**UNAUDITED RESULT For the Period Ended 30 September 2014**

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

**1(a)(i) A consolidated income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial period.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | **3Q14 RMB'000** | 3Q13 RMB'000 | %Change +/(-) | **9M14 RMB'000** | 9M13 RMB'000 | %Change +/(-) |
| **Continuing operations** | | | | | | |
| **Revenue** | **92,872** | 97,422 | -4.7% | **267,641** | 303,403 | -11.8% |
| **Cost of sales** | **(87,208)** | (107,638) | -19.0% | **(253,121)** | (318,358) | -20.5% |
| **Gross profit/(loss)** | **5,664** | (10,216) | n.m. | **14,520** | (14,955) | n.m. |
| Other (losses)/gains, net | **(433)** | (956) | -54.7% | **2,695** | (3,046) | n.m. |
| Expenses | | | | | | |
| -Selling and distribution | **(2,727)** | (3,006) | -9.3% | **(6,800)** | (7,565) | -10.1% |
| -Administrative | **(4,484)** | (45,995) | -90.3% | **(17,038)** | (82,446) | -79.3% |
| -Finance | **(2,682)** | (2,611) | +2.7% | **(7,767)** | (7,337) | +5.9% |
| **Loss before income tax** | **(4,662)** | (62,784) | -92.6% | **(14,390)** | (115,349) | -87.5% |
| Income tax expenses | **(1,471)** | (502) | +193% | **(2,939)** | (6,051) | -51.4% |
| **loss from continuing operations** | **(6,133)** | (63,286) | -90.3% | **(17,329)** | (121,400) | -85.7% |
| **Discontinued operation** | | | | | | |
| Gain from discontinued operation, net of tax | **-** | - | n.m. | **1,425** | - | n.m. |
| **Total loss** | **(6,133)** | (63,286) | -90.3% | **(15,904)** | (121,400) | -86.9% |
| **Other comprehensive income, net of tax:** | | | | | | |
| *Item that may be reclassified subsequently to profit or loss* | | | | | | |
| - Currency translation (losses)/gains arising from consolidation | **(61)** | (144) | -57.6% | **(143)** | 112 | n.m. |
| **Total comprehensive loss** | **(6,194)** | (63,430) | -90.2% | **(16,047)** | (121,288) | -86.8% |
| **Total loss attributable to** | | | | | | |
| - Equity holders of the Company | **(6,133)** | (63,286) | -90.3% | **(16,602)** | (121,288) | -86.3% |
| - Non-controlling interests | **-** | - | - | **698** | - | n.m. |
| | **(6,133)** | (63,286) | -90.3% | **(15,904)** | (121,288) | -86.9% |
| **Total comprehensive loss attributable to** | | | | | | |
| - Equity holders of the Company | **(6,194)** | (63,430) | -90.2% | **(16,745)** | (121,288) | -86.2% |
| - Non-controlling interests | **-** | - | - | **698** | - | n.m. |
| | **(6,194)** | (63,430) | -90.2% | **(16,047 )** | (121,288) | -86.8% |

**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 period:-**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | **3Q14 RMB'000** | 3Q13 RMB'000 | %Change +/(-) | **9M14 RMB'000** | 9M13 RMB'000 | %Change +/(-) |
| (Expense)/Income | | | | | | |
| Depreciation of property, plant and equipment | **(1,483)** | (989) | +49.9% | **(4,466)** | (4,317) | +3.5% |
| Amortisation of intangible assets | **(129)** | (126) | +2.4% | **(388)** | (391) | -0.8% |
| Interest income | **175** | 102 | +71.6% | **1,795** | 358 | +401.4% |
| Interest expense | **(2,682)** | (2,611) | +2.7% | **(7,767)** | (7,337) | +5.9% |
| Foreign exchange losses, net | **(529)** | (1,072) | -50.7% | **(1,337)** | (4,475) | -70.1% |
| Government grants | **101** | - | n.m. | **3,305** | 918 | +260.0% |
| Fair value gains/(losses) on derivative financial instruments | **1,147** | (97) | n.m. | **383** | (292) | n.m. |
| Loss on disposal of property, plant and equipment | **-** | - | n.m. | **(155)** | (80) | +93.8% |
| Allowance for impairment of trade receivables | **-** | (39,500) | n.m. | **-** | (60,146) | n.m. |
| Allowance for impairment of advances to suppliers | **-** | - | n.m. | **-** | (15,245) | n.m. |

"n.m." denotes "not meaningful"

