



LONGCHEER HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 31 DECEMBER 2015

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

Group Income Statement for the 2nd quarter ended 31 December 2015. These figures have not been audited.

Income Statement For 2nd Quarter

	<-----The Group----->					
	FY2016 2 nd Qtr	FY2015 2 nd Qtr		FY2016 1 st Half	FY2015 1 st Half	
	1 Oct 15 to 31 Dec 15	1 Oct 14 to 31 Dec 14	+/(-)	1 Jul 15 to 31 Dec 15	1 Jul 14 to 31 Dec 14	+/(-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Continuing operation						
Revenue	2,730	2,813	-3	5,399	5,948	-9
Cost of sales	(628)	(601)	4	(1,318)	(1,409)	-6
Gross profit	2,102	2,212	-5	4,081	4,539	-10
Other gains and losses	753	(1,122)	nm	(1,427)	(3,502)	-59
Administrative expenses	(2,387)	(2,132)	12	(5,031)	(5,067)	-1
Share of results of associates	5,367	3,028	77	10,077	7,643	32
Profit before income tax	5,835	1,986	194	7,700	3,613	113
Profit for the period from continuing operation	5,835	1,986	194	7,700	3,613	113
Discontinued operation						
Profit for the period from discontinued operation, after tax	-	-	nm	-	36,321	-100
Profit for the period	5,835	1,986	194	7,700	39,934*	-81
Profit for the period attributable to:						
Owners of the Company	5,835	1,986	194	7,700	39,934	-81
Non-controlling interests	-	-	-	-	-	nm
	5,835	1,986	194	7,700	39,934	-81

*Including the reclassification adjustment on disposal of subsidiaries under other comprehensive income of RMB29,132,000, profit for the period amounted to RMB10,802,000.



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<-----The Group----->

FY2016 2 nd Qtr	FY2015 2 nd Qtr		FY2016 1 st Half	FY2015 1 st Half	
1 Oct 15 to 31 Dec 15	1 Oct 14 to 31 Dec 14	+/(-)	1 Jul 15 to 31 Dec 15	1 Jul 14 to 31 Dec 14	+/(-)
RMB'000	RMB'000	%	RMB'000	RMB'000	%

Continuing operation

Profit for the period attributable to:

Owners of the Company	5,835	1,986	194	7,700	3,613	113
Non-controlling interests	-	-	nm	-	-	nm
	5,835	1,986	194	7,700	3,613	113

Discontinued operation

Profit for the period attributable to:

Owners of the Company	-	-	nm	-	36,321	-100
Non-controlling interests	-	-	nm	-	-	nm
	-	-	nm	-	36,321	-100

Statement of Comprehensive Income

<-----The Group----->

FY2016 2 nd Qtr	FY2015 2 nd Qtr		FY2016 1 st Half	FY2015 1 st Half	
1 Oct 15 to 31 Dec 15	1 Oct 14 to 31 Dec 14	+/(-)	1 Jul 15 to 31 Dec 15	1 Jul 14 to 31 Dec 14	+/(-)
RMB'000	RMB'000	%	RMB'000	RMB'000	%

Profit for the period

5,835 **1,986** **194** **7,700** **39,934** **-81**

Other comprehensive income, net of tax

Items that may be reclassified subsequently to profit or loss:

Change in fair value on
available-for-sale financial assets - - nm - (411) -100

Currency translation

- Group 702 716 -2 2,584 753 243
- Associates 1,048 (360) nm 2,740 (367) nm
- Available-for-sale financial assets - - nm - 8 -100

Reclassification adjustment

- Disposal of subsidiaries - - nm - (29,132) -100

Other comprehensive income for the period, net of tax amounting to nil

1,750 **356** **392** **5,324** **(29,149)** **nm**

Total comprehensive income for the period

7,585 **2,342** **224** **13,024** **10,785** **21**

Total comprehensive income attributable to:

Owners of the Company	7,585	2,342	224	13,024	10,785	21
Non-controlling interests	-	-	nm	-	-	nm
	7,585	2,342	224	13,024	10,785	21

nm: Not meaningful / material



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Notes:

- (i) Profit before tax is determined after crediting / (charging) the following:

