Asia Fashion Holdings Limited

(Company Registration No. 41195)
(Incorporated in Bermuda)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 ("2Q2015")

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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income for the Group

	2Q2015 RMB'000 (Unaudited)	2Q2014 RMB'000 (Unaudited)	% Change + / (-)	1H2015 RMB'000 (Unaudited)	1H2014 RMB'000 (Unaudited)	% Change + / (-)
Continuing operations						
Revenue	**71,058**	**-**	**N/A**	**71,058**	**-**	**N/A**
Cost of sales	(50,701)	-	N/A	(50,701)	-	N/A
Gross profit	**20,357**	**-**	**N/A**	**20,357**	**-**	**N/A**
Other operating income	-	3	N/A	-	3	N/A
Selling and distribution expenses	(3,829)	-	N/A	(3,829)	-	N/A
Administrative expenses	(3,130)	(639)	390%	(4,556)	(639)	613%
Finance costs	(5,484)	-	N/A	(5,484)	-	N/A
	7,914	**(636)**	**N/A**	**6,488**	**(636)**	**N/A**
Loss on disposal of discontinued operation	-	-	N/A	(19,024)	-	N/A
Share of profit from associates, net of tax	6,547	-	N/A	16,912	-	N/A
Profit/(Loss) before taxation from continuing operating	**14,461**	**(636)**	**N/A**	**4,376**	**(636)**	**N/A**
Income tax expense	(3,269)	-	N/A	(3,269)	-	N/A
Profit/(Loss) after taxation from continuing operating	**11,192**	**(636)**	**N/A**	**1,107**	**(636)**	**N/A**
Other comprehensive income	-	-	N/A	-	-	N/A
Total comprehensive profit/(loss) for the period from continuing operations	**11,192**	**(636)**	**N/A**	**1,107**	**(636)**	N/A
Profit from discontinued operation, net of tax	**-**	**1,400**	**N/A**	**-**	**762**	N/A
Total comprehensive profit, net of tax	**11,192**	**764**	**1,365%**	**1,107**	**126**	44.8%
Total comprehensive profit, net of tax attributable to:						
Equity holders of the company	8,407	764	1,000%	(1,678)	126	N/A
Non-controlling interest	2,785	-	N/A	2,785	-	N/A
	11,192	**764**	**1,365%**	**1,107**	**126**	**45%**

** Above figures relate to the consolidation of the result of Rich Circles Enterprise Limited and its subsidiaries ("RC Group") for the period from 27 May 2015 ("Date of Acquisition") to 30 June 2015 and for the period from 1 January 2015 to the date of acquisition, the result of RC Group were recognized via the share of profit from associates.*

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1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

The Group's profit before taxation is arrived at after charging/(crediting):

	2Q2015 RMB'000 (Unaudited)	2Q2014 RMB'000 (Unaudited)	1H2015 RMB'000 (Unaudited)	1H2014 RMB'000 (Unaudited)
Interest income				
- Fabric	-	-	-	(7)
Depreciation				
- Fabric	-	2,274	-	4,543
- New Material	1,266	-	1,266	-
Amortization				
- Fabric	-	45	-	91
- New Material	2	-	2	-
Interest expenses				
- Fabric	-	139	-	300
- New Material	5,484	-	5,484	-
Foreign exchange loss	277	-	459	-

Note 1: Profit from discontinued operation, net of tax:

Further to the Company's announcements dated 19 September 2014, 2 February 2015 and 3 February and the Circular dated 9 January 2015, the Company had on 3 February 2015 completed the proposed disposal ("**Proposed Disposal**") of 100% of the share capital of Qianfeng International Limited ("**QIL**") by the Company to Chengde Industrial Co., Limited for an aggregate purchase consideration of S$2.4 million in accordance with the terms and conditions of the sale and purchase agreement ("**SPA"**) dated 18 September 2014 and entered into between the Company as vendor, Chengde Industrial Co., Limited as purchaser and Lin Daoqin as obligor.

QIL is an investment holding company, and the legal and beneficial owner of 100% of the registered capital of each of Fujian Qianfeng Textile Technology Co. Ltd. ("Fujian Qianfeng"), a company incorporated on 7 December 2001 under the laws of the PRC, and Fujian Jiamei Textile Company Limited ("Fujian Jiamei"), a company incorporated on 29 April 2004 under the laws of the PRC. Fujian Qianfeng operates the business of manufacture and sale of synthetic knitted fabrics, and Fujian Jiamei operates the business of manufacture of synthetic knitted fabrics.