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

| | Group | | Company | |
|---|---|---|---|---|
| | **As at 30 Sep 2014 RMB'000** | As at 31 Dec 2013 RMB'000 | **As at 30 Sep 2014 RMB'000** | As at 31 Dec 2013 RMB'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | **134,574** | 118,584 | **44** | 48 |
| Trade and other receivables | **183,466** | 159,420 | **1,325** | 8,919 |
| Inventories | **38,616** | 58,695 | **-** | - |
| Other current assets | **2,448** | 1,998 | **32** | 129 |
| Derivative financial assets | **1,199** | 817 | **-** | - |
| | **360,303** | 339,514 | **1,401** | 9,096 |
| **Non-current assets** | | | | |
| Investments in subsidiaries | **-** | - | **47,836** | 47,827 |
| Property, plant and equipment | **46,316** | 49,670 | **15** | 38 |
| Intangible assets | **16,119** | 28,941 | **-** | - |
| Deposit for machinery and equipment | **1,464** | 1,575 | **-** | - |
| | **63,899** | 80,186 | **47,851** | 47,865 |
| **Total assets** | **424,202** | 419,700 | **49,252** | 56,961 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | **97,540** | 102,244 | **16,827** | 14,533 |
| Borrowings | **304,565** | 266,979 | **-** | - |
| Current income tax liabilities | **754** | 2,161 | **-** | - |
| Provision for restructuring | **434** | 6,376 | **183** | 512 |
| **Total liabilities** | **403,293** | 377,760 | **17,010** | 15,045 |
| **NET ASSETS** | **20,909** | 41,940 | **32,242** | 41,916 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | **104,766** | 104,766 | **104,766** | 104,766 |
| Restructuring reserve | **114,040** | 114,040 | **114,040** | 114,040 |
| Currency translation reserve | **14** | 157 | **-** | - |
| Warrant reserve | **727** | 727 | **727** | 727 |
| Performance shares | **244** | 886 | **244** | 886 |
| Shares to be issued | **-** | 3,349 | **-** | 3,349 |
| Accumulated losses | **(198,882)** | (182,280) | **(187,535)** | (181,852) |
| **Total equity** | **20,909** | 41,645 | **32,242** | 41,916 |
| **Non-controlling interests** | **-** | 295 | **-** | - |
| **Total equity** | **20,909** | 41,940 | **32,242** | 41,916 |

## 1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

**Amount repayable within one year**

| | As at 30 Sept 2014 | | As at 31 Dec 2013 | |
|---|---|---|---|---|
| | Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
| Bank borrowings | **92,600** | **-** | 85,600 | - |
| Bills payable | **76,810** | **-** | 57,285 | - |
| Trade receivables factoring | **135,155** | **-** | 124,094 | - |
| | **304,565** | **-** | 266,979 | - |

**Details of any collateral**

- Bank borrowings of the Group are secured over leasehold buildings and workshops and land-use right of the Group and joint and several guarantees from a shareholder and its related parties.
- Bills payable of the Group are secured by certain short-term bank deposits of the Group and corporate guarantee from certain subsidiaries.
- Trade receivables factoring of the Group are secured by certain trade receivables and joint and several guarantees from a shareholder and its related parties.

**1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately prec eding financial period**

| | Group | | Group | |
|---|---|---|---|---|
| | **3Q14** | 3Q13 | **9M14** | 9M13 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| **Cash flows from operating activities** | | | | |
| Total loss | **(6,133)** | (63,286) | **(15,904)** | (121,400) |
| Adjustments for: | | | | |
| -Income tax expense | **1,471** | 502 | **2,939** | 6,051 |
| -Amortisation and depreciation | **1,612** | 1,115 | **4,854** | 4,708 |
| -Loss on disposal of property, plant and equipment | **-** | - | **155** | 80 |
| - Loss on deconsolidation of a subsidiary | **1,030** | - | **1,030** | - |
| -Interest expense | **2,682** | 2,611 | **7,767** | 7,337 |
| -Interest income | **(175)** | (102) | **(1,795)** | (358) |
| -Fair value losses/(gains) on derivative financial instruments | **(1,147)** | 97 | **(383)** | 292 |
| -Performance share expenses | **(433)** | - | **(642)** | - |
| -Unrealised currency translation (gains)/losses | **(73)** | (143) | **278** | 1,010 |
| Operating losses before changes in working capital | **(1,166)** | (59,206) | **(1,701)** | (102,280) |
| Changes in working capital: | | | | |
| -Trade and other receivables * | **22,445** | 55,910 | **95,358** | 86,131 |
| -Inventories | **16,824** | (16,717) | **20,079** | (8,337) |
| -Other current assets | **(439)** | 20 | **(450)** | (1,000) |
| -Trade and other payables | **(1,492)** | 19,657 | **2,562** | 21,162 |
| - Provision for restructuring | **(263)** | - | **(5,942)** | - |
| Cash generated from operations | **35,909** | (336) | **109,906** | (4,324) |
| Interest received | **175** | 102 | **1,795** | 358 |
| Income tax paid | **(2,821)** | (101) | **(4,346)** | (6,610) |
| **Net cash provided by/(used in) operating activities** | **33,263** | (335) | **107,355** | (10,576) |
| **Cash flows from investing activites** | | | | |
| Net cash outflow on deconsolidation of a subsidiary (Note A) | **(198)** | - | **(198)** | - |
| Additions to property, plant and equipment | **(920)** | (79) | **(1,576)** | (1,866) |
| Deposit for machinery and equipment | **(18)** | (88) | **111** | (199) |
| Proceeds from disposal of property, plant & machinery | **-** | - | **309** | - |
| **Net cash used in investing activities** | **(1,136)** | (167) | **(1,354)** | (2,065) |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | **165,842** | 105,581 | **381,462** | 346,431 |
| Repayment of borrowings * | **(148,728)** | (107,429) | **(463,279)** | (291,328) |
| Interest paid | **(2,682)** | (2,611) | **(7,767)** | (7,337) |
| Decrease/(increase) in short-term bank deposits pledged | **(53,276)** | 302 | **(23,420)** | (37,699) |
| Proceeds from issuance of warrants | **-** | 727 | **-** | 727 |
| **Net cash (used in)/provided by financing activities** | **(38,844)** | (3,430) | **(113,004)** | 10,794 |
| **Net decrease in cash and cash equivalents** | **(6,717)** | (3,932) | **(7,003)** | (1,847) |
| Cash and cash equivalents at beginning of financial period | **53,379** | 55,477 | **54,098** | 54,288 |
| Effects on currency translation on cash and cash equivalents | **7** | - | **(426)** | (896) |
| **Cash and cash equivalents at end of financial period** | **46,669** | 51,545 | **46,669** | 51,545 |

