

P99 HOLDINGS LIMITED

(Formerly known as China Fashion Holdings Limited)
(Registration No: 200311696K)

Unaudited Half-Year Financial Statements and Dividend Announcement for the Six Months Ended 30 June 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) 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.**

	Group		Change
	Unaudited	Unaudited	
	Six Months Ended		
	30/6/2014	30/6/2013	
	RMB'000	RMB'000	
Revenue	-	610	n.m.
Cost of sales	-	(190)	n.m.
Gross profit	-	420	300.0
Other operating income	4,608	-	n.m.
Distribution and marketing expenses	-	(769)	n.m.
Administrative expenses	(2,886)	(7,205)	(59.9)
Other operating expenses	(35)	(552)	(93.7)
Finance costs	(1)	(26)	(96.2)
Profit / (loss) before income tax	1,686	(8,132)	n.m.
Income tax expense	-	-	n.m.
Total profit / (loss) for the financial period	1,686	(8,132)	n.m.
Other comprehensive income, net of tax			
- Foreign currency translation gain	-	81	n.m.
Total comprehensive profit / (loss) for the period	1,686	(8,051)	n.m.

n.m – not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income

Profit before income tax of the Group is arrived at after charging / (crediting) the following:

	Group		Change
	Unaudited	Unaudited	
	Six Months Ended		
	30/6/2014	30/6/2013	
	RMB'000	RMB'000	
Depreciation of plant and equipment	35	335	(89.6)
Plant and equipment written off	-	551	n.m.
Foreign exchange (gain) / loss	(714)	2,411	n.m.
Interest Income	(847)	-	n.m.
Interest expense	1	26	(96.2)

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	
Unaudited 30/6/2014	Audited 31/12/2013	Unaudited 30/6/2014	Audited 31/12/2013
RMB'000	RMB'000	RMB'000	RMB'000

ASSETS

Non-current assets

Plant and equipment	55	80	55	80
Investments in subsidiary companies	-	-	-	-
Total non-current assets	55	80	55	80

Current assets

Inventories	-	-	-	-
Other receivables and other current assets	6,408	33,593	6,408	33,593
Cash and cash equivalents	39,491	11,145	39,491	11,145
Total current assets	45,899	44,738	45,899	44,738

Total assets

45,954	44,818	45,954	44,818
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EQUITY AND LIABILITIES

Capital and reserves

Share capital	251,554	251,554	251,554	251,554
Foreign currency translation reserve	6	6	-	-
Accumulated losses	(206,035)	(207,721)	(206,029)	(207,715)
Total equity	45,525	43,839	45,525	43,839

Current liabilities

Trade and other payables	429	979	429	979
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Total equity and liabilities

45,954	44,818	45,954	44,818
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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/6/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Amount repayable after one year

As at 30/6/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

None.

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

	Group	
	Unaudited	Unaudited
	Six Months Ended	
	30/6/2014	30/6/2013
	RMB'000	RMB'000
Cash flows from operating activities		
Profit / (loss) before income tax	1,686	(8,132)
<u>Adjustments for:-</u>		
Amortisation of intangible asset	-	-
Depreciation of plant and equipment	35	335
Plant and equipment written off	-	551
Interest income	(847)	-
Interest expense	1	26
Operating cash flows before changes in working capital	875	(7,220)
<u>Changes in working capital:-</u>		
Inventories	-	(19)
Other receivables and other current assets	27,185	3,874
Trade and other payables	(550)	(2,052)
Net cash generated from / (used in) operating activities	27,510	(5,417)
Investing activities		
Purchase of plant and equipment	(10)	(150)
Issuance of exchangeable loan	-	-
Net cash used in investing activities	(10)	(150)
Financing activities		
Proceeds from issuance of shares	-	20,151
Share issue expense	-	(1,025)

Interest income received	847	-
Interest paid	(1)	(26)
Net cash generated from financing activities	846	19,100
Net increase in cash and cash equivalents	28,346	13,533
Effect of foreign exchange rate changes	-	81
Cash and cash equivalents at beginning of period	11,145	990
Cash and cash equivalents at end of period	39,491	14,604
Represented by:		
Cash and bank balances	39,491	14,604

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.