	<-----The Group----->					
	FY2016 2 nd Qtr	FY2015 2 nd Qtr		FY2016 1 st Half	FY2015 1 st Half	
	1 Oct 15 to 31 Dec 15	1 Oct 14 to 31 Dec 14	+/(-)	1 Jul 15 to 31 Dec 15	1 Jul 14 to 31 Dec 14	+/(-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Continuing operation						
(a) Interest income	106	21	405	151	70	116
(b) Amortisation of intangible assets	-	(2)	-100	-	(5)	-100
(c) Depreciation of property, plant and equipment	(11)	(11)	0	(21)	(21)	0
(d) Foreign exchange gain / (loss)	338	(1,420)	nm	(1,887)	(3,848)	-51
(e) Reversal of equity-settled share-based payment expense	-	273	-100	-	273	-100
Discontinued operation						
(a) Interest income	-	-	-	-	7,857	-100
(b) Interest income on other receivables	-	-	-	-	791	-100
(c) Interest expenses	-	-	-	-	(150)	-100
(d) Amortisation of land use rights	-	-	-	-	(67)	-100
(e) Amortisation of intangible assets	-	-	-	-	(434)	-100
(f) Depreciation of property, plant and equipment	-	-	-	-	(1,891)	-100
(g) Foreign exchange loss	-	-	-	-	(398)	-100
(h) Loss on disposal of property, plant and equipment	-	-	-	-	(8)	-100
(i) Gain on disposal of subsidiaries	-	-	-	-	25,730	-100
(j) Allowance for and write down of inventories	-	-	-	-	(12,565)	-100

- (ii) Finance income includes interest income and interest income on other receivables.



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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.

Statements of Financial Position

	<----- Group----->		<----- Company----->	
	As at	As at	As at	As at
	31 Dec 15	30 Jun 15	31 Dec 15	30 Jun 15
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	55	59	-	-
Investment properties	110,000	110,000	-	-
Interests in subsidiaries	-	-	.*	.*
Interests in associates	96,614	83,797	-	-
	206,669	193,856	-	-
Current assets				
Cash and deposit balances	36,145	39,937	26,489	29,337
Financial assets at fair value through profit or loss	10,210	7,500	-	-
Available-for-sale financial assets	10,000	10,000	-	-
Amounts due from subsidiaries	-	-	165,329	155,654
Other receivables	1,195	812	-	-
	57,550	58,249	191,818	184,991
Current liabilities				
Amounts due to subsidiaries	-	-	8,766	8,253
Other payables	16,116	17,026	1,271	2,092
	16,116	17,026	10,037	10,345
Net current assets	41,434	41,223	181,781	174,646
Net assets	248,103	235,079	181,781	174,646
EQUITY				
Equity attributable to owners of the Company				
Share capital	65,608	65,608	65,608	65,608
Treasury shares	(90,042)	(90,042)	(90,042)	(90,042)
Reserves	272,537	259,513	206,215	199,080
	248,103	235,079	181,781	174,646
Non-controlling interests	-	-	-	-
Total equity	248,103	235,079	181,781	174,646

*Denotes a figures less than RMB 1,000.



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

There was no borrowing of the Company and the Group as at 30 June 2015 and 31 December 2015.

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.

Statement of cash flows for 2nd Quarter Ended 31 December

	<-----The Group----->			
	FY2016	FY2015	FY2016	FY2015
	2 nd Qtr	2 nd Qtr	1 st Half	1 st Half
	1 Oct 15 to	1 Oct 14 to	1 Jul 15 to	1 Jul 14 to
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from operating activities:				
Profit before income tax				
From continuing operation	5,835	1,986	7,700	3,613
From discontinued operation	-	-	-	37,421
Adjustments for:				
Interest income	(106)	(21)	(151)	(7,927)
Interest income on other receivables	-	-	-	(791)
Interest expenses	-	-	-	150
Allowance for and write down of inventories	-	-	-	12,565
Amortisation of land use rights	-	-	-	67
Amortisation of intangible assets	-	2	-	439
Depreciation of property, plant and equipment	11	11	21	1,912
Loss on disposal of property, plant and equipment	-	-	-	8
Exchange difference, net	(208)	1,420	2,017	3,848
Share of results of associates	(5,367)	(3,028)	(10,077)	(7,643)
Gain on disposal of subsidiaries	-	-	-	(25,730)
Reversal of equity-settled share-based payment expense	-	(273)	-	(273)
Operating cash flows before movements in working capital	165	97	(490)	17,659
Increase in trade and note receivables	-	(384)	-	(46,928)
Decrease / (increase) in other receivables and trade deposits paid to suppliers	47	(64)	(383)	(62,476)
Increase in inventories	-	-	-	(162,726)
Increase in trade and bill payables	-	-	-	146,292
(Decrease) / increase in other payables and trade deposits received from customers	(793)	(2,884)	(910)	120,645
Cash (used in) / generated from operations	(581)	(3,235)	(1,783)	12,466
Interest paid	-	-	-	(150)
Income tax refund	-	-	-	2