* Certain comparatives have been reclassified to be consistent with current period's presentation

## 1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period (continued)

Note:

For the purpose of consolidated cash flow statement, cash and cash equivalents comprise the following :-

| | Group | | Group | |
|---|---|---|---|---|
| | **3Q14** | 3Q13 | **9M14** | 9M13 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Cash and bank balances | **134,574** | 116,266 | **134,574** | 116,266 |
| Less: Short-term bank deposits pledged | **(87,905)** | (64,721) | **(87,905)** | (64,721) |
| | **46,669** | 51,545 | **46,669** | 51,545 |

Note A: Net cash outflow on deconsolidation of a subsidiary

| | **RMB'000** |
|---|---|
| Net assets derecognised | 2,034 |
| Less: Non-controlling interests | (993) |
| Net assets deconsolidated | 1,041 |
| Less: Reclassification of currency translation reserve | (11) |
| | 1,030 |
| Less: Loss on deconsolidation | (1,030) |
| Cash proceeds from deconsolidation | - |
| Less: Cash and cash equivalents in subsidiary deconsolidated | (198) |
| Net cash outflow on deconsolidation of a subsidiary | (198) |

**1(d)(i) A statement (for the issuer and the 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 period**

| (RMB'000) | Attributable to equity holders of the Company | | | | | | | | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Shares to be issued | Restructuring Reserve | Performance Share | Warrant Reserve | Currency Translation Reserve | Retained Profits/ (Accumulated Losses) | Total | | |
| **Group** | | | | | | | | | | |
| At 1 January 2014 | 104,766 | 3,349 | 114,040 | 886 | 727 | 157 | (182,280) | 41,645 | 295 | 41,940 |
| Total comprehensive (loss)/income for the financial period | - | - | - | - | - | (143) | (16,602) | (16,745) | 698 | (16,047) |
| Performance share expense | - | - | - | (642) | - | - | - | (642) | - | (642) |
| Deconsolidation of a subsidiary | - | (3,349) | - | - | - | - | - | (3,349) | (993) | (4,342 ) |
| At 30 Sept 2014 | 104,766 | - | 114,040 | 244 | 727 | 14 | (198,882) | 20,909 | - | 20,909 |
| At 1 January 2013 | 104,766 | - | 114,040 | - | - | (15) | 58,926 | 277,717 | - | 277,717 |
| Total comprehensive income/(loss) for the financial period | - | - | - | - | 727 | 112 | (121,400) | (120,561) | - | (120,561) |
| At 30 Sept 2013 | 104,766 | - | 114,040 | - | 727 | 97 | (62,474) | 157,156 | - | 157,156 |
| **Company** | | | | | | | | | | |
| At 1 January 2014 | 104,766 | 3,349 | 114,040 | 886 | 727 | - | (181,852) | 41,916 | - | 41,916 |
| Total comprehensive loss for the financial period | - | - | - | - | - | - | (5,683) | (5,683) | - | (5,683) |
| Performance share expense | - | - | - | (642) | - | - | - | (642) | - | (642) |
| Deconsolidation of a subsidiary | - | (3,349) | - | - | - | - | - | (3,349) | - | (3,349) |
| At 30 Sept 2014 | 104,766 | - | 114,040 | 244 | 727 | - | (187,535) | 32,242 | - | 32,242 |
| At 1 January 2013 | 104,766 | - | 114,040 | - | - | - | (6,095) | 212,711 | - | 212,711 |
| Total comprehensive loss for the financial period | - | - | - | - | 727 | - | (5,216) | (4,489) | | (4,489) |
| At 30 Sept 2013 | 104,766 | - | 114,040 | - | 727 | - | (11,311) | 208,222 | - | 208,222 |

