GREAT GROUP HOLDINGS LIMITED

UNAUDITED RESULT For the Period Ended 30 June 2015

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		
	2Q15 RMB'000	2Q14 RMB'000	%Change +/(-)	**1H15 RMB'000**	1H14 RMB'000	%Change +/(-)
Continuing operations						
Revenue	**88,888**	91,090	-2.4%	**166,245**	174,770	-4.9%
Cost of sales	**(83,753)**	(85,835)	-2.4%	**(156,185)**	(165,912)	-5.9%
Gross profit	**5,135**	5,255	-2.3%	**10,060**	8,858	+13.6%
Other gains, net	**263**	2,477	-89.4%	**431**	3,128	-86.2%
Expenses						
-Selling and distribution	**(2,181)**	(1,907)	+14.4%	**(4,107)**	(4,073)	+0.8%
-Administrative	**(6,060)**	(7,002)	-13.5%	**(12,036)**	(12,555)	-4.1%
-Finance	**(2,245)**	(2,520)	-10.9%	**(4,587)**	(5,085)	-9.8%
Loss before income tax	**(5,088)**	(3,697)	+37.6%	**(10,239)**	(9,727)	+5.3%
Income tax expenses	**(552)**	(590)	-6.4%	**(1,299)**	(1,469)	-11.6%
Loss from continuing operations	**(5,640)**	(4,287)	+31.6%	**(11,538)**	(11,196)	+3.1%
Discontinued operation						
Gain from discontinued operation, net of tax	**-**	762	n.m.	-	1,424	n.m.
Total Loss	**(5,640)**	(3,525)	+60.0%	**(11,538)**	(9,772)	+18.1%
Other comprehensive income, net of tax:						
Item that may be reclassified subsequently to profit or loss						
- Currency translation gains/ (losses) arising from consolidation	**10**	(260)	n.m.	**23**	(82)	n.m.
Total comprehensive loss	**(5,630)**	(3,785)	+48.7%	**(11,515)**	(9,854)	+16.9%
Net (loss)/income attributable to						
-Equity holders of the Company	**(5,630)**	(3,898)	+44.4%	**(11,515)**	(10,470)	+10.0%
-Non-controlling interests	**-**	373	n.m.	**-**	698	n.m.
	(5,630)	(3,525)	+59.7%	**(11,515)**	(9,772)	+17.8%
Total comprehensive (loss)/income attributable to						
-Equity holders of the Company	**(5,630)**	(4,158)	+35.4%	**(11,515)**	(10,552)	+9.1%
-Non-controlling interests	**-**	373	n.m.	**-**	698	n.m.
	(5,630)	(3,785)	+48.7%	**(11,515)**	(9,854)	+16.9%

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		
	2Q15 RMB'000	2Q14 RMB'000	%Change +/(-)	**1H15 RMB'000**	1H14 RMB'000	%Change +/(-)
(Expense)/Income						
Depreciation of property, plant and equipment	**(1,534)**	(1,445)	+6.2%	**(3,102)**	(2,983)	+4.0%
Amortisation of intangible assets	**(129)**	(130)	-0.8%	**(258)**	(259)	-0.4%
Interest income	**157**	944	-83.4%	**273**	1,620	-83.1%
Interest expense	**(2,245)**	(2,520)	-10.9%	**(4,587)**	(5,085)	-9.8%
Foreign exchange gains/(losses), net	**856**	(208)	n.m.	**1,503**	(808)	n.m.
Government grants	**58**	2,069	-97.2%	**522**	3,204	-83.7%
Fair value losses on derivatives financial instructments	**(847)**	(198)	+327.8%	**(1,851)**	(764)	+142.3%
Loss on disposal of property, plant and equipment	**-**	(155)	n.m.	**-**	(155)	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 June 2015 RMB'000	As at 31 Dec 2014 RMB'000	**As at 30 June 2015 RMB'000**	As at 31 Dec 2014 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	**102,423**	113,569	**75**	1,047
Trade and other receivables	**189,242**	168,252	**32,579**	1,401
Inventories	**35,804**	52,828	**-**	-
Other current assets	**1,565**	404	**860**	390
Derivative financial assets	**441**	2,293	**-**	-
	329,475	337,346	**33,514**	2,838
Non-current assets				
Investments in subsidiaries	**-**	-	**47,827**	47,827
Property, plant and equipment	**44,902**	47,915	**-**	7
Intangible assets	**15,732**	15,990	**-**	-
Deposit for machinery and equipment	**1,495**	1,463	**-**	-
	62,129	65,368	**47,827**	47,834
Total assets	**391,604**	402,714	**81,341**	50,672
LIABILITIES				
Current liabilities				
Trade and other payables	**84,083**	77,838	**21,048**	18,869
Borrowings	**302,453**	306,387	**-**	-
Current income tax liabilities	**634**	2,517	**-**	-
Total liabilities	**387,170**	386,742	**21,048**	18,869
NET ASSETS	**4,434**	15,972	**60,293**	31,803
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	**155**	178	**-**	-
Warrant reserve	**727**	727	**727**	727
Accumulated losses	**(215,246)**	(203,731)	**(159,240)**	(187,730)
	4,442	15,980	**60,293**	31,803
Non-controlling interests	**(8)**	(8)	**-**	-
Total equity	**4,434**	15,972	**60,293**	31,803