The results of QIL and its subsidiaries for the quarter ended 30 June 2015 ("2Q2015") are as follows:-

	2Q2015 RMB'000 (Unaudited)	2Q2014 RMB'000 (Unaudited)	1H2015 RMB'000 (Unaudited)	1H2014 RMB'000 (Unaudited)
Revenue	-	36,902	-	70,973
Cost of sales	-	(31,895)	-	(61,655)
Gross profit	-	5,007	-	9,318
Other income	-	49	-	113
Selling and distribution expenses	-	(1,370)	-	(2,393)
Administrative expenses	-	(1,875)	-	(5,508)
Profit from operations	-	1,811	-	1,530
Finance costs	-	(139)	-	(300)
Profit before taxation	-	1,672	-	1,230
Income tax expense	-	(272)	-	(468)
Profit after taxation	-	1,400	-	762

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UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 ("2Q2015")

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of financial position

	←---------- The Group ----------→ As at		←---------- The Company --------→ As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	30 June 2015 RMB'000 (Unaudited)	30 December 2014 RMB'000 (Audited)
Non-current assets				
Property, plant and equipment	198,156	-	-	-
Land use rights	759	-	-	-
Investments in subsidiaries	-	-	46	8
Investments in associates	-	27,384	-	30
Loan to associates	-	49,000	49,000	49,000
Interest receivables	-	1,851	3,566	1,851
	198,915	78,235	52,612	50,889
Current assets				
Inventories	170,565	-	-	-
Trade receivables	205,883	-	-	-
Prepayments and other receivables	197,127	-	9,470	-
Amount due from a subsidiary	-	-	29,208	-
Amount due to associates	-	1,634	-	-
Cash and cash equivalents	43,169	131	72	131
	616,744	1,816	38,750	131
Assets of disposed group held-for-sale	-	153,002	-	3,251
Total assets	**815,659**	**233,053**	**91,362**	**54,271**
Current liabilities				
Trade payables	187,659	-	-	-
Other payables and accruals	190,482	32,178	18,845	40,087
Amount due to a subsidiary	-	-	8,261	-
Amount due to former director/ shareholder	-	1,221	-	1,221
Tax payable	-	-	-	-
	378,141	33,399	27,106	41,308
Liabilities directly associated with disposed group classified as held-for-sale	-	132,644	-	-
	378,141	166,043	27,106	40,308
Net current assets/(liabilities)	**238,603**	**(11,225)**	**11,644**	**(37,926)**
Non current liabilities				
Bonds payable	238,928	-	7,928	-
Non-equity linked bonds	49,159	49,159	49,159	49,159
Interest payable	-	1,907	-	1,907
Convertible bonds	11,891	-	11,891	-
Other payable	38,302	-	-	-
Total liabilities	**338,280**	**217,109**	**68,978**	**92,374**
Net assets /(liabilities)	**99,238**	**15,944**	**(4,722)**	**(38,103)**

	←---------- The Group ----------→		←---------- The Company --------→	
	As at		As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Audited)
Equity				
Share capital	24.094	19,220	24,094	19,220
Reserves	27,756	(3,276)	(28,816)	(57,323)
Total attributable to equity holders of the company	**51,850**	**15,944**	**(4,722)**	**(38,103)**
Non-controlling interest	**47,388**	**-**	**-**	**-**
Total equity	**99,238**	**15,944**	**(4,722)**	**(38,103)**

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

Amount repayable in one year or less, or on demand

RMB '000	As at 30 June 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Bank Loans	-	-	10,000	-

Amount repayable after one year

RMB '000	As at 30 June 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Bonds payable(i)	-	238,928	-	-
Non-equity linked bond(ii)	-	49,159	-	49,159
Convertible bond(iii)	-	11,891	-	-

(i) Bonds payble comprise of:

(1) Our subsidiary, Xuzhou Zhongwei New Board Co., Ltd, prior to the acquisition by the Company, had on 28 March 2013 successfully issued a private RMB180 million SME Bond ("**SME Bond**") listed on Shanghai Stock Exchange. The SME Bond bears an interest of 10% per annum, and was arranged by Huarong Securities Co., Ltd and guaranteed by Sino-Capital Guaranty Trust. The SME Bond is repayable in full on 28 March 2016.

