before tax

The cost of sales decreased from RMB109.6 million in 3Q 2015 to RMB39.4 million in 3Q 2016, representing a decrease of 64.0% or RMB70.2 million. It was due to the (i) decrease in production volume affected mainly by the downscaled production in the production line no.3; (ii); lower raw material consumption contributed by lower production rejection rate, and; (iii) drop in direct material cost as well as production overheads including utilities expenses, direct labour costs, fuel and other production costs in 3Q 2016.

The Group recorded a gross loss of RMB13.1 million in 3Q 2016. The gross loss was mainly attributable to (i) the unfavourable product mix where only low-cost products accounted for our total sales yielding an unattractive margin; (ii) presence of sub-standard products issue mainly in low-cost segment which had put a burden on margins, (iii) economic and industry slowdown in the PRC. The direct material cost, direct labour costs and overheads dropped at a much slower pace than the fall in selling prices, and (iv) higher fixed overheads absorption due to the significant drop in production volume. However, there was a decrease in gross loss of 61.7% or RMB20.9 million from RMB34.0 million in 3Q 2015. It was contributable by the downscaled production in the less efficient production line no.3 and an improvement in overall sub-standard production rate.

Under the current adverse market conditions even as the Group suffers a gross loss with the sale of its products, management believes that the Group needs to maintain its manufacturing operation to meet market demand and to maintain customer relationships.

Other revenue of RMB0.03 million in 3Q 2016 (3Q 2015: RMB0.05 million) mainly comprised of the sales of scrap materials.

Selling and distribution costs decreased by 69.0% over the last corresponding period to RMB0.04 million in 3Q 2016 (3Q 2015: RMB0.14 million), mainly due to the decrease in travelling and other marketing related expenses.

Administrative expenses in 3Q 2016 increased by 3.5% over the last reporting period to RMB3.3 million (3Q 2015: RMB3.2 million), due mainly to the increase in professional expenses.

Finance cost of RMB0.2 million in 3Q 2016 was largely from an external short-term bank loan of RMB20.0 million obtained from the Bank of China Limited in March 2016.

Other expenses amounted to RMB0.04 million in 3Q 2016 (RMB0.03 million in 3Q 2015) comprised mainly of exchange losses and bank charges.

The Group's net loss from ordinary activities attributable to owners of the Company

The Group recorded a net loss of RMB16.7 million for the 3Q 2016, compared with RMB37.4 million in 3Q 2015.

Review on consolidated statement of financial position and statement of cash flows

The Group's Consolidated Statement of Financial Position

Non-current assets comprised of land use rights, property, plant and equipment. It decreased by 10.2% or RMB21.3 million from RMB209.1 million as at 31 October 2015 to RMB187.8 million as at 31 July 2016. This was mainly due to the amortisation and depreciation charges and no additions to non-current assets.

Current assets of the Group decreased by 17.8% or RMB12.1 million from RMB68.1 million as at 31 October 2015 to RMB56.0 million as at 31 July 2016. It was mainly due to the decrease in inventories to RMB4.8 million as at 31 July 2016, by 69.3% or RMB10.9 million from RMB15.7 million as at 31 October 2015, which was ascribed to lower purchases in 3Q 2016 in response to the downward sales trend and downscaled production in the production line no.3. Apart from this, deposits, prepayments and other receivables decreased by 85.8% or RMB2.5 million to RMB0.4 million as at 31 July 2016, which was largely attributable to the settlement of advance payments to suppliers subsequent to the year ended 31 October 2015. The decrease in current assets was partially offset by the increase in accounts receivable from RMB30.7 million as at 31 October 2015 to RMB31.5 million as at 31 July 2016, by 2.3% or RMB0.8 million.

Current liabilities of the Group increased by 459.9% or RMB54.0 million to RMB65.8 million as at 31 July 2016, largely attributable to an external short-term bank loan of RMB20.0 million obtained from the Bank of China Limited in 2Q 2016 and an advance from a director amounting to RMB30.0 million in 3Q 2016 (please refer to paragraph 13 for more details). Besides, accounts payable increased from RMB1.8 million as at 31 October 2015 to RMB10.7 million as at 31 July 2016. The Group had discussed with key suppliers to lengthen the payable period to improve the Group's liquidity position. The increase in current liabilities was partially offset by the drop in accruals and other payables by 49.1 % or RMB4.9 million, to RMB5.1 million as at 31 July 2016. It was due to lower advance payments from customers at the current period end compared with the last financial year end.