**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 period**

**Warrants**

The Company had on 20 May 2013 announced its entry into of a Subscription Agreement with SAPO Investment Pte Ltd (Subscriber). Pursuant to the Subscription Agreement, the Company will issue 30,000,000 unlisted and non-transferable warrants ("Warrants") to the Subscriber for a subscription price of S$150,000.

The Warrants were issued at an issue price of S$ 0.005 each with each Warrant carrying the right to subscribe for one new share of the Company upon exercise of the Warrants by the Subscriber at the exercise price of S$ 0.075 for each new share. As at 30 September 2014, no warrant was exercised and converted into ordinary share of the Company. The Warrants will expire on 18 July 2016.

| | Group and Company | |
|---|---|---|
| | **As at 30 Sept 2014** | As at 31 December 2013 |
| | (No. of warrants outstanding) | |
| Beginning of financial period/year | **30,000,000** | **-** |
| Issuance of warrants | **-** | 30,000,000 |
| End of financial period/year | **30,000,000** | 30,000,000 |

**Great Group Performance Share Scheme Adopted on 18 June 2009**

Pursuant to the above scheme, the Company had on 5th June 2013, granted 8,700,000 shares awards to Non-Executives Directors (including independent Directors) and selected employees subject to the meeting of certain performance targets.

As at 30 Sept 2014, the number of Share Awards granted reduced by 6,300,000 shares to 2,400,000 shares as follow:

- 2,000,000 Share Awards has been granted to Mr. Lim Yeow Hua @ Lim You Qin, an ex-Director of the Company. Upon his retirement from the Board, Mr. Lim is no longer entitled to 2,000,000 Share Awards.
- Another 4,300,000 Share Awards previously granted to three employees, who have since left the Company and are no longer entitled to the 4,300,000 Share Awards.

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

| | Group and Company | |
|---|---|---|
| | **As at 30 Sept 2014** | As at 31 December 2013 |
| Number of issued shares excluding treasury shares | **265,000,000** | 265,000,000 |

**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 report on.**

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which standard and practice.**

The figures in this announcement have not been audited or reviewed by the Group's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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**

Save as disclosed in paragraph 5 below, the Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the third quarter as those applied for the most recently audited consolidated financial statements for the financial year ended 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**

In the current financial period, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2014. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

- FRS 27 Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 32 Financial Instruments: Offsetting of Financial Liabilities and Assets (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective for annual period beginning on or after 1 January 2014)
- Amendments to FRS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)
- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 July 2014)
- FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory Effective Date (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 111, FRS 112: Transition Guidance (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities (effective for annual period beginning on or after 1 January 2014)

The adoption of the above did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

**6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

| | Group | | Group | |
|---|---|---|---|---|
| | Third Quarter ended 30 Sept | | Nine Months ended 30 Sept | |
| | **2014** | 2013 | **2014** | 2013 |
| | **RMB Cents** | RMB Cents | **RMB Cents** | RMB Cents |
| **(Losses)/Earnings per Share (Basic)** | | | | |
| - Continuing operations | **(2.31)** | (23.88) | **(6.54)** | (45.81) |
| - Discontinued operations | **-** | - | **0.54** | - |
| **Number of shares** | | | | |
| Weighted average number of issued ordinary shares | **265,000,000** | 265,000,000 | **265,000,000** | 265,000,000 |

| | Group | | Group | |
|---|---|---|---|---|
| | Third Quarter ended 30 Sept | | Nine Months ended 30 Sept | |
| | **2014** | 2013 | **2014** | 2013 |
| | **RMB Cents** | RMB Cents | **RMB Cents** | RMB Cents |
| **Losses per Share (Diluted)** | | | | |
| - Continuing operations | **(2.31)*** | (23.88) | **(6.54)*** | (45.81) |
| - Discontinued operations | **-** | - | **0.48** | - |
| **Number of shares** | | | | |
| Weighted average number of issued ordinary shares | **297,400,000** | 265,000,000 | **297,400,000** | 265,000,000 |

Basic loss per share is computed by dividing the loss attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period.

* As the Company incurred net loss for the third quarter and nine months ended 30 September 2014, the dilutive potential shares from outstanding warrants, shares to be issued and performance shares are anti-dilutive and no change is made to the diluted losses per share.