(2) RMB51 million relates to indebtedness incurred by Rich Circles Enterprise Limited ("**Rich Circles"**), a subsidiary of the Company, pursuant to the drawdown of RMB51 million on 18 June 2014 pursuant to a loan letter dated 18 June 2014 and entered into between Rich Circles as borrower and Li Yaxin as lender.

The loan has an interest rate of 7% per annum. The loan and the interest chargeable thereon is repayable on 19 June 2016. The loan was provided by Li Yaxin, the joint venture partner of the Company in respect of the identification of potential business and development opportunities in China, in connection with the acquisition of China Construction Material (Hong Kong) Limited ("**CCMH**") by Rich Circles, as announced by the Company on 18 June 2014, 25 June 2014, 27 June 2014 and 3 July 2014.

(3) The balance of RMB7.928 million was incurred due to a bond subscription agreement, dated 4 March 2015 entered into between the Company and Prime Pacific Investments Limited for the subscription by Prime Pacific Investments Limited of a two-year 10% coupon bond for a principal amount of HK$10 million. Interest is payable half-yearly in arrears.

(ii) Non-equity linked bonds

As announced by the Company on 9 June 2014, the Company had on 9 June 2014 entered into a bond subscription agreement ("**Bond Subscription Agreement**") with Li YuHuan (the "**Subscriber**") for the issuance of seven (7) per cent. unsecured non-equity-linked bonds with an aggregate principal amount of S$10,000,000.00 (the "**Bonds**") and in the denomination of S$200,000.00. The Subscriber had on 9 June 2014 subscribed for Bonds at the aggregate subscription price of S$10,000,000.00 in accordance with the terms of the Bond Subscription Agreement.

(iii) Convertible bonds

In connection with the Company's announcements dated 5 March 2015, 16 March 2015, 27 March 2015 and 31 March 2015, the Company had on 31 March 2015 completed the issuance of 7.0% unsecured convertible bonds ("**Convertible Bonds**") due 2017 of an aggregate principal amount of S$2,660,000 to Alternus Capital Holdings Limited (the "**Investor**") pursuant to a convertible bonds agreement dated 5 March 2015 entered into between the Company and the Investor (as supplemented by the supplmental agreement dated 16 March 2015 entered into between the Company and the Investor) (collectively, the "**CBA**"). The Convertible Bonds bear an interest rate of 7%, interest per annum, which is payable quarterly in arrears. The maturity date of the Convertible Bonds is two years from the date of the issue of the Bonds (the "**Maturity Date**"). The Investor may, in accordance with the terms and conditions of the CBA, at any time within the period commencing the 3 months from the issue date up to the Maturity Date convert all or part of the outstanding Convertible Bonds into new ordinary shares at the conversion price of S$0.07 per share.

Details of any collateral

* The Group's interest-bearing bank borrowings amounting to RMB10 million for the year ended 31 December 2014, which has been included in liabilities held-for-sale, are secured by the pledge of certain of the Group's property, plant and equipment and guarantees provided by Mr Lin Daoqin.

Note A: Assets and liabilities held-for-sale

As stated in Note 1 to Section 1(a)(i) above, further to the Company's announcements dated 19 September 2014, 2 February 2015 and 3 February and the Circular dated 9 January 2015, the Company had on 3 February 2015 completed the Proposed Disposal of 100% of the share capital of WIL by the Company to Chengde Industrial Co., Limited for an aggregate purchase consideration of S$2.4 million in accordance with the terms and conditions of the SPA.

QIL is an investment holding company, and the legal and beneficial owner of 100% of the registered capital of each of Fujian Qianfeng, a company incorporated on 7 December 2001 under the laws of the PRC, and Fujian Jiamei, a company incorporated on 29 April 2004 under the laws of the PRC. Fujian Qianfeng operates the business of manufacture and sale of synthetic knitted fabrics, and Fujian Jiamei operates the business of manufacture of synthetic knitted fabrics.