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	<-----The Group----->			
	FY2016 2 nd Qtr	FY2015 2 nd Qtr	FY2016 1 st Half	FY2015 1 st Half
	1 Oct 15 to 31 Dec 15	1 Oct 14 to 31 Dec 14	1 Jul 15 to 31 Dec 15	1 Jul 14 to 31 Dec 14
	RMB'000	RMB'000	RMB'000	RMB'000
Net cash (used in) / generated from operating activities	(581)	(3,235)	(1,783)	12,318
Cash flow from investing activities:				
Interest received	106	22	151	8,970
Proceeds from disposal of property, plant and equipment	-	-	-	30
Purchase of property, plant and equipment	-	-	(16)	(10,637)
Purchase of intangible assets	-	-	-	(52)
Proceed from disposal of interests in associates	-	15,040	-	15,040
(Acquisition) / redemption of financial assets at fair value through profit or loss	(8,810)	-	(2,710)	23,380
Disposal of subsidiaries (net of cash and cash equivalents disposed)	-	-	-	151,515
Decrease in restricted bank balances and pledged deposits	-	-	-	70,174
Net cash (used in) / generated from investing activities	(8,704)	15,062	(2,575)	258,420
Cash flow from financing activities:				
Dividends paid	-	-	-	(445,150)
Net cash used in financing activities	-	-	-	(445,150)
Net (decrease) / increase in cash and cash equivalents	(9,285)	11,827	(4,358)	(174,412)
Cash and cash equivalents at the beginning of the financial period	44,088	37,614	39,505	226,151
Effect of foreign exchange rate changes, net	910	(1,319)	566	(3,617)
Cash and cash equivalents at the end of the financial period	35,713	48,122	35,713	48,122
Analysis of cash and cash equivalents				
Cash and cash equivalents	35,713	48,122	35,713	48,122
Fixed bank deposits with an original maturity of more than 3 months	432	1,556	432	1,556
Cash and deposit balances	36,145	49,678	36,145	49,678



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Notes:

Gain for the period from discontinued operation

	<-----The Group----->					
	FY2016	FY2015		FY2016	FY2015	
	2 nd Qtr	2 nd Qtr		1 st Half	1 st Half	
	1 Oct 15 to	1 Oct 14 to	+/(-)	1 Jul 15 to	1 Jul 14 to	+/(-)
	31 Dec 15	31 Dec 14		31 Dec 15	31 Dec 14	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	-	-		-	1,356,382	-100
Cost of sales	-	-		-	(1,313,665)	-100
Gross profit	-	-		-	42,717	-100
Other income	-	-		-	3,840	-100
Distribution costs	-	-		-	(6,647)	-100
Administrative expenses	-	-		-	(36,292)	-100
Other operating expenses	-	-		-	(425)	-100
Finance income	-	-		-	8,648	-100
Finance costs	-	-		-	(150)	-100
Profit before income tax	-	-		-	11,691	-100
Income tax expense	-	-		-	(1,100)	-100
	-	-		-	10,591	-100
Gain on disposal of subsidiaries	-	-		-	25,730	-100
Gain for the period from discontinued operations	-	-		-	36,321	-100
Gain for the period attributable to:						
Owners of the Company	-	-		-	36,321	100
Non-controlling interests	-	-		-	-	nm
	-	-		-	36,321	-100



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- 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 for the Group

	Attributable to owners of the Company					
	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Oct 2015	65,608	(90,042)	138,818	(76,682)	202,816	240,518
Profit for the period	-	-	-	-	5,835	5,835
Other comprehensive income						
-Currency translation						
- Group	-	-	-	702	-	702
- Associates	-	-	-	1,048	-	1,048
Total comprehensive income for the period	-	-	-	1,750	5,835	7,585
Balance at 31 Dec 2015	65,608	(90,042)	138,818	(74,932)	208,651	248,103



