

SUNMART HOLDINGS LIMITED
(Registration Number: 200600432W)

Financial Statement and Dividend Announcement for the First Quarter Ended 31 March 2015

INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 1ST QUARTER 2015 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.

Consolidated Statement of Comprehensive income	1Q 2015 RMB'000	1Q 2014 RMB'000	+ / (-) %
Revenue	71,778	60,916	17.8
Cost of sales	(60,747)	(58,182)	4.4
Gross profit	11,030	2,734	303.4
Other operating income	196	2,469	(92.1)
Other losses - net	(162)	(818)	(80.2)
Distribution and marketing	(3,445)	(2,789)	23.5
Administrative expenses	(3,342)	(8,903)	(62.5)
Finance expenses	(5,524)	(5,115)	8.0
Share of Profits of Associate Company	-	-	
Loss before tax	(1,247)	(12,243)	(89.8)
Income tax expense	-	-	
Loss after tax	(1,247)	(12,243)	(89.8)
Other comprehensive loss	0	0	0
Total comprehensive loss attributable to equity holders of the Company	(1,247)	(12,243)	(89.8)

The following items have been included in arriving at profit/(loss) before taxation:-

	1Q 2015 RMB'000	1Q 2014 RMB'000	+ / (-) %
Interest income	458	2,174	78.9
Depreciation of property, plant and equipment	6,065	6,508	(6.8)
Interest expense	6,214	6,897	(9.9)
Amortisation of land use rights	154	154	0.0

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	
	As at 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	345,538	349,383	-	-
Investment property	23,088	23,244	-	-
Land use rights	24,548	24,696	-	-
Investment in subsidiaries	-	-	126,209	126,209
Investment in associates	30,732	30,732	-	-
Trade and other receivables	-	5,160	-	-
	423,906	433,215	126,209	126,209
CURRENT ASSETS				
Inventories	52,426	58,042	-	-
Trade and other receivables	143,246	141,421	12,655	8,772
Cash and cash equivalents	81,599	49,302	(15)	19
	277,271	248,765	12,640	8,791
CURRENT LIABILITIES				
Trade and other payables	39,704	75,287	9,615	5,566
Borrowings	386,893	329,483	-	-
Current income tax liabilities	-	-	-	-
	426,597	404,770	9,615	5,566
NON CURRENT LIABILITIES				
Borrowings	-	1,382	-	-
NET ASSETS	274,580	275,828	129,234	129,434
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share Capital	155,184	155,184	155,184	155,184
Translation reserve	(193)	(193)	(3,930)	(3,930)
Merger deficit	(587)	(587)	-	-
Statutory reserve fund	29,521	29,521	-	-
Retained earnings/(Accumulated loss)	90,655	91,903	(22,020)	(21,820)
TOTAL EQUITY	274,580	275,828	129,234	129,434

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

Amount repayable in one year or less, or on demand

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
386,893	-	329,482	-

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	1,382	-

Details of any collateral

Bank borrowings of the Group are secured over leasehold buildings, land use rights, plant and equipment, certain short term deposits and joint and severable guarantee from third parties, related parties, a director of the Group and a subsidiary.

Note payables of the Group are secured by certain short term bank deposits of the Group.

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

	Group	
	1Q 2015	1Q 2014
	RMB'000	RMB'000
Cashflow from operating activities		
Loss before taxation	(1,247)	(12,423)
Adjustments for:		
Interest income	(458)	(2,174)
Interest expense	6,214	6,897
Depreciation of investment property	156	155
Amortisation of land use rights	148	52
Depreciation of property, plant and equipment	6,065	6,508
Operating profit before working capital changes	10,878	(985)
Changes in working capital:		
Inventories	5,616	(3,646)
Trade and other receivables	3,595	(59,830)
Trade and other payables and accruals	(35,583)	(42,814)
Net cash from operations	(15,494)	(107,275)
Interest paid	(6,214)	(6,897)
Interest received	458	2,174
Tax paid	-	-
Net cash from operating activities	(21,250)	(111,998)
Cashflow from investing activities		
Additions to property, plant and equipment	(2,220)	(767)
Net cash used in investing activities	(2,220)	(767)
Cashflow from financing activities		
Proceeds of bank loans, net	56,028	-
Repayment of bank loans, net	-	(4,924)
Net cash from/(used in) financing activities	56,028	(4,924)
Net increase/(decrease) in cash and cash equivalents	32,558	(117,689)
Cash and cash equivalents at beginning of the year	49,302	248,347
Cash and cash equivalents at end of financial year	81,860	130,658

- 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

(Accounts expressed in thousands of Chinese Renminbi (“RMB”) Currency)

These figures have not been audited

GROUP – CURRENT YEAR

	Share Capital	Merger reserve	Statutory Reserve	Currency translation Reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1/01/2015	155,184	(587)	29,521	(193)	91,903	275,828
Total comprehensive loss for the period	-	-	-	-	(1,247)	(1,247)
At 31/03/2015	155,184	(587)	29,521	(193)	90,656	274,581