There was no dilutive instruments in issue for the third quarter ended 30 September 2013.

**7. Net assets 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 period**

| | Group | | Company | |
|---|---|---|---|---|
| | **As at 30 Sept 2014** | As at 31 December 2013 | **As at 30 Sept 2014** | As at 31 December 2013 |
| | **RMB Cents** | RMB Cents | **RMB Cents** | RMB Cents |
| Net assets value per ordinary share | **7.89** | 15.83 | **12.17** | 15.82 |
| Number of issued ordinary shares as at end of the financial period/year | **265,000,000** | 265,000,000 | **265,000,000** | 265,000,000 |

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review 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/year 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/year reported on.**

**Commentary on Financial Results**

**Continuing operations**

| | Continuing operations | | | Continuing operations | | |
|---|---|---|---|---|---|---|
| | **3Q14** | 3Q13 | %Change | **9M14** | 9M13 | %Change |
| | **RMB'000** | RMB'000 | +/(-) | **RMB'000** | RMB'000 | +/(-) |
| **Revenue** | **92,872** | 97,422 | -4.7% | **267,641** | 303,403 | -11.8% |
| **Cost of sales** | **(87,208)** | (107,638) | -19.0% | **(253,121)** | (318,358) | -20.5% |
| **Gross profit/(loss)** | **5,664** | (10,216) | n.m. | **14,520** | (14,955) | n.m. |
| Other (losses)/gains, net | **(433)** | (956) | -54.7% | **2,695** | (3,046) | n.m. |
| Expenses | | | | | | |
| -Selling and distribution | **(2,727)** | (3,006) | -9.3% | **(6,800)** | (7,565) | -10.1% |
| -Administrative | **(4,484)** | (45,995) | -90.3% | **(17,038)** | (82,446) | -79.3% |
| -Finance | **(2,682)** | (2,611) | +2.7% | **(7,767)** | (7,337) | +5.9% |
| **Loss before income tax** | **(4,662)** | (62,784) | -92.6% | **(14,390)** | (115,349) | -87.5% |
| Income tax expenses | **(1,471)** | (502) | +193% | **(2,939)** | (6,051) | -51.4% |
| **Net loss** | **(6,133)** | (63,286) | -90.3% | **(17,329)** | (121,400) | -85.7% |

**Revenue**

The breakdown of the revenue by business segments is as set out below:

| In RMB ' 000 | Revenue | | | Sales Volume | | | Average Selling Price | | |
|---|---|---|---|---|---|---|---|---|---|
| | **3Q14** | 3Q13 | % Change +/(-) | **3Q14** | 3Q13 | % Change +/(-) | **3Q14** | 3Q13 | % Change +/(-) |
| | | | | **PC'000** | PC' 000 | | **RMB/PC** | RMB/PC | |
| Contract manufacturing* | **92,872** | 97,422 | -4.7% | **12,765** | 15,907 | -19.8% | **7.28** | 6.12 | +19.0% |
| Brands Solutions | **-** | - | n.m. | **-** | - | n.m. | **-** | - | n.m. |
| Total | **92,872** | 97,422 | -4.7% | **12,765** | 15,907 | -19.8% | | | |

| In RMB ' 000 | Revenue | | | Sales Volume | | | Average Selling Price | | |
|---|---|---|---|---|---|---|---|---|---|
| | **9M14** | 9M13 | % Change +/(-) | **9M14** | 9M13 | % Change +/(-) | **9M14** | 9M13 | % Change +/(-) |
| | | | | PC'000 | PC' 000 | | **RMB/PC** | RMB/PC | |
| Contract manufacturing* | **267,641** | 303,403 | -11.8% | **37,315** | 41,899 | -10.9% | **7.17** | 7.24 | -1.0% |
| Brands Solutions | **-** | - | n.m. | **-** | - | n.m. | **-** | - | n.m. |
| Total | **267,641** | 303,403 | -11.8% | **37,315** | 41,899 | -10.9% | | | |

* The contract manufacturing business segment includes the results of GRAT.UNIC.

The Group's revenue for the third quarter ended 30 Sept 2014 ("3Q14") decreased by RMB4.5 million or 4.7% to RMB92.9 million as compared to RMB97.4 million for the third quarter ended 30 Sept 2013 ("3Q13").

Revenue for nine months ended 30 Sept 2014 ("9M14") decreased by RMB35.8 million to RMB 267.6 million from RMB 303.4 million for the nine months ended 30 Sept 2013 ("9M13"). This was mainly due to reduction in sales volume and lower average selling price of the contract manufacturing business segment.

