



CHINA POWERPLUS LIMITED

Company registration number: 200208614Z

Financial Statements for the 1st quarter ended 31 March 2014

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

- 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.

Consolidated Statement of Comprehensive Income

	Group		
	RMB'000		%
	1Q 2014	1Q 2013	Increase/ (Decrease)
Revenue – Note (i)	87,649	95,184	(8%)
Cost of Sales	(75,154)	(82,262)	(9%)
Gross Profit	12,495	12,922	(3%)
<u>Other Items of Income</u>			
Interest Income – Note (ii)	-	2	(100%)
Other Credits – Note (iii)	1,342	-	100%
<u>Other Items of Expense</u>			
Distribution Costs	(4,628)	(4,892)	(5%)
Administrative Expenses	(8,738)	(7,016)	25%
Other Charges - Note (iii)	-	(6,045)	(100%)
Share of Profit from Equity-Accounted Associate	-	623	(100%)
Profit/ (Loss) Before Income Tax – Note (iv)	471	(4,406)	111%
Income Tax Expense	-	-	-
Profit/ (Loss), Net of Tax	471	(4,406)	111%
<u>Other Comprehensive Income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Share of Other Comprehensive Income from Equity-Accounted Associate, Net of Tax	-	63	n.m.
Foreign Currency Translation Difference, Net of Tax	(1,510)	1,697	n.m.
Other Comprehensive (Loss)/ Income for the Period, Net of Tax	(1,510)	1,760	n.m.
Total Comprehensive Loss for the Period	(1,039)	(2,646)	61%

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. (cont'd)**

	Group	
	RMB'000	
	1Q 2014	1Q 2013
Note (i) – Revenue		
Sale of goods	87,522	94,811
Sale of scraps	107	373
Other income	20	-
	<u>87,649</u>	<u>95,184</u>
Note (ii) – Interest Income		
<u>Interest income</u>		
Interest income	-	2
	<u>-</u>	<u>2</u>
Note (iii) – Other Credits and Other Charges		
<u>Other Credits</u>		
Foreign exchange adjustment gains, net	1,342	-
	<u>1,342</u>	<u>-</u>
<u>Other Charges</u>		
Allowance for impairment on trade receivables	-	(2,532)
Amortisation of intangible assets	-	(987)
Foreign exchange adjustment losses, net	-	(2,526)
	<u>-</u>	<u>(6,045)</u>
Note (iv) –Profit/ (Loss) Before Income Tax		
Profit/ (loss) before income tax was stated after charging: -		
Amortisation of land use rights	(160)	(159)
Depreciation expense	(2,586)	(2,534)
	<u>(2,746)</u>	<u>(2,693)</u>

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 As at 31 Mar 2014 RMB'000	Group As at 31 Dec 2013 RMB'000	Company As at 31 Mar 2014 RMB'000	Company As at 31 Dec 2013 RMB'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	95,198	96,519	2	-
Land Use Rights	13,670	13,830	-	-
Investments in a Subsidiaries	-	-	136,682	134,548
Investment in an Associate	-	-	-	-
Total Non-Current Assets	108,868	110,349	136,684	134,548
<u>Current Assets</u>				
Inventories – Note (i)	61,154	73,210	-	-
Trade and Other Receivables – Note (ii)	64,116	49,402	84	2
Other Assets – Note (iii)	7,546	4,889	91	75
Cash and Cash Equivalents	477	1,381	126	11
Total Current Assets	133,293	128,882	301	88
Total Assets	242,161	239,231	136,985	134,636
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	206,515	206,515	206,515	206,515
Accumulated Losses	(156,720)	(157,191)	(171,271)	(171,432)
Other Reserves	117,079	118,589	4,749	4,126
Total Equity	166,874	167,913	39,993	39,209
<u>Current Liabilities</u>				
Trade and Other Payables - Note (iv)	75,287	71,318	96,992	95,427
Total Equity and Liabilities	242,161	239,231	136,985	134,636

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. (cont'd)

Note (i) – Inventories

	<u>Group</u>	
	<u>1Q 2014</u>	<u>2013</u>
	RMB'000	RMB'000
Finished goods, finished components and goods for resale	32,679	41,327
Raw materials, consumables and supplies	28,475	31,883
	<u>61,154</u>	<u>73,210</u>