GROUP- PREVIOUS YEAR

	Share Capital	Merger reserve	Statutory Reserve	Currency translation Reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1/01/2014	155,184	(587)	28,825	(193)	90,613	273,842
Total comprehensive loss for the period	-	-	-	-	(10,996)	(10,996)
At 31/03/2014	155,184	(587)	28,825	(193)	79,617	262,846

COMPANY- CURRENT YEAR

	Share Capital	Statutory reserve and Translation reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1/01/2015	155,184	(3,930)	(21,820)	129,434
Total comprehensive loss for the period	-	-	(200)	(200)
At 31/03/2015	155,184	(3,930)	(22,020)	129,234

COMPANY-PREVIOUS PERIOD

	Share Capital	Statutory reserve and Translation reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1/01/2014	155,184	(3,930)	(20,126)	131,128
Total comprehensive loss for the year	-	-	(204)	(204)
At 31/03/2014	155,184	(3,930)	(20,330)	130,924

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 numbers of shares held as treasury shares, if any, against the 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 has been no changes in the Company's share capital since the financial year ended 31 December 2014. The Company did not hold any treasury shares as at 31 March 2015 and 31 December 2014.

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	
	As at 31	As at 31
	March 2015	December 2014
Number of shares at the end of the year (‘000)	402,000	402,000

The Company does not hold any Treasury shares.

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.

The figures have not been audited or reviewed by our 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 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 (“FY”) ended 31 December 2014 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2015. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial period ended 31 March 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.

Please refer to Point 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.**

	1Q 2015	1Q 2014
Earnings per share – RMB cents		
- on weighted average number of ordinary shares on issued	(0.31)	(3.05)
<i>The calculations of earnings per share are based on profit and number of shares shown below:-</i>		
Profit attributable to equity holders (RMB'000)	(1,247)	(12,243)
Weighted average number of shares applicable to basic EPS ('000)	402,000	402,000

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares, as at 31 March 2015 and 31 March 2014.

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.**

	Group		Company	
	As at 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
Net assets attributable to the shareholders (RMB'000)	274,580	275,828	129,234	129,434
Net asset value per ordinary share (RMB cents)	68.3	68.6	32.1	32.2
Number of shares at the end of the period ('000)	402,000	402,000	402,000	402,000

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 Financial Performance

For the quarter ended 31/03/2015, the Group's revenue increased by RMB 10.9 million to RMB 71.8 million, representing a increase of 17.8% over the corresponding period last year. The increase is due to better marketing efforts which result in higher orders for our products.

The Group's gross profit increased by RMB 8.3 million to RMB 11.0 million in 1st quarter FY2015 compared to FY2014. This represents a increase of 303.4% as compared to last year. Gross profit margin increased to 15.4% compared to 4.5% in FY 2014. This was mainly due to lower material costs as a result of lower oil prices.

The Group's year-to-date administrative expenses decreased by RMB 5.5 million or 62.58% to RMB 3.3 million as compared to last year. The decrease was mainly due to reversal of provision of bad provision in the first quarter of 2015.

Balance Sheet

Trade and other payables reduced to RMB 39.7 million due to higher repayments in the current period.

Net Current Liability at 31/03/15 amounted to RMB149.3 million because of funding of long term investments and fixed assets were made using mainly short term borrowings.

Cash Flow

Net cash generated used in operating activities amounted to RMB 21.3 million in FY2015 mainly due to RMB 6.1 million of depreciation charges and higher trade and other payables of RMB 35.6 million.

Net cash used in investing activities amounted to RMB 2.2 million in FY2015 was mainly due to new additions to our fixed assets.

Net cash generated from financing activities amounted to RMB 56.0 million in FY2015 was mainly due to net proceeds of bank loans.

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

No forecast had been issued for the period under review.

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.

Although current economic conditions remain challenging, we are able to increase our sales because we price our products competitively.

Despite our increased sales, we struggle to achieve higher profitability due to higher costs that could not be passed to customers.

Notwithstanding the above, all is not gloomy as the drop in oil prices had brought some cheer to the Group due to lower raw material prices. The Group will utilise the savings to invest in training of our staff and research and develop new and better quality products to win more customers and orders.

To increase the Group's competitive advantage, the Group may consider investing up stream in selected companies to secure our supplies and take advantage of costs and technology synergies.

The Group will also explore new investment opportunities including industries with better profit margins but may be unrelated to manufacturing of spray pumps in order to bring long term value to our shareholders.

One of the industry that the Group is keen to explore and invest will be the microfinance. The associate firm of the Group which is mainly doing microfinance has the potential to generate better returns than the Group core manufacturing business.

11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended in 2014.

(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.

- 13. If the Group has obtained a general mandate from shareholders for Interested Person Transaction (“IPT”), 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 by the Board Pursuant to rule 705 (5)**

The Directors of the Company do 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 first quarter financial statements ended 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sun Bingzhong
Executive Chairman and Chief Executive Officer
15 May 2015