	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Balance as at 1 January 2014	251,554	6	(207,721)	43,839
Profit for the financial period	-	-	1,686	1,686
Other comprehensive income, net of tax				
– Foreign currency translation gain	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-
Issuance of shares in connection with a share placement	-	-	-	-
Share issue expense	-	-	-	-
Balance as at 30 June 2014	251,554	6	(206,035)	45,525
Balance as at 1 January 2013	232,428	(315)	(154,017)	78,096
Loss for the financial period	-	-	(8,132)	(8,132)
Other comprehensive loss, net of tax				
– Foreign currency translation gain	-	81	-	81
Total comprehensive income/ (loss) for the period	-	81	(8,132)	(8,051)
Issuance of shares in connection with a share placement	20,151	-	-	20,151
Share issue expense	(1,025)	-	-	(1,025)
Balance as at 30 June 2013	251,554	(234)	(162,149)	89,171
Company				
Balance as at 1 January 2014	251,554	-	(207,715)	43,839
Profit for the financial period	-	-	1,686	1,686
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	-	-
Issuance of shares in connection with a share placement	-	-	-	-
Share issue expense	-	-	-	-
Balance as at 30 June 2014	251,554	-	(206,029)	45,525

Balance as at 1 January 2013	232,428	-	(153,963)	78,465
Loss for the financial period	-	-	(6,464)	(6,464)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(6,464)	(6,464)
Issuance of shares in connection with a share placement	20,151	-	-	20,151
Share issue expense	(1,025)	-	-	(1,025)
Balance as at 30 June 2013	251,554	-	(160,427)	91,127

- 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 was no change in the issued and paid-up share capital of the Company from 31 December 2013 up to 30 June 2014. The Company's share capital was RMB251,554,000 comprising 216,408,402 shares as at 31 December 2013 and 30 June 2014.

The Company did not have any outstanding convertibles or treasury shares as at 30 June 2014 (30 June 2013: Nil).

- 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	
	30/6/2014	31/12/2013
Total number of issued shares excluding treasury shares	216,408,402	216,408,402

The Company did not have any treasury shares as at 30 June 2014 (31 December 2013: Nil).

- 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. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and 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 Company's 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 computations in the financial statements for the period ended 30 June 2014 as those of the audited financial statements as at 31 December 2013.

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 has adopted all new and/or revised Singapore Financial Reporting Standards ("FRSs") and interpretation of FRSs ("INT FRSs") that are relevant to its operations and effective for the financial period beginning on or after 1 January 2014.

The adoption of these new/revised FRSs and INT FRSs does not result in changes in the Group's accounting policies and has no material impact on the financial statements reported for the current financial period or prior financial periods.

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.

**(a) Based on the weighted average number of ordinary shares in issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).**

Earnings per ordinary share ("EPS") for the period based on consolidated net profit attributable to shareholders	Group	
	Six Months Ended 30/6/2014	Six Months Ended 30/6/2013
	RMB	RMB
Net profit / (loss) attributable to shareholders of the Company	1,686,000	(8,132,000)
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	0.78	(3.98)
(b) On a fully diluted basis (RMB cents)	0.78	(3.98)

The basic EPS for the financial period ended 30 June 2014 is calculated based on the weighted average number of ordinary shares in issue of 216,408,402 (30 June 2013: 204,462,546).

The basic and fully diluted EPS are the same as the effects of anti-dilutive potential ordinary shares are ignored during the respective financial periods.

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	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	RMB	RMB	RMB	RMB
Net asset value per ordinary share based on number of shares issued at the end of the financial period (RMB cents)	21.04	20.26	21.04	20.26
Net asset value	45,525,000	43,839,000	45,525,000	43,839,000

The net asset value per ordinary shares as at 30 June 2014 and 31 December 2013 are calculated based on 216,408,402 ordinary shares in issue as at end of the respective financial period/year.

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.

Six months ended 30 June 2014 ("HY2014") vs six months ended 30 June 2013 ("HY2013")

Statement of Comprehensive Income

No revenue was recognised in HY2014 as the Company had deconsolidated Asia Sport Alliance Pte. Ltd. and its subsidiary (together, the "**Pele Café Business**") after 30 September 2013 (the "**Deconsolidation**"). Further details of the Deconsolidation can be found in the Company's annual report for FY2013.

Other income was RMB4,608,000 in HY2014 (HY2013: Nil), mainly due to interest and other income received from Techwin Group Limited pursuant to settlement agreement dated 13 June 2014. In addition, foreign exchange gain was RMB714,000 in HY2014 as compared to a loss of RMB2,411,000 in HY2013, mainly due to the weakening of the Chinese Renminbi against the Singapore dollar and United States dollar.

There were no distribution and marketing expenses recognised for the period under review as compared to RMB769,000 for the same period in HY2013 pursuant to the Deconsolidation.