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	Attributable to owners of the Company							
	Share capital	Treasury shares	Share premium	Share award reserve	Trans-lation reserve	Property re-valuation reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Oct 2014	65,608	(90,042)	138,818	888	(80,704)	6,775	207,574	248,917
Arising from share award plan	-	-	-	(888)	-	-	-	(888)
Transactions with owners	-	-	-	(888)	-	-	-	(888)
Profit for the period	-	-	-	-	-	-	1,986	1,986
Other comprehensive income								
-Currency translation								
- Group	-	-	-	-	716	-	-	716
- Associate	-	-	-	-	(360)	-	-	(360)
Total comprehensive income for the period	-	-	-	-	356	-	1,986	2,342
Balance at 31 Dec 2014	65,608	(90,042)	138,818	-	(80,348)	6,775	209,560	250,371



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Statement of Changes in Equity for the Company

Company	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Share award reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Oct 2015	65,608	(90,042)	138,818	-	(77,518)	141,740	178,606
Loss for the period	-	-	-	-	-	(537)	(537)
Other comprehensive income							
-Currency translation	-	-	-	-	3,712	-	3,712
Total comprehensive income for the period	-	-	-	-	3,712	(537)	3,175
Balance at 31 Dec 2015	65,608	(90,042)	138,818	-	(73,806)	141,203	181,781
Balance at 1 Oct 2014	65,608	(90,042)	138,818	888	(84,021)	149,361	180,612
Arising from share award plan	-	-	-	(888)	-	-	(888)
Transactions with owners	-	-	-	(888)	-	-	(888)
Loss for the period	-	-	-	-	-	(2,006)	(2,006)
Other comprehensive income							
-Currency translation	-	-	-	-	(363)	-	(363)
Total comprehensive income for the period	-	-	-	-	(363)	(2,006)	(2,369)
Balance at 31 Dec 2014	65,608	(90,042)	138,818	-	(84,384)	147,355	177,355



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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The share consolidation of every ten (1) existing issued ordinary shares into one (1) ordinary share was completed and effective as at 9.00 a.m. on 5 November 2015. After the share consolidation exercise, the issued share capital of the Company comprises of 36,166,395 ordinary shares.

As at 31 December 2015, the Company held 4,421,875 (31 December 2014: 44,218,750*) treasury shares. There were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 31 December 2015.

As at 31 December 2015, there were nil (31 December 2014: nil) share awards outstanding, which would result in an issue or transfer of an equivalent number of shares in the Company if performance conditions are met.

On 10 November 2014, the board of directors of the Company announced that the shares under the remaining Awards which vested on 4 February 2015 and due to be vested on 4 February 2016 will no longer be issued and/or transferred to Participants.

**Before share consolidation of every ten (10) existing issued ordinary shares into one (1) ordinary shares on 5 November 2015.*

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<----The Company---->	
	As at 31 Dec 15	As at 30 Jun 15
Issued shares	39,666,395	396,664,100*
Less: Treasury shares	(4,421,875)	(44,218,750)*
Total number of issued shares excluding treasury shares	35,244,520	352,445,350*

**Before share consolidation of every ten (10) existing issued ordinary shares into one (1) ordinary shares on 5 November 2015.*

- 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.**

During the quarter, no treasury shares were used to satisfy the vesting of an equivalent number of share awards.

- 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).**



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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 adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 30 June 2015, except for the adoption of revised International Financial Reporting Standards (IFRSs) which became effective for the financial period beginning on 1 July 2015. The adoption of these revised IFRSs did not give rise to significant changes to the 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.

Refer to note (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.

	<-----The Group----->			
	FY2016 2 nd Qtr RMB cents	FY2015 2 nd Qtr RMB cents (restated)	FY2016 1 st Half RMB cents	FY2015 1 st Half RMB cents (restated)
Earnings per share				
-continuing operation	16.56	5.63	21.85	10.25
-continuing and discontinued operations	16.56	5.63	21.85	113.31
Weighted average number of shares	35,244,520*	35,244,520*	35,244,520*	35,244,520*

**The weighted average number of ordinary shares of both periods for the purpose of basic and diluted earnings per share have been adjusted for the issue of shares during the periods then ended and consolidation of share being completed on 5 November 2015 as if the consolidation was effective from the beginning of the year ended 30 June 2015.*

There was no dilutive potential ordinary share. There is no dilution effect from contingently issuable shares arising from the share awards as the share awards plan has been cancelled on 10 November 2014 by the board of directors of the Company.

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.