As at 31 December 2014, substantially all of the assets and liabilities in QIL and its subsidiaries were reclassificed to assets and liabilities held-for-sale which comprises as follows:-

	RMB,000
Assets reclassified as held-for-sale:	
- Property, plant and equipment	37,633
- Intangible assets	7,649
- Inventories	11,043
- Trade receivables	88,016
- Prepayments & other receivables	4,107
- Cash and cash equivalents	4,554
	153,002
Liabilities reclassified as held-for-sale:	
- Trade payables	42,024
- Other payables and accruals	9,905
- Compensation payables – current portion	17,400
- Bank loans	10,000
- Compensation payables	53,315
	132,644

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

Consolidated statement of cash flows for the Group

	2Q2015 RMB'000 (Unaudited)	2Q2014 RMB'000 (Unaudited)	1H2015 RMB'000 (Unaudited)	1H2014 RMB'000 (Unaudited)
Cash flows from operating activities				
Profit before taxation	11,192	1,036	4,376	594
Adjustments for:				
Amortization of land use rights	2	45	2	91
Depreciation of property, plant and equipment	1,266	2,274	1,266	4,543
Share of profits from associates	(6,547)	-	(16,912)	-
Loss on disposal	-	-	19,024	-
Interest income	-	-		(7)
Interest expense	5,484	139	5,484	300
Operating profit before working capital changes	11,397	3,494	13,240	5,521
Decrease in inventories	28,170	1,873	28,170	3,498
(Increase)/decrease in trade receivables	(874)	(22,090)	10,047	(6,181)
(Increase)/decrease in prepayments and other receivables	(17,780)	(47)	(29,850)	1,351
(Decrease)/increase in trade payables	(17,917)	16,521	(17,917)	4,775
(Decrease)/increase in accrued liabilities and other payables	(12,640)	2,306	(29,144)	(11,239)
Cash generated from/(used in) operations	9,644	2,057	(25,454)	(2,275)
Interest received	-	-	-	7
Interest paid	(1,907)	(139)	(1,907)	(300)
Income tax paid	(5,292)	(1,020)	(5,292)	(1,377)
Net cash generated (used in)/from operating activities	(16,843)	898	(32,653)	(3,945)
Cash flows from investing activity				
Net effect of cash flow on disposal (Note A)	-	-	(4,554)	-
Net effect of cash flow on acquisition (Note B)	27,273	-	27,273	-
Acquisition of associated company	-	(30)	-	(30)
Loan advanced to associated company	-	(49,000)	-	(49,000)
Net cash generated from/(used in) investing activities	27,273	(49,030)	22,719	(49,030)
Cash flows from financing activities				
Proceeds from issue of shares	15,351	-	28,548	-
Proceed from issue of convertible bond	-	-	11,891	-
Proceed from issue of coupon bond	-	-	7,928	-
Proceed from issue of non-equity linked bonds	-	49,159	-	49,159
Repayment of bank loans (net)	-	(3,266)	-	(3,462)
Net cash generated from financing activities	15,351	45,893	48,367	45,697
Net increase/(decrease) in cash and cash equivalents	25,781	(2,239)	38,433	(7,278)
Cash & cash equivalents at beginning of the financial period	17,388	4,947	4,736	9,986
Cash & cash equivalents at the end of the financial period	43,169	2,708	43,169	2,708

Note A

As stated in Note 1 to Section 1(a)(i) above, further to the Company's announcements dated 19 September 2014, 2 February 2015 and 3 February and the Circular dated 9 January 2015, the Company had on 3 February 2015 completed the Proposed Disposal of 100% of the share capital of QIL by the Company to Chengde Industrial Co., Limited for an aggregate purchase consideration of S$2.4 million in accordance with the terms and conditions of the SPA.

QIL is an investment holding company, and the legal and beneficial owner of 100% of the registered capital of each of Fujian Qianfeng, a company incorporated on 7 December 2001 under the laws of the PRC, and Fujian Jiamei, a company incorporated on 29 April 2004 under the laws of the PRC. Fujian Qianfeng operates the business of manufacture and sale of synthetic knitted fabrics, and Fujian Jiamei operates the business of manufacture of synthetic knitted fabrics.