Administrative expenses decreased by approximately RMB4,319,000 or 59.9% from RMB7,205,000 in HY2013 to RMB2,886,000 in HY2014. The decrease was mainly due to decrease in staff costs during HY2014.

Depreciation expense decreased from RMB335,000 in HY2013 to RMB35,000 in HY2014 as most plant and equipment has been written off as at end of FY2013.

Other operating expenses decreased to RMB35,000 in HY2014 from RMB552,000 in HY2013, a decrease of 93.7%. Other operating expenses in HY2013 largely consisted of write-off of plant and equipment amounting to RMB551,000, relating mainly to renovations of the Pele Café outlets in Beijing that are no longer in operation, while other operating expenses in HY2014 consisted of depreciation expense relating to the plant and equipment, which amounted to RMB35,000.

Finance costs decreased by approximately RMB25,000 or 96.2% from RMB26,000 in HY2013 to RMB1,000 in HY2014, mainly due to decrease in bank charges incurred for payment of overseas suppliers.

The Group's net profit before income tax was RMB1,686,000 for HY2014 as compared to a loss net of tax of RMB8,132,000 in HY2013.

Statement of Financial Position

The Group's non-current assets decreased by approximately RMB25,000 from RMB80,000 as at 31 December 2013 to RMB55,000 as at 30 June 2014. The decrease was mainly due to the depreciation expense relating to the plant and equipment.

Other receivables and other current assets decreased to RMB6,408,000 as at 30 June 2014 from RMB33,593,000 as at 31 December 2013. The decrease was mainly due to the repayment of loans from Techwin Group Limited.

Cash and cash equivalents for the Group increased to RMB39,491,000 as at 30 June 2014 from RMB11,145,000 as at 31 December 2013, registering a net increase of RMB28,346,000.

The Group's share capital remained constant at RMB251,554,000 as at 30 June 2014 and 31 December 2013.

Foreign currency translation reserve remained constant at RMB6,000 as at 30 June 2014 and 31 December 2013.

Trade and other payables decreased to RMB429,000 as at 30 June 2014 from RMB979,000 as at 31 December 2013. The decrease was due to payment of accrued expenses during the period.

The Group had a positive working capital of RMB45,470,000 as at 30 June 2014, as compared to RMB43,759,000 as at 31 December 2013. The Group has no borrowings as at 30 June 2014 and 31 December 2013.

Statement of Cash Flows

The Group reported a cash inflow of RMB27,510,000 in HY2014 from its operating activities, after accounting for movements in working capital, as compared to cash outflow of RMB5,417,000 in HY2013. This was primarily due to the repayment of loans from Techwin Group Limited in HY2014.

Net cash used in investing activities of RMB10,000 in HY2014 was due to purchase of plant and equipment during the period.

Net cash generated from financing activities of RMB846,000 in HY2014 was largely due to interest received from Techwin Group Limited.

The Group's cash and cash equivalents rose by RMB28,346,000 in HY2014 to a surplus of RMB39,491,000 as at 30 June 2014, mainly due to net cash inflows from operating and financing activities in HY2014.

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

Not applicable. No forecast or a prospect statement has been previously disclosed to shareholders for the current reporting period.

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.

On 29 July 2014, the Company announced that it entered into a Memorandum of Understanding with Verto Group Enterprise Ltd and its two shareholders in respect of a proposed joint venture to invest in property development projects in the United Kingdom. The Company will announce any material developments in respect of this proposed joint venture through the SGXNET.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No dividend has been declared or recommended for the financial period ended 30 June 2014.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 p.m. will be registered before entitlements to the dividend are determined).

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the financial period ended 30 June 2014.

- 13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“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.**

The Group does not have any general mandate from shareholders for IPTs pursuant to Rule 920.

14. Update on the Use of Proceeds

The net proceeds of approximately S\$3.8 million from the placement of 28,450,000 ordinary shares which was completed on 18 March 2013 (“**2013 Placement**”) has been utilised as follows:

Use of Net Proceeds	Allocation	Accumulated amount utilised (S\$’000)	Balance (S\$’000)
General Working Capital	100%	2,150	1,650

The amount utilised of approximately S\$2,150,000 was for working capital, namely administrative expenses and professional fees, and is in accordance with the stated use.

The Board will make further announcements when the balance net proceeds from the 2013 Placement are materially disbursed.

15. Negative Confirmation by the Board pursuant to Rule 705(5).

The Board of Directors (the “Board”) has confirmed that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the half year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Sin Huat, Dennis
Executive Director

6 August 2014