Note (ii) – Trade and Other Receivables

	<u>Group</u>		<u>Company</u>	
	<u>1Q 2014</u>	<u>2013</u>	<u>1Q 2014</u>	<u>2013</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Trade receivables:</u>				
Outside parties	107,716	90,824	-	-
Less: Allowance for impairment	(50,509)	(50,509)	-	-
Value Added Tax - net	6,548	8,837	-	-
Subtotal	<u>63,755</u>	<u>49,152</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u>				
Outside parties	277	248	-	-
Associated company	84	2	84	2
Subtotal	<u>361</u>	<u>250</u>	<u>84</u>	<u>2</u>
Total trade and other receivables	<u>64,116</u>	<u>49,402</u>	<u>84</u>	<u>2</u>
<u>Movements in the above allowance:</u>				
Balance at beginning of the quarter	(50,509)	(14,920)	-	-
Charge to profit or loss included in other charges	-	(35,589)	-	-
Balance at end of the quarter	<u>(50,509)</u>	<u>(50,509)</u>	<u>-</u>	<u>-</u>

Note (iii) – Other Assets

	<u>Group</u>		<u>Company</u>	
	<u>1Q 2014</u>	<u>2013</u>	<u>1Q 2014</u>	<u>2013</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to suppliers	7,455	4,814	-	-
Prepayments	91	75	91	75
Total other assets	<u>7,546</u>	<u>4,889</u>	<u>91</u>	<u>75</u>

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. (cont'd)

Note (iv) – Trade and Other Payables

	<u>Group</u>		<u>Company</u>	
	<u>1Q 2014</u>	<u>2013</u>	<u>1Q 2014</u>	<u>2013</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	71,777	67,927	1,984	2,594
<u>Other payables</u>				
Related party	3,510	3,391	3,510	3,391
Subsidiary	-	-	91,498	89,442
Subtotal	<u>3,510</u>	<u>3,391</u>	<u>95,008</u>	<u>92,833</u>
Total trade and other payables	<u>75,287</u>	<u>71,318</u>	<u>96,992</u>	<u>95,427</u>

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

Amount repayable in one year or less, or on demand

None

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

	Group (RMB'000)	
	1 Jan 2014 to 31 Mar 2014	1 Jan 2013 to 31 Mar 2013
Cash flows from operating activities:		
Profit/ (loss) before income tax	471	(4,406)
Adjustments for:		
Depreciation of property, plant and equipment	2,586	2,534
Amortisation of land use rights	160	159
Amortisation of intangible assets	-	987
Interest income	-	(2)
Share of profit from an equity-accounted associate	-	(623)
Net effect of exchange rate changes in consolidating foreign operation	(1,510)	1,723
Operating cash flows before changes in working capital	1,707	372
Trade and other receivables	(14,714)	(6,223)
Inventories	12,056	3,623
Other assets	(2,657)	(3,493)
Trade and other payables	3,969	6,397
Net cash flows from operating activities	361	676
Cash flows from investing activities:		
Purchase of plant and equipment	(1,265)	(267)
Interest income received	-	2
Net cash flows used in investing activities	(1,265)	(265)
Net change in cash and cash equivalents	(904)	411
Cash and cash equivalents at beginning of period	1,381	3,772
Cash and cash equivalents at end of period	477	4,183

- 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.

	Attributable to equity holders of the Company					Total
	Share Capital	Statutory Reserve (a)	Capital Reserve (a)	Foreign Currency Translation Reserve (a)	Accumulated Losses	
Group (RMB'000)						
At 1 January 2014	206,515	25,520	93,330	(261)	(157,191)	167,913
Total comprehensive (loss)/ income	-	-	-	(1,510)	471	(1,039)
Balance at 31 March 2014	206,515	25,520	93,330	(1,771)	(156,720)	166,874
Group (RMB'000)						
At 1 January 2013	206,515	25,520	93,330	(6,548)	(74,266)	244,551
Total comprehensive income/ (loss)	-	-	-	1,760	(4,406)	(2,646)
Balance at 31 March 2013	206,515	25,520	93,330	(4,788)	(78,672)	241,905

(a) Not available for distribution as cash dividends.

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. (cont'd)

	Attributable to equity holders of the Company			
	Share capital	Foreign currency translation reserve (a)	Accumulated Losses	Total
Company (RMB'000)				
At 1 January 2014	206,515	4,126	(171,432)	39,209
Total comprehensive income	-	623	161	784
Balance at 31 March 2014	206,515	4,749	(171,271)	39,993
Company (RMB'000)				
At 1 January 2013	206,515	7,294	(159,827)	53,982
Total comprehensive loss	-	(1,001)	(2,676)	(3,677)
Balance at 31 March 2013	206,515	6,293	(162,503)	50,305

(a) Not available for distribution as cash dividends.

- 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.**

There were no changes in the number of shares issued by the Company since the end of the previous period reported on.