The revenue analysed by geographical areas is as follows:

| | Revenue | | | Revenue | | |
|---|---|---|---|---|---|---|
| | **3Q14 RMB'000** | 3Q13 RMB'000 | **%Change** +/(-) | **9M14 RMB'000** | 9M13 RMB'00 | **%Change** +/(-) |
| Asia | **29,102** | 26,120 | +11.4% | **63,863** | 69,409 | -8.0% |
| Europe | **57,486** | 63,680 | -9.7% | **164,059** | 170,804 | -3.9% |
| America | **3,129** | 6,432 | -51.4% | **29,006** | 60,808 | -52.3% |
| Other | **3,155** | 1,190 | +165.1% | **10,713** | 2,382 | +349.7% |
| Total | **92,872** | 97,422 | -4.7% | **267,641** | 303,403 | -11.8% |

**Gross profit/(loss)**

The gross profit/(loss) by business segments is as follows:

| | Gross Profit | | | Gross Profit | | |
|---|---|---|---|---|---|---|
| | **3Q14 RMB'000** | 3Q13 RMB'000 | %Change +/(-) | **9M14 RMB'000** | 9M13 RMB'000 | %Change +/(-) |
| Contract manufacturing business* | **5,664** | (10,216) | n.m. | **14,520** | (14,955) | n.m. |
| Brands solutions business | **-** | - | n.m. | - | - | n.m. |
| Total | **5,664** | (10,216) | n.m. | **14,520** | (14,955) | n.m. |
| Gross Profit/(Loss) Margin | **6.1%** | (10.5%) | n.m. | **5.4%** | (4.9%) | n.m. |

* The contract manufacturing business segment includes the results of GRAT.UNIC.

The gross profit increased by RMB15.9 million from a gross loss of RMB10.2 million in 3Q13 to a gross profit of RMB5.7 million in 3Q14. On a nine months basis, the gross profit also increased by RMB29.5 million from a gross loss of RMB15.0 million in 9M13. The increase in gross profit is mainly due to improvement in gross margin on higher average selling price in 3Q14 and lower raw materials cost and also due to allowance for impairment of advances to suppliers (included in cost of sales) of RMB15.2 milion provided for the contract manufacturing business segment in 3Q13 and 9M13 respectively

**Other (losses)/gains, net**

The Group recorded other losses (net) of RMB0.4 million in 3Q14 and other gains (net) of RMB 2.7 million in 9M14 respectively. This is mainly due to higher government grant received, lower foreign exchange losses due to strengtening of US$ against RMB and one-off loss on deconsolidation of a subsidiary.

| | Other gains/(losses), net | | | Other gains/(losses), net | | |
|---|---|---|---|---|---|---|
| | **3Q14 RMB'000** | 3Q13 RMB'000 | %Change +/(-) | **9M14 RMB'000** | 9M13 RMB'000 | %Change +/(-) |
| Interest income | **175** | 102 | +71.6% | **1,795** | 358 | +401.4% |
| Government grants | **101** | - | n.m. | **3,305** | 918 | +260.0% |
| Fair value gains/(losses) on derivative financial instruments | **1,147** | (97) | n.m. | **383** | (292) | n.m. |
| Foreign exchange losses, net | **(529)** | (1,072) | -50.7% | **(1,337)** | (4,475) | -70.1% |
| Loss on disposal of property, plant and equipment | **-** | - | - | **(155)** | (80) | +93.8% |
| Loss on deconsolidation of a subsidiary | **(1,030)** | - | n.m. | **(1,030)** | - | n.m. |
| Other | **(297)** | 111 | n.m. | **(266)** | 525 | n.m. |
| Total | **(433)** | (956) | -54.7% | **2,695** | (3,046) | n.m. |

**Selling and distribution expenses**

Selling and distribution expenses decreased by RMB0.3 million from RMB3.0 million in 3Q13 to RMB2.7 million in 3Q14. On a nine months basis, selling and distribution expenses is lower by RMB0.8 million from RMB7.6 million in 9M13 to RMB6.8 million in 9M14. The decrease is mainly due to the decrease in promotion and exhibition expenses for the contract manufacturing business segment which are in line with the reduction in customers' orders.

**Administrative expenses**

Administrative expenses decreased by RMB41.5 million from RMB46.0 million in 3Q13 to RMB4.5 million in 3Q14, while on a nine months basis, decreased by RMB65.4 million to RMB17.0 million in 9M14 from RMB82.4 million in 9M13. The decrease in administrative expenses is mainly due to allowance for impairment of trade receivables of RMB39.5 million and RMB 60.1 million provided for the contract manufacturing business segment in 3Q13 and 9M13 respectively.

**Finance expenses**

Finance expenses in 3Q14 of RMB2.7 million were RMB0.1 million marginally higher than that in 3Q13 of RMB2.6 million. On a nine months basis, the Group's finance expenses of RMB7.8 million were also marginally higher than 9M13 of RMB7.3 million by RMB0.5 million. This was mainly due to higher balance of net borrowings (after deducting pledged deposits) of RMB 216.7 million as at 30 September 2014 as compared against RMB 200.7 million as at 30 September 2013.