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

Amount repayable within one year

	As at 30 June 2015		As at 31 Dec 2014	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Bank borrowings	**80,880**	**-**	90,380	-
Bills payable	**111,465**	**-**	85,840	-
Trade financing	**110,108**	**-**	130,167	-
	302,453	**-**	306,387	-

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 preceding financial period

	Group		Group	
	2Q15	2Q14	**1H15**	1H14
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities				
Total loss	**(5,640)**	(3,525)	**(11,538)**	(9,772)
Adjustments for:				
-Income tax expense	**552**	590	**1,299**	1,469
-Amortisation and depreciation	**1,663**	1,575	**3,360**	3,242
-Loss on disposal of property, plant and equipment	**-**	155	**-**	155
-Interest expense	**2,245**	2,520	**4,587**	5,085
-Interest income	**(157)**	(944)	**(273)**	(1,620)
-Fair value losses on derivative financial instruments	**847**	198	**1,851**	764
-Performance share expenses	**-**	(209)	**-**	(209)
-Unrealised currency translation (gains)/losses	**(99)**	(423)	**(49)**	351
Operating losses before changes in working capital	**(589)**	(63)	**(763)**	(535)
Changes in working capital:				
-Trade and other receivables	**50,095**	24,293	**86,471**	72,913
-Inventories	**3,221**	1,414	**17,024**	3,255
-Other current assets	**(19)**	2,135	**(1,160)**	(11)
-Trade and other payables	**11,730**	15,593	**6,270**	4,054
- Provision for restructuring and retrenchment	**-**	(3,579)	**-**	(5,679)
Cash generated from operations	**64,438**	39,793	**107,842**	73,997
Interest received	**156**	944	**272**	1,620
Income tax paid	**(2,455)**	(907)	**(3,183)**	(1,525)
Net cash provided by operating activities	**62,139**	39,830	**104,932**	74,092
Cash flows from investing activites				
Additions to property, plant and equipment	**(84)**	(430)	**(88)**	(527)
Deposit for machinery and equipment	**47**	-	**(32)**	-
Proceeds from disposal of property, plant & machinery	**-**	309	**-**	309
Net cash used in investing activities	**(37)**	(121)	**(120)**	(218)
Cash flows from financing activities				
Proceeds from borrowings	**88,004**	122,024	**199,850**	215,620
Repayment of borrowings	**(145,607)**	(173,223)	**(311,245)**	(314,551)
Interest paid	**(2,245)**	(2,520)	**(4,587)**	(5,085)
(Increase)/decrease in short-term bank deposits pledged	**(12,139)**	19,358	**(8,263)**	29,856
Net cash used in financing activities	**(71,987)**	(34,361)	**(124,245)**	(74,160)
Net (decrease)/increase in cash and cash equivalents	**(9,885)**	5,348	**(19,434)**	(286)
Cash and cash equivalents at beginning of financial period	**10,577**	48,024	**20,190**	54,098
Effects on currency translation on cash and cash equivalents	**90**	7	**26**	(433)
Cash and cash equivalents at end of financial period	**782**	53,379	**782**	53,379

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	
	2Q15	2Q14	**1H15**	1H14
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**102,423**	88,009	**102,423**	88,009
Less: Short-term bank deposits pledged	**(101,641)**	(34,630)	**(101,641)**	(34,630)
	782	53,379	**782**	53,379

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 2015	104,766	-	114,040	-	727	178	(203,731)	15,980	(8)	15,972
Total comprehensive loss for the financial period	-	-	-	-	-	(23)	(11,515)	(11,538)	-	(11,538)
At 30 June 2015	104,766	-	114,040	-	727	155	(215,246)	4,442	(8)	4,434
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	-	-	-	-	-	(82)	(10,470)	(10,552)	698	(9,854)
Performance share expense	-	-	-	(209)	-	-	-	(209)	-	(209)
At 30 June 2014	104,766	3,349	114,040	677	727	75	(192,750)	30,884	993	31,877
Company										
At 1 January 2015	104,766	-	114,040	-	727	-	(187,730)	31,803	-	31,803
Total comprehensive income for the financial period	-	-	-	-	-	-	28,490	28,490	-	28,490
At 30 June 2015	104,766	-	114,040	-	727	-	(159,240)	60,293	-	60,293
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	-	-	-	-	-	-	(3,015)	(3,015)		(3,015)
Performance share expense	-	-	-	(209)	-	-	-	(209)		(209)
At 30 June 2014	104,766	3,349	114,040	677	727	-	(184,867)	38,692	-	38,692

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 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 31 December 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 June 2015	As at 31 December 2014
	(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

Pursuant to condition 6(g) of the Warrants conditions and a right issue to be undertaken by the Company, at an issue price of S$0.005 for each ordinary share **("Rights Share")** on the basis of seven (7) Rights Shares for one (1) existing ordinary share of the Company **("Rights Issue"),** the number of the Warrants and the exercise price of each Warrant will be adjusted as follows:

a) the number of Warrants will be adjusted from 30,000,000 to 128,000,000; and

b) the exercise price of each Warrant will be adjusted from S$0.075 to S$0.0176.