- 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.**

	31 March 2014	31 December 2013
Total number of issued shares excluding treasury shares	424,800,000	424,800,000

- 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.**

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 or reviewed by the 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 as in the most recently audited annual financial statements.

- 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.**

Not applicable.

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	
	1Q 2014	1Q 2013
Earnings/ (losses) per ordinary share for the period based on net profit/ (loss) attributable to shareholders:		
Based on weighted average number of ordinary shares in issue (RMB cents)	0.1	(1.0)
Weighted average number of ordinary shares in issue for basic earnings per share	424,800,000	424,800,000

There is no dilution of shares as there are no potential dilutive shares in existence as at balance sheet date.

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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset per ordinary share	39.3	39.5	9.4	9.2
Number of shares used in calculating net asset value	424,800,000	424,800,000	424,800,000	424,800,000

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:-
- 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
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue analysis on sale of goods

1Q2014 (RMB million)	Agriculture & Forestry	Garden & Lawn	Others*	Total	% of total
China	12.0	3.2	2.4	17.6	20%
SE Asia	1.5	2.3	0.1	3.9	5%
Europe	7.4	38.5	1.3	47.2	54%
Australia	0.1	-	-	0.1	-
Korea & Japan	0.1	2.8	1.1	4.0	5%
Middle East	0.4	3.5	-	3.9	4%
South America	3.4	3.9	0.6	7.9	9%
Others	0.2	2.6	0.3	3.1	3%
Total	25.1	56.8	5.8	87.7	100%
% of total	29%	65%	6%	100%	

1Q2013 (RMB million)	Agriculture & Forestry	Garden & Lawn	Others*	Total	% of total
China	9.3	6.6	3.1	19.0	20%
SE Asia	3.9	2.3	0.1	6.3	7%
Europe	6.1	41.2	3.0	50.3	53%
Australia	0.2	0.1	-	0.3	-
Korea & Japan	0.8	1.3	2.7	4.8	5%
Middle East	0.5	2.9	0.1	3.5	4%
South America	1.9	5.5	0.6	8.0	8%
Others	0.8	2.2	-	3.0	3%
Total	23.5	62.1	9.6	95.2	100%
% of total	25%	65%	10%	100%	

% change between 1Q2014 and 1Q2013	Agriculture & Forestry	Garden & Lawn	Others*	Total
China	29%	(52%)	(23%)	(7%)
SE Asia	(62%)	-	-	(38%)
Europe	21%	(7%)	(57%)	(6%)
Australia	(50%)	(100%)	-	(67%)
Korea & Japan	(88%)	115%	(59%)	(17%)
Middle East	(20%)	21%	(100%)	11%
South America	79%	(29%)	-	(1%)
Others	(75%)	18%	100%	3%
Total	7%	(9%)	(40%)	(8%)

*Others includes gasoline engines and spare parts sales

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:-**
- **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**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**

Revenue – Geographic sector

Sales of our products in China market for 1Q2014 had decreased slightly by RMB 1.4 million or 7% as compared to 1Q2013. The decline was mainly contributed by a 66% decline in Brush Cutter (anchor product of Garden & Lawn segment) sales in 1Q2014. Nevertheless, China remains as our key market and 2nd highest generating market for 1Q2014, accounted for 20% of total revenue.

Sales to the Europe market dipped by 6% to RMB 47.2 million in 1Q2014 as compared to RMB 50.3 million in 1Q2013. The decrease was mainly due to reduced sales of Brush Cutter with 73,000 units sold in 1Q2014 compared to 80,000 units sold in 1Q2013. Notwithstanding the decrease in sales, Europe remained as our highest revenue generating market for 1Q2014, and accounted for 54% of total revenue.

Meanwhile, sales to the Southeast Asia market also decreased by RMB 2.4 million or 38% due to tighter net margins.

Export sales to South America market remained relatively constant in 1Q2014 compared to 1Q2013. Revenue contribution from this market accounted for 9% of total revenue.

Revenue – Business sector

Revenue from our Agriculture & Forestry segment in 1Q2014 increased marginally by 7% to RMB 25.1 million in 1Q2014 compared to RMB 23.5 million in 1Q2013. The increase was primarily due to strong demand of Boom Sprayer, with an increase of 87% in terms of quantity sold over the same period.

Revenue from our Garden & Lawn segment fell by 9% in 1Q2014 compared to 1Q2013, caused mainly by the decrease in sales to the China domestic and Europe market. Nevertheless, Garden & Lawn segment remained a key market and accounted for 65% of total revenue.