The carrying value of the identifiable assets and liabilities of QIL Group as at the date of disposal are as follows:

	RMB,000
Property, plant and equipment	(37,633)
Land use rights	(7,649)
Inventories	(11,043)
Trade and other receivable	(90,606)
Cash and cash equivalents	(4,554)
Trade and other payables	111,540
Bond payables	10,000
	(29,945)
Less: Consideration receivable	10,921
Loss arising from the disposal of QIL Group	(10,024)
Net effect of cash flow on acquisitions	
Consideration received	-
Cash and cash equivalents disposed	(4,554)
Net cash outflow from disposal	(4,554)

Note B

On 27 May 2015, the Company announced its shareholding in its subsidiary, Rich Circles Enterprise Limited ("Rich Circles") has been increased from 49% to 54.46%, or 6,100 shares out of an expanded total number of 11,200 shares. The increase is a result of the subscription of 1,200 new ordinary shares in the capital of Rich Circle. Therefore, the financial statements of Rich Circle and its subsidiaries ("RC Group") has been consolidated into the Group's financial statements with effect from 27 May 2015 ("Date of Acquisition").

The carrying value of the identifiable assets and liabilitis of RC Group as at the Date of Acquisition are as follows:

	RMB,000
Property, plant and equipment	199,422
Land use rights	761
Inventories	198,735
Trade and other receivable	367,113
Cash and cash equivalents	27,310
Trade and other payables	(376,978)
Tax payable	-
Bond payables	(318,420)
	97,943
Less: Contribution from non-controlling interest	(31)
Net assets acquired attributable to equity holders of the company	97,912
Net effect of cash flow on acquisitions	
Consideration paid	(37)
Cash and cash equivalents acquired	27,310
Net cash inflow from acquisition	27,273

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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 and for the Company

Group

	Share Capital	Contributed Surplus	Share Premium	Capital Reserve	Share Option Reserve	Merger Reserve	Statutory Reserve	Retained Earnings	Other reserve	Total attributable to equity holders of the parents	Non-controlling interest	Total Equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	19,220	172,983	65,466	4,230	1,224	(64,889)	45,303	(245,296)	-	(1,759)	-	(1,759)
Employee share option scheme – expired share option	-	-	-	-	(1,224)	-	-	1,224	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	17,703	-	17,703	-	17,703
Balance at 31 December 2014 (Audited)	**19,220**	**172,983**	**65,466**	**4,230**	**-**	**(64,889)**	**45,303**	**(226,369)**	**-**	**15,944**	**-**	**15,944**
Balance at 1 January 2015	19,220	172,983	65,466	4,230	-	(64,889)	45,303	(226,369)	-	15,944	-	15,944
Issue of shares pursuant to the placeement approved on 2 February 2015	3,083	-	10,114	-	-	-	-	-	-	13,197	-	13,197
Disposal of QIL grou as approved on 2 February 2015	-	-	(13,966)	(1,216)	-	64,889	(45,303)	(4,404)	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	(10,085)	-	(10,085)	-	(10,085)
Balance at 31 March 2015	22,303	172,983	61,614	3,014	-	-	-	(240,858)	-	19,056	-	19,056
Issue of shares pursuant to the placement completed on 15 April 2015	1,791	-	13,560	-	-	-	-	-	-	15,351	-	15,351
Acquisition of additional interest resulting in consolidation of RC Group	-	-	-	-	-	-	-	4,411	4,625	9,036	44,603	53,639
Total comprehensive income for the period	-	-	-	-	-	-	-	8,407	-	8,407	2,785	11,192
Balance at 30 June 2015 (Unaudited)	**24,094**	**172,983**	**75,174**	**3,014**	**-**	**-**	**-**	**(228,040)**	**4,625**	**51,850**	**47,388**	**99,238**

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Company	**Share Capital**	**Contributed Surplus**	**Share Premium**	**Capital Reserve**	**Share Option Reserve**	**Retained Earnings**	**Total Equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	19,220	172,983	51,500	3,014	1,224	(70,390)	177,551
Employee share option scheme – expired share option	-	-	-	-	(1,224)	1,224	-
Total comprehensive loss for the year	-	-	-	-	-	(215,654)	(215,654)
Balance at 31 December 2014 (Audited)	**19,220**	**172,983**	**51,500**	**3,014**	**-**	**(284,820)**	**(38,103)**
Balance at 1 January 2015	19,220	172,983	51,500	3,014	-	(284,820)	(38,103)
Issue of shares pursuant to the placeement approved on 2 February 2015	3,083	-	10,114	-	-	-	13,197
Total comprehensive income for the period	-	-	-	-	-	6,281	6,281
Balance at 31 March 2014	22,303	172,983	61,614	3,014	-	(278,539)	(18,625)
Issue of shares pursuant to the placement completed on 15 April 2015	1,791	-	13,560	-	-	-	15,351
Total comprehensive income for the period	-	-	-	-	-	(1,448)	(1,448)
Balance at 30 June 2014 (Unaudited)	24,094	172,983	75,174	3,014	-	(279,987)	(4,722)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015 ("2Q2015")

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.