Due to the above, the Group has a net current liability of RMB9.9 million compared to the net current assets of RMB56.3 million as at 31 October 2015.

The Group's Consolidated Statement of Cash Flows

In 3Q 2016, the net cash outflow from operating activities of the Group amounted to RMB11.8 million as compared with RMB15.1 million in the last corresponding period of 2015. The net cash outflow was mainly attributable to the operating loss before working capital changes of RMB9.3 million, and a negative net capital change of RMB2.5 million. The negative net capital change was mainly attributable to the increase in accounts receivable, decrease in accounts payable, accruals and other payables during the 3Q 2016.

The Group recorded a net cash inflow in financing activities amounting to RMB30.0 million in 3Q 2016. It ascribed to the cash generated from an advance from a director, the corresponding interest paid to the director and an interest paid for a short-term bank loan during the 3Q 2016.

Therefore, the cash and cash equivalent balance has increased from RMB18.0 million as at 30 April 2016 to RMB19.3 million as at 31 July 2016.

Liquidity and going concern assumption

The financial statements have been prepared on the going concern basis assuming that the Group will continue to operate as a going concern notwithstanding that:

(i) the net current liabilities of RMB9.9 million of the Group as at 31 July 2016;
(ii) the Group recorded RMB11.8 million negative cash flow in operating activities in 3Q 2016.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the Group prepared the financial statements based on the assumption that the Group can be operated as a going concern and is of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from the period end date, after taking into consideration of the following:

(i) the Group has proposed to undertake a renounceable non-underwritten rights cum warrants issue in order to provide working capital for the Group, and to address the Group's tightening liquidity condition. Assuming a successful issuance and under maximum subscription scenario, the exercise can potentially raise gross proceeds of approximately S$6.8 million or RMB33.4 million and additional S$5.0 million or RMB24.5 million in the event that the Warrants are exercised.. Apart from this, the substantial shareholder of the Company and his concert party group has already indicated their interest to subscribe for their pro rata rights entitlements, which can potentially raise gross proceeds of approximately S$3.7 million or RMB18.0 million and additional S$2.8 million or RMB13.5 million in the event that the 4,860,956 Warrants are exercised;
(ii) the Group continues to implement measures to improve its liquidity condition, including but not limited to, shortening receivable collection period, lengthening payment settlement period, lowering inventory level and tightening cost controls over various selling and administrative expenses; and
(iii) the Group is closing down the production from the less effective production line no.3 as an immediate measure to reduce operating loss and conserve cash balance.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.
就先前向股东披露的预测或前景声明而言，前述与实际业绩的任何出入。

As disclosed in the 2nd quarter Financial Results Announcement dated 14 June 2016, the Group's performance for the current financial period ended 31 July 2016 was expected to report a loss and the Group's actual performance for the 3Q 2016 was in line with the statement (Paragraph 10) of the Company's announcement dated 14 June 2016.

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.
截至公告日期，集团所处行业的显著趋势及竞争情况以及可能影响集团在下个报告期及未来 12 个月的任何已知因素或事项的有关评论。

The production line no. 3 in one of the operating subsidiaries in the People's Republic of China ("PRC"), namely Jieyang City Yuntong Plastic Packaging Co., Limited ("Yuntong") is in the progress of permanently shutting down its operation. This is due to the expiry of one of the land use rights of Yuntong, which occupies approximately two-third of the total site area, which expired on 7 September 2016. The subject land use rights and ownership rights of the buildings and structures erected thereon shall be reverted to state ownership upon the expiry of the land use term without compensation pursuant to the Real Estate Title Certificates of the land use rights and the relevant PRC Law.

The company had not made application to renew the land use term of the subject land use rights. The Company is considering appropriate options for this production line, of which most items in the production line have been fully depreciated.