Sales of gasoline engines and spare parts decreased by 40% to RMB 5.8 million. This represented 6% of total revenue in 1Q2014 compared to 10% in 1Q2013.

Cost of sales and gross profit

Cost of sales decreased by 9% in 1Q2014 compared to 1Q2013 in tandem with the decrease of revenue in 1Q2014. Despite the decline in revenue in 1Q2014, gross profit margin had increased slightly from 13.6% in 1Q2013 to 14.3% in 1Q2014.

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:-**
- **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**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**
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Other Items of Income & Expense

Other credits for 1Q2014 increased due to recognition of foreign exchange adjustment gains during the period. Foreign exchange adjustment gain was mainly come from foreign exchange adjustment gain arising from translation of subsidiary's loan from Renminbi (RMB) to Singapore Dollars (S\$) with amounted to RMB 1.4 million.

Administrative expenses for 1Q2014 had increased by RMB 1.7 million compared to 1Q2013, mainly due to an increase in research and development expenses by RMB 1.9 million.

Other charges for 1Q2014 had decreased due to the absence of foreign exchange adjustment loss and allowance for impairment on trade receivables during the period.

Statement of Financial Position

The Group's property, plant and equipment decreased by approximately RMB 1.3 million due to depreciation charge of RMB 2.6 million. The decrease was partially offset by the purchase of miscellaneous equipment and machineries of RMB 1.3 million to replace obsolete assets.

Inventories had decreased mainly due to lower finished goods kept by the Group as the Group continued its efforts to reduce unnecessary holding of inventories.

Trade receivables had increased by RMB 16.9 million to register at RMB 107.7 million due to deteriorating debts collection issue with domestic customers, with amounts considered overdue from domestic customers amounting to approximately RMB 62.4 million. All these customers are unrelated to the Group. As at 31 March 2014, the Group had performed a stringent review on the ageing analysis of total trade receivable and is of the opinion that the existing RMB 50.5 million allowance on impairment of trade receivables is adequate.

Other assets relate mainly to advance payment made to suppliers. The increase is mainly due to higher advance payments made in connection with the purchase of raw materials. All these suppliers are unrelated to the Group.

Trade payables and accrued liabilities had increased by appoximately RMB 3.9 million mainly due to delayed payment to suppliers for better cash flow management.

Cash flow

The Group generated a net operational cash inflow of RMB 0.4 million in 1Q2014 compared to a cash inflow of RMB 0.7 million in 1Q2013.

Net cash flows used in investing activities amounted to RMB 1.3 million in 1Q2014, mainly due to the acquisition of plant and equipment to replace obsolete equipment and machineries.

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

No forecast or prospect statement has been previously disclosed.

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 Company had been placed on SGX-ST's watch-list with effect from 5 March 2012 pursuant to Rule 1311 of the Listing Manual. The Company was required to meet the requirements of Rule 1314 of the Listing Manual within 24 months from 5 March 2012, i.e. by 5 March 2014, failing which SGX-ST may delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

The Company was unable to meet the criteria of under Rule 1314 by the said deadline and the Company has received a notification from SGX-ST on 6 May 2014 ("Notification of Delisting"), as announced by the Company on 7 May 2014, directing that SGX-ST will proceed to delist the Company pursuant to Rule 1315 of the Listing Manual.

Pursuant to the Notification of Delisting:

- (a) trading of the Company's securities will continue until 5.00 p.m. on 5 June 2014 and trading in the Company's securities will be suspended from 9.00 a.m. on 6 June 2014 until the completion of the Exit Offer;
- (b) pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires the Company or its controlling shareholder(s) to provide a reasonable Exit Offer to the shareholders of the Company; and
- (c) Rule 1307 of the Listing Manual which requires the Company to obtain shareholders' approval for a voluntary delisting no longer apply.

On 9 May 2014, the Company and Apple Cove Limited ("Offeror") jointly announced that the Company had received a revised formal proposal from the Offeror to make an exit offer to the shareholders of the Company pursuant to Rules 1306 and 1309 of the Listing Manual in connection of the delisting of the Company. The joint announcement superseded the earlier joint announcement dated 23 January 2014 in respect of the exit offer which was made in the context of the then proposed voluntary delisting of the Company.

The Company will continue to update shareholders on the directed delisting and Exit Offer accordingly.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained an IPT mandate from shareholders.

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the first quarter ended 31 March 2014 to be false or misleading in any material respect.

On Behalf of the Board of Directors

Xue Yongwen
Executive Chairman and Managing Director

Hao Yanping
Executive Director

BY ORDER OF THE BOARD
XUE YONGWEN
EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR
14 May 2014