In connection with the Company's announcements dated 25 March 2015, 6 April 2015, 7 April 2015, 8 April 2015 and 15 April 2015 and had completed the placement of 58.8 million shares at an issue price of S$0.06 per share to Grand Powerful Group Limited, Tsang Yuen Wai Samuel, Wong Yu Chiu Ben, Forrest Education Foundation, and UOB Kayhian ("Placement"). As a result, the total number of issued shares of the Company had increased from 648,802,638 ordinary shares to 707,602,638 ordinary shares, excluding treasury shares as at 30 June 2015.

In connection with the Company's announcements dated 5 March, 16 March 2015, 27 March 2015 and 31 March 2015 in respect of the issued and allotment of the Convertible Bonds to the investor, up to 38,000,000 shares may be issued to the Investor if the Investor converts all or part of the outstanding Convertible Bonds into new ordinary shares at the conversion price of S$0.07 per share.

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 total number of issued shares as at the end of the current financial period and as at the end of the immediately preceding year is 707,602,638 and 548,802,638 ordinary shares, respectively.

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 financial information for the third quarter ended 30 June 2015 has 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 adopted all the Singapore Financial Reporting Standards ("FRS") that are mandatory for financial year beginning on or after 1 January 2015.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2014.

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.

	1H2015	1H2014
Basic earnings per share (RMB cents)		
From continuing operations attributable to the equity holders of the Company:		
- Based on the weighted average number of ordinary shares in issue	3.09	-
- Fully diluted	2.92	-
From discontinued operations attributable to the equity holders of the Company:		
- Based on the weighted average number of ordinary shares in issue	(2.92)	0.02
- Fully diluted	(2.76)	0.02
Number of shares		
Current / weighted average number of ordinary shares in issue	650,840,207	548,802,638

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	
RMB Cents	**30 June 2015**	**31 December 2014**	**30 June 2015**	**31 December 2014**
Net (liabilities)/asset value per ordinary share	7.33	2.91	(0.67)	(6.94)

Note:-

Net asset value per ordinary share of the Group/Company was calculated based on the 707,602,638 and 548,802,638 shares in issue at the end of 30 June 2015 nd 31 December 2014, respectively.

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

	2Q2015 *RMB'000*	2Q2014 *RMB'000*	% Change +/(-)	1H2015 *RMB'000*	1H2014 *RMB'000*	% Change +/(-)
Revenue – New Materials:						
- Magnesium multifunctional board	10,659	-	N/A	10,659	-	N/A
- Decorative board	28,423	-	N/A	28,423	-	N/A
- Aluminnum products	31,976	-	N/A	31,976	-	N/A
Total	71,058	-	N/A	71,058	-	N/A
Gross profit	20,357			20,357		
Gross profit margin	28.65%			28.65%		

** Above sales were for the period from Date of Acquisition to 30 June 2015*

Review of Financial Performance

*New Materials Business Operated by the RC Group ("**New Materials Business**"):*

(a) ***Magnesium Multifunctional Board***

Magnesium Multifunctional Board is a basic and core Magnesium Chloride-based product which is used in the production of other products. Magnesium Multifunctional Board can be nailed, sawed, drilled, and planed while being environmental friendly, waterproof, fireproof, soundproof and not easy to deform with integration capabilities. Magnesium Multifunctional Board can be used in ceiling panels, wall panels, insulation board, fireproof board, and waterproof board. Magnesium Multifunctional Boards can be either directly sold to customers or further processed to produce other building and decoration materials.

(b) ***Floor and grainy board***

Floor and grainy board is produced by further processing of the Magnesium Multifunctional Board. These include geothermal dedicated flooring and titanium flooring. Geothermal dedicated flooring has characteristics such as being environmental friendly, fire and water proof, not easy to deform, and able to withstand wear, scratch and stain. It is wear-proof in accordance with the relevant national standards in the PRC. Titanium flooring is fireproof, waterproof, resists deformation, and has comprehensive environmental characteristics. Its paint surface is able to withstand wear, scratch, stain and integration performance, and it can be used as decorative panels for, *inter alia*, home, hotels, and office floors.