The Group's business environment remains challenging and performance is expected to be continually affected, due mainly to the weakening demand in domestic market and difficulty in sourcing sales orders in high margin product segment. Going forward, the Group will focus its resource on the remaining production line no.4 in Ruixing which was set up initially in 2009. Therefore, the Group expects to report a loss for the next reporting period and the financial year of 2016.

Updates on the Proposed Rights cum Warrants Issue

On 29 April 2016, the Board of Directors of the Company announced that the Company proposes to undertake a renounceable non-underwritten rights cum warrants issue of up to 9,721,912 new ordinary shares in the capital of the Company at an issue price of S$0.70 for each Rights Share, with up to 4,860,956 free detachable warrants, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S$1.05 for each Warrant Share, on the basis of two (2) Rights Shares for every one (1) existing ordinary share of par value US$0.01 in the capital of the Company, held by entitled shareholders of the Company as at a books closure date to be determined by the Board of Directors of the Company, with one (1) free Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded ("Proposed Rights cum Warrants Issue"). On 13 June 2016, the Company had submitted an application for the Proposed Rights cum Warrants Issue to the Singapore Exchange ("SGX") ("First Application").

Subsequent to the First Application, on 11 August 2016 the Board of Directors of the Company made an update announcement in relation to, inter alia, a ruling from the Securities Industry Council on the obligation of a general offer by a substantial shareholder, Mr. Chong Yuen and a need of a resolution to waive the rights of independent shareholders to receive a general offer from Mr. Chong Yuen ("Proposed Whitewash Resolution").

On 1 September 2016, the Company had re-submitted the application for the Proposed Rights cum Warrants Issue with the additional necessary documentation required for the Proposed Whitewash Resolution to SGX.

The Company will make update announcements on the Proposed Rights cum Warrants Issue.

11. Dividend
股息

(a) Current Financial Period Reported On
本财政期
Any dividend declared for the current financial period reported on?
本财政期是否宣布派发任何股息？

None
无

(b) Corresponding Period of the Immediately Preceding Financial Year
上一财政年同期
Any dividend declared for the corresponding period of the immediately preceding financial year?
上一财政年同期是否宣布派发任何股息？

No
无

(c) Date payable
支付日期

Not applicable
不适用

(d) Books closure date
截止过户日期

Not applicable
不适用

12. If no dividend has been declared/recommended, a statement to that effect.
若不宣布／建议派发股息，须作出有关声明。

Not Applicable. 不适用

13. Interested person transactions
关连人仕交易

The Company does not have any general mandate from shareholders for interested person transactions.

In July 2016, the Chairman of the Board, Mr Zeng Hanming provided an advance of approximately RMB30.0 million to Jieyang City Rui Xing Plastic Packaging Company Limited ("Ruixing"), which is a 100% wholly-owned subsidiary of the Company.

The advance is unsecured and interest-bearing at 4.5% per annum, and is repayable in full until completion of the Proposed Rights cum Warrants Issue or on 31 December 2016, whichever is earlier. The interest rate is in line with the prevalent bank borrowing rate in China.

The above-mentioned transaction entered between Mr Zeng Hanming and Ruixing constitute an interested person transaction ("IPT") under Chapter 9 of the Listing Manual of SGX. The audit committee of the Company is of the view that the IPT had been carried out on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

As at 31 July 2016, the aggregate value of the IPT (interest expense) was approximately RMB14,500.00.

14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST.
根据新加坡证券交易所有限公司上市参考手册第 705 条附例(5)要求董事确认事项

The Board of Directors of the Company hereby confirm that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial results of the Group as at 31 July 2016 to be false or misleading.
董事局在此确认我们已根据其所知情的所有资料, 没有任何事情导致上市公司董事局需要特别的留意那些会引起第三季度财务报告截止 2016 年 7 月 31 日出现虚假或误导.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.
根据新加坡证券交易所有限公司上市参考手册第 720 条附例(1) 要求所有董事及高级管理人员确认附例承诺事项。

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

BY ORDER OF THE BOARD
奉董事会之命

Zeng Hanming
Chairman of the Board
13 September 2016