**Income tax expense**

Income tax expenses increased by RMB1.0 million from RMB0.5 million in 3Q13 to RMB1.5 million in 3Q14. The increase was mainly due to additional tax assessment charged for FY 2011 and FY 2012 as a result of adjustments made by local authority for expenses not deductible for tax purposes for two of the Group's major subsidiaries. However, on a nine months basis, income tax expenses decreased by RMB3.2 million from RMB 6.1 million in 9M13 to RMB2.9 million in 9M14, the reduction in income tax expense is due to lower chargeable income derived by the Group's major subsidiaries offset by under-provision of FY 2012 income tax as explained earlier.

**Discontinued operation**

On 23 October 2014, the Company entered into a termination agreement with Christensen, Jens Frulund to terminate the acquisition of Sinex Solutions Limited under Brands Solutions Business Segment. Prior thereto, there was loss of control culminating in the resignation of the Group's representative on the board of Sinex in September 2014. Accordingly, the Company has deconsolidated the results of Sinex and this segment of comparative figures has been classified as discontinued operation. The consolidated comparative statement of comprehensive loss for the three months ended 30 September 2014 (3Q14) and for the nine months ended 30 September 2014 (9M14) has been re-presented to show the discontinued operation separately from continued operations for the Group. As a result of the deconsolidation, the Group has recognised loss on deconsolidation of RMB1.0 million under "other (losses)/gains, net".

**Gain from discontinued operation, net of tax**

| | **Discontinued operation** | | | **Discontinued operation** | | |
|---|---|---|---|---|---|---|
| | **3Q14 RMB'000** | 3Q13 RMB'000 | %Change +/(-) | **9M14 RMB'000** | 9M13 RMB'000 | %Change +/(-) |
| **Revenue** | **-** | - | n.m. | **21,617** | - | n.m. |
| **Cost of sales** | **-** | - | n.m. | **(19,638)** | - | n.m. |
| **Gross profit** | **-** | - | n.m. | **1,979** | - | n.m. |
| Other gains/(losses), net | **-** | - | n.m. | **-** | - | n.m. |
| Expenses | | | | | | |
| -Selling and distribution | **-** | - | n.m. | **(288)** | - | n.m. |
| -Administrative | **-** | - | n.m. | **(266)** | - | n.m. |
| -Finance | **-** | - | n.m. | **-** | - | n.m. |
| **Profit before income tax** | **-** | - | n.m. | **1,425** | - | n.m. |
| Income tax expenses | **-** | - | n.m. | **-** | - | n.m. |
| **Net profit** | **-** | - | n.m. | **1,425** | - | n.m. |

## Commentary on Financial Position

### Current assets

Cash and cash equivalents increased by RMB16.0 million from RMB118.6 million as at 31 December 2013 to RMB134.6million as at 30 Sept 2014. The increase in cash and cash equivalents was mainly due to additional peroceeds from bank borrowings.

Trade and other receivables increased by RMB24.1 million or 15.1% to RMB183.5 million as at 30 Sept 2014 from RMB159.4 million as at 31 December 2013. The increase in trade and other receivables was mainly due to increase in advances amounted to RMB30.1 million including advance to a few new suppliers of RMB24.3 million for obtaining new raw materials at lower cost.

| | **30 Sept 2014** | 31 Dec 2013 | % Change |
|---|---|---|---|
| | **RMB'000** | RMB'000 | +/ (-) |
| Trade receivables | **181,120** | 180,988 | - |
| Less: Allowance for impairment of trade receivables | **(136,905)** | (136,905) | - |
| | **44,215** | 44,083 | - |
| Advances to suppliers | **129,187** | 99,103 | +30.4% |
| Less: Allowance for impairment of advances to suppliers | **(3,568)** | (3,568) | - |
| | **125,619** | 95,535 | +31.5% |
| Other receivables | **3,249** | 4,490 | -27.6% |
| Value added tax receivables | **10,383** | 15,312 | -32.2% |
| Total | **183,466** | 159,420 | +15.1% |

### Inventories

| | **30 Sept 2014** | 31 Dec 2013 | % Change |
|---|---|---|---|
| | **RMB '000** | RMB '000 | +/ (-) |
| Raw materials | **27,012** | 37,373 | -27.7% |
| Work-in-progress | **3,320** | 8,148 | -59.3% |
| Finished goods | **16,353** | 21,243 | -23.0% |
| Sub-total | **46,685** | 66,764 | -30.1% |
| Less: Write-down of finished goods which were considered obsolete. | **(8,069)** | (8,069) | - |
| Total | **38,616** | 58,695 | -34.2% |

Inventories as at 30 Sept 2014 were RMB38.6 million, representing a decrease of RMB20.1 million from RMB58.7 million as at 31 December 2013, mainly due to the decrease in raw materials and finished goods which were consumed for production and sold during 9M14.