(c) ***Decorative board***

Decorative boards are produced by processing the Magnesium Multifunctional Boards with various surfaces, such as by coating the surfaces of Magnesium Multifunctional Boards with aluminium or magnesium products. Decorative boards processed with certain metals may be aesthetically pleasing with vein lines and grains resembling marble, granite or wood. Such decorative boards are also environmentally friendly, waterproof, fireproof, and resistant to deformation, wear, scratches, and stains. Based on different surface treatments, decorative boards may be widely used for cabinets and other kinds of interior and exterior décor.

(d) ***Aluminium products***

Aluminium products are aluminium plates with various customized designs and colors that are incorporated using printing technology. These products are produced with transfer printing technology, which can allow the final product to look like natural materials, such as marble and granite. Aluminium panels have fire safety, insulation, energy-saving, environmental-friendliness and other functions, and can be widely used in energy efficient building facades and wall decorations with a product life of up to 30 years. At the end of the product life cycle, after removal from buildings, through the separation and recycling technologies, the aluminium can be re-used, in the interests of the environment. Products made with nano-glaze aluminium coating are eco-friendly, non-toxic and able to withstand light, scratches, corrosion, and extreme temperatures. Aluminium products can be either sold as finished goods or used with Magnesium Multifunctional Boards to produce decorative boards.

Total sales for the period from the Date of Acquisition to 30 June 2015 achieved was approximately RMB71.1 million with detailed breakdown of various products as shown above.

Gross profit achieved was RMB20.5 million and gross profit margin was approximately 28.7%, consistent with our expected margin of 28% - 33%.

Selling and distribution expenses was approximately RMB3.8 million comprise of advertising & promotion and transportation expenses.

Administrative expenses was approximately RMB3.1 million which inlcudes remuneration of directors and management staff, office, travelling expenses and professional fees incurred.

Finance costs was approximately RMB5.5 million relates to interest accrued for the Bonds payable, Convertible bond and Non-equity linked bond.

Share of profit from associates relating to the profits from 1 April 2015 to 27 May 2015 achieved by RC Group prior to the acquistion of additional interest resulting in the consolidation of its result from the Date of Acquisition to 30 June 2015.

I**ncome tax expenses** amounting to RMB3.3 million resulted from th profit made by our subsidiary, Xuzhou Zhongwei New Board Co., Ltd for the period from the Date of Acquisition to 30 June 2015.

(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 Position

Property, plant and equipment of RMB198.2 million as at 30 June 2015 as compared to Nil as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015.

Land use rights of RMB0.8 million as at 30 June 2015 as compared to Nil as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015.

Investment in associates, **Loan to associates** and **Interest receivables** of RMB27.4 million, RMB49 million and RMB1.9 million, respectively, as of 31 December 2014 had been reversed and/or eliminated in the consolidation of RC Group following the acquisition of additonal interest in RC Group dated 27 May 2015.

Inventories were RMB170.6 million as at 30 June 2015 as compared to Nil as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015. The average inventory turnover say was 74 days for 1H2015 and the aged annalysis is as follows:-

	RMB'000
Less than 365 days	165,617
1 year to less than 2 years	4,730
2 years and above	218
	170,565

Trade receivables were RMB205.9 million, as compared to Nil as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015. The average trade receivables' turnover days was 82 days for 1H2015 and the aged annalysis is as follows:-

	RMB'000
Less than 365 days	146,469
1 years to less than 2 years	32,191
2 years to less than 3 years	21,910
3 years and above	5,313
	205,883

Prepayment and other receivables were RMB197.1 million as compared to Nil as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015. The details of the prepayments and other receivables are as follows:

	RMB'000
Advances paid for:	
- Raw Materials	61,822
- Machinery & maintenance	43,841
- Distributors	25,950
- Others	7,524
Prepayments	16,460
Other receivables;	
- Loans to business associates (Note 1)	31,693
- Advances to management staff (Note 2)	5,887
VAT receivable	2,023
Receivables in respect of divestment	1,326
Rental deposit	395
Others	206
	197,127

Note 1: These amounts were interest-free loans to business associates and are expected to be repaid in the current year.

Note 2: These were advances made to management staff primarily for operational purposes

There was no **Amount due from associates** as compared to RMB1.6 million as of 31 December 2014 due to the elimination of intra-group balances in the consolidation of RC Group following the acquisition of additioinal interest on 27 May 2015.