	<---The Group--->		<---The Company--->	
	As at 31 Dec 15 RMB cents	As at 30 Jun 15 RMB cents (restated)	As at 31 Dec 15 RMB cents	As at 30 Jun 15 RMB cents (restated)
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period	703.95	666.99	515.77	495.53
Number of shares (excluding treasury shares)	35,244,520	35,244,520*	35,244,520	35,244,520*



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**The number of ordinary shares of both periods for the purpose of basic and diluted earnings per share have been adjusted for the issue of shares during the periods then ended and consolidation of share being completed on 5 November 2015 as if the consolidation was effective from the beginning of the year ended 30 June 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.

Performance of the Group

Note

As stated in the announcement of the Company dated 8 September 2014, the disposal ("Disposal") of Mobell Technology Pte. Ltd. ("Mobell") was completed on 5 September 2014. Accordingly, Mobell ceased to be a subsidiary of the Company and the results of Mobell and its subsidiaries was consolidated up to the date of completion of the Disposal. For further details, please refer to the announcements of the Company dated 24 June 2014 and 8 September 2014 and the circular of the Company dated 31 July 2014. Since then, revenue of the Group mainly comprised of rental income derived from investment property in Xi'an.

Revenue

Revenue decreased to RMB2.7 million in Q2 FY16 compared to RMB2.8 million in Q2 FY15. The decrease in rental income was mainly due to early termination of lease agreements by certain tenants.

Gross profit and gross profit margin

Gross profit decreased to RMB2.1 million in Q2 FY16 compared to RMB2.2 million in Q2 FY15. Correspondingly, gross profit margin for Q2 FY16 decreased to 77% compared to 79% in Q2 FY15. The decrease was due to the decrease in average rental rate upon renewal of expired lease agreements.

Administrative expenses

Administrative expenses increased from RMB2.1 million in Q2 FY15 to RMB2.4 million in Q2 FY16 mainly due to the increase in maintenance costs associated with the annex to the building located at Longcheer Science & Technology Park, Xi'an City, People's Republic of China.

Other gains and losses

Other gains was RMB0.8 million in Q2 FY16 mainly attributable to foreign exchange gain and the penalty from certain tenants while other losses was RMB1.1 million in Q2 FY15 mainly due to unrealized foreign exchange loss.

Share of results of associates

Share of results of associates increased from RMB3.0 million in Q2 FY15 to RMB5.4 million in Q2 FY16 mainly attributable to improvement in performance of its 20%-owned associate, Mentech.



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Balance Sheet

(31 December 2015 compared to 30 June 2015)

After completion of the Disposal, the business of the Group are mainly in investment properties and equity interests in associates. As such the assets of the Group after Disposal are mainly investment properties and interests in associates.

Investment properties

This relates to the Group's investment property located in Xi'an which was leased out for generating rental income.

Interests in associates

This relates to the Group's investment in 20%-owned associate, Mentech amounting to RMB96.6 million.

Cash and deposit balances

Cash and deposit balances decreased from RMB39.9 million as at 30 June 2015 to RMB36.1 million as at 31 December 2015 mainly due to purchase of financial assets of RMB2.7 million and operating cash outflow of RMB1.8 million.

Other payables

This mainly relates to the payables to constructors for the Xi'an investment property.

Cash Flow

For Q2 FY16, the Group recorded net cash used in operating activities of RMB0.6million.

For Q2 FY16, the Group purchased financial assets of RMB8.8 million.

- 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 had been made.



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10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group was principally engaged in the business of investment in property and equity interests in 20%-owned Mentech, as such, the business of the Group will be affected by property leasing environment in the PRC and the performance of Mentech.

On 12 June 2015, the Company entered into a non-binding memorandum of understanding (the "MOU") in relation to the proposed acquisition by the Company from Pacific Star Development Pte. Ltd. of 51 ordinary shares representing 51% of the entire issued and paid-up share capital of Twin Prosperity Group Ltd, together with its subsidiaries. The MOU had lapsed on 31 December 2015.

Going forward, save as disclosed above, the Board will also consider all available options to the Company which are in the interests of the shareholders. Shareholders will be informed in due course once a definitive decision has been made.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.



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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Dividend is before tax, net of tax or tax exempt : N.A.

(d) Date of Dividend payable : N.A.

(e) Book Closure Date : N.A.

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

No dividend has been recommended.

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

No IPT mandate has been obtained.

14. Negative Confirmation pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the quarter ended 31 December 2015, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Du Junhong
Executive Chairman

1 February 2016