### Non current assets

The Group's property, plant and equipment decreased marginally by RMB3.4 million or 6.8% to RMB46.3 million as at 30 Sept 2014 from RMB49.7 million as at 31 December 2013. This is mainly due to depreciation charge of RMB4.5 million offset by purchase of property, plant and equipment of RMB 1.6 million.

**Current liabilities**

As at 30 Sept 2014, current liabilities amounted to RMB403.3 million, an increase of 6.8% or RMB25.5 million compared to RMB377.8 million as at 31 December 2013. This was mainly due to the increase in borrowings of RMB37.6 million in 3Q14 offset by decrease in trade and other payables and provision for restructuring of RMB 4.7 million and RMB 5.9 million respectively.

The breakdown of borrowings is as follows:

| | **As at 30 Sept 2014** | | | As at 31 Dec 2013 | | |
|---|---|---|---|---|---|---|
| | **Gross** | **Deposits pledged** | **Net** | Gross | Deposits pledged | Net |
| | **RMB' 000** | **RMB' 000** | **RMB' 000** | RMB' 000 | RMB' 000 | RMB' 000 |
| Bank borrowings | **92,600** | **-** | **92,600** | 85,600 | - | 85,600 |
| Bills Payables | **76,810** | **(37,905)** | **38,905** | 57,285 | (24,486) | 32,799 |
| Trade receivables factoring | **135,155** | **(50,000)** | **85,155** | 124,094 | (40,000) | 84,094 |
| Total | **304,565** | **(87,905)** | **216,660** | 266,979 | (64,486) | 202,493 |

The increase in gross borrowings were mainly due to additional borrowings obtained for trade reveivable factoring of RMB50 million which are of lower interest rate which are used for Group's working capital purpose.

**Shareholder's equity**

Total shareholders' equity as at 30 Sept 2014 amounted to approximately RM20.9 million, mainly comprise share capital of RMB104.77 million, restructuring reserve of RMB114.04 million and accumulated losses of RMB198.8 million. The decrease was mainly due to net loss of RMB16.6 million incurred during 9M14.

Movement in accumulated losses of the Group is as follows:

| **In RMB ' 000** | **30 Sept 2014** | **31 Dec 2013** | **% Change** |
|---|---|---|---|
| | | | +/ (-) |
| Beginning of financial period | **(182,280)** | 58,926 | n.m. |
| Net loss | **(16,602)** | (241,206) | -93.1% |
| Total | **(198,882)** | (182,280) | +9.1% |

**Commentary on financial cash flow**

Cash and bank balances decreased by RMB7.4 million to RMB46.7 million as at 30 September 2014 from RM54.1 million as at 31 December 2013.

The Group generated RMB107.4 million from operating activities mainly due to improved working capital as management tighten its controls over trade receivables and inventories. In addition, the Group relied on bills payable to pay most of the suppliers thus reducing the outflows of cash and bank balances.

The Group's net cash used in investing activities of RMB1.4 million was mainly related to capital expenditures offset by proceeds from disposal of property, plant and machinery.

Net cash used in financing activities of RMB113.0 million which is mainly due to higher proceeds of borrowings as compared to proceeds from borrowings which is offset by increase in bank deposits pledged.

**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**

China's textile industry continues to be affected by shrinking overseas demand, rising labour cost pressure in China and intense price competition from lower-cost manufacturing bases in Southeast Asia and Bangladesh. This has resulted in the deterioration of both the operating environment and profitability of the industry.

The Group continues to focus on cost rationalisation and to improve its financial efficiencies such as inventory and cash flow management.

**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**

Not applicable.

## 13. Interested person transactions

The group does not have a general mandate from shareholders for interested person transactions. The aggregate value of interested person transactions for the period ended 30 September 2014 is as follows:

| Name of interested person | Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) |
|---|---|---|
| Purchases from Quanzhou Honghao Colour Printing Co., Ltd., a company in which our Ex-Director Mr Weng Wenju owns 50% of the interest. Mr Weng Wenju is brother of Mr Weng Wenwei. | RMB0.56 million | NA |

Mr Weng Wenwei had, in connection with banking facilities granted by various banks to our Group, provided personal guarantees to secure such facilities. No fees were paid or are payable by our Group to Mr Weng Wenwei in connection with such guarantees.

## 14. 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 general mandate has been obtained from shareholders for IPTs.

## 15. Statement Pursuant to Rule 705(5) of the Listing Manual

To the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited Third Quarter Results of the Group for the financial period ended 30 September 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors,

**BY ORDER OF THE BOARD**
**Weng Wenwei (翁文伟)**
**Chief Executive Officer**
**7 November 2014**