Trade payables were RMB187.7 million as compared to Nil as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015. The average trade payable's turnover say was 72 days for 1H2015 and the aged annalysis is as follows:-

	RMB'000
Less than 365 days	127,140
1 year to less than 2 years	8,918
2 years to less than 3 years	6,584
3 years and above	7,017
	149,659
Bills payable	38,000
	187,659

Accruals and other payables were RMB190.5 million as at 30 June 2015 increased by RMB157.5 million or 489.3% from RMB32.2 million as of 31 December 2014 was due to the consolidation of RC Group as a result of the acquisition of additional interest dated 27 May 2015. The details of the accruals and other payables are as follows:

	RMB'000
Accruals for:	
- Operating expenses	4,483
- Interest	31,070
Provision for compensation to distributors/minimum guaranteed loyalty	13,916
Advances received from customers	21,372
Due to ex-shareholder of Xuzhou Zhongwei New Board Co., Ltd (Note a)	100,000
Other payables	19,641
	190,482

Note a: The amount due to ex-shareholder of Xuzhou Zhongwei New Board Co., Ltd was an existing debt which became payable by the Group when China Construction Material (Hong Kong) Limited acquired Zhongwei New Board Co., Ltdthrough the acquisition of, inter alia, Zhongchuang (Xuzhou) Construction Co., Ltd in 27 June 2013.

There is no **Amount due to former director/shareholder** due to repayment in the current period.

Bonds payable were RMB238.9 million due to the consolidation of RC Group following the acquisition of additioinal interest on 27 May 2015 which comprise of (1) Issuance of RMB180 million, 10% unsecured SME tradable bond, by our subsidiary, Xuzhou Zhongwei New Board Co., Ltd, quoted on Shanghai Stock Exchange due 28 March 2016 and (2) a 7% unsecured bond of RMB51 million provided by Li Yuhuan, an independent third party PRC investor. The balance of RMB7.9 million was due a HK$10 million, two-year 10% coupon bond issued to Prime Pacific Investments Llimitd dated on 4 March 2015.

Interest payable relates to a interest accrued for the Non-equity linked bond which had been repaid during the current quarter.

The **Convertible bonds** relate to an issuance of Issuance of an aggregate principal amount of S$2.66 million convertible bonds which bear an interest rate of 7% per annum which is payable quarterly in arrears. The maturity date of the convertile bonds is two years from the date of the issue of the bonds. **Other payable** relates to a sale-and-leaseback arrangement with a local finance house.

Review of Cash Flow

The Group achieved profit before tax of RMB11.2 million (2Q2014: RMB1.0 million) and negative cash flow from **operating activities** of RMB16.8 million (2Q2014: cash inflow of RMB0.9 million) for the quarter ended 30 June 2015 due to the changes in the working capitals and payments of interest and taxes.

The Group's cash inflow from **investing activities**, relating primarily to net effect of cash flow on acquisition of RC Group, amounting to RMB27.3 million (2Q2014: cash outflow of RMB49.0 million). Net cash inflow from **financing activities** of RMB15.3 million due primarily to proceeds received for the issue of share during the recent placement exercise (2Q2014: cash inflow of RMB45.9 million).

The net increases in cash and cash equivalents were RMB25.8 million and RMB38.4 million, in 2Q2015 and 1H2015, respectively.

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

Not applicable.

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.

As stated above, the Company had on 3 February 2015 completed the Proposed Disposal of its loss-makng fabric business and had since increased its shareholding in our subsidiary, Rich Circles Enterprie Limited from 49% to 54.46% on 27 May 2015.

The financial performance of our New Material business for 1H2015 has been within the expectation of the Management team, We are cautiously optimistic that this new business will conitnue to contribute positively to the financial postion of the Company and its subsidiaries.

The Company will continue to undertake strategic review to examine any business potential and options available to further frow our business.

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) 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/recommended during the period.

13. Interested person transactions

Save as disclosed in paragraph 1(b)(ii) above, the joint and several guarantees provided by Mr Lin Daoqin to our Group, there are no any other interested person transactions.

14. Confirmation by the Board pursuant to Listing Rule 705(5) of SGX Listing Manual

The Directors confirmed 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 unaudited financial information of the Company and of the Group for the third quarter ended 30 June 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Mak Tin Sang
Chief Executive Officer
14 August 2015