There were no changes in the Company's share capital since the end of the previous period/year reported on and save as disclosed above there were no outstanding convertibles or treasury shares held as at 30 June 2015.

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 June 2015	As at 31 December 2014
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

The Group had applied the same accounting policies and methods of computation in the Group's financial statement consistent with those applied for the most recently audited consolidated 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

In the current financial period, the Group adopted all 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 2015. The adoption of the new / revised FRS did not result in any substantial change to the Group's accounting policies.

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	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2015	2014	**2015**	2014
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
(Losses)/earnings per Share (Basic)				
- Continuing operations	**(2.13)**	(1.62)	**(4.35)**	(4.22)
- Discontinued operations	**-**	0,15	**-**	0.27
Number of shares				
Weighted average number of issued ordinary shares	**265,000,000**	265,000,000	**265,000,000**	265,000,000

	Group		Group	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2015	2014	**2015**	2014
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
(Losses)/earnings per Share (Diluted)				
- Continuing operations	**(2.13)***	(1.62)*	**(4,35)***	(4.22)*
- Discontinued operations	**-**	0.12	**-**	0.23
Number of shares				
Weighted average number of issued ordinary shares	**295,000,000**	311,650,000	**295,000,000**	311,650,000

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 Group incurred net losses for the second quarter and half year ended 30 June 2015, 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.

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 June 2015	As at 31 Dec 2014	**As at 30 June 2015**	As at 31 Dec 2014
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Net assets value per ordinary share	**1.67**	6.03	**22.75**	12.00
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		
	2Q15 RMB'000	2Q14 RMB'000	%Change +/(-)	**1H15 RMB'000**	1H14 RMB'000	%Change +/(-)
Revenue	**88,888**	91,090	-2.4%	**166,245**	174,770	-4.9%
Cost of sales	**(83,753)**	(85,835)	-2.4%	**(156,185)**	(165,912)	-5.9%
Gross profit	**5,135**	5,255	-2.3%	**10,060**	8,858	+13.6%
Other gains, net	**263**	2,477	-89.4%	**431**	3,128	-86.2%
Expenses						
-Selling and distribution	**(2,181)**	(1,907)	+14.4%	**(4,107)**	(4,073)	+0.8%
-Administrative	**(6,060)**	(7,002)	-13.5%	**(12,036)**	(12,555)	-4.1%
-Finance	**(2,245)**	(2,520)	-10.9%	**(4,587)**	(5,085)	-9.8%
Loss before income tax	**(5,088)**	(3,697)	+37.6%	**(10,239)**	(9,727)	+5.3%
Income tax expenses	**(552)**	(590)	-6.4%	**(1,299)**	(1,469)	-11.6%
Net loss	**(5,640)**	(4,287)	+31.6%	**(11,538)**	(11,196)	+3.1%

Revenue

	Revenue			Sales Volume			Average Selling Price		
	2Q15	2Q14	% Change +/(-)	**2Q15**	2Q14	% Change +/(-)	**2Q15**	2Q14	% Change +/(-)
				PC'000	PC' 000		**RMB/PC**	RMB/PC	
Contract manufacturing*	**88,888**	91,090	-2,4%	**11,762**	13,462	-12.6%	**7.56**	6.77	+11.7%

	Revenue			Sales Volume			Average Selling Price		
	1H15	1H14	% Change +/(-)	**1H15**	1H14	% Change +/(-)	**1H15**	1H14	% Change +/(-)
				PC'000	PC' 000		**RMB/PC**	RMB/PC	
Contract manufacturing*	**166,245**	174,770	-4.9%	**22,678**	24,550	-7.6%	**7.33**	7.12	+2.9%

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

The Group's revenue for the second quarter ended 30 June 2015 ('2Q15") decreased by RMB2.20 million, from RMB91.09 million in 2Q14 to RMB88.89 million for 2Q15 while, revenue for the half year ended 30 June 2015 ('1H15") decreased by RMB8.52 million to RMB166.25 million from RMB174.77 million for the half year ended 30 June 2014 ("1H14"). This was mainly due to reduction in sales volume of the contract manufacturing segment.

Revenue analysed by the geographical areas is as follows:

	Revenue			Revenue		
	2Q15 RMB'000	2Q14 RMB'000	**%Change** +/(-)	**1H15 RMB'000**	1H14 RMB'00	**%Change** +/(-)
Asia	**29,387**	19,746	+48.8%	**55,926**	34,761	+60.9%
Europe	**46,584**	57,424	-18.9%	**80,706**	106,574	-24.3%
America	**10,637**	9,843	+8.1%	**27,003**	25,877	+4.4%
Other	**1,830**	4,077	-55.1%	**2,610**	7,558	-65.5%
Total	**88,888**	91,090	-2.4%	**166,245**	174,770	-4.9%

Demand for the Group's products has declined in 2Q15 and 1H15 as compared to 2Q14 and 1H14 mainly due to lower revenue in the European market, where demand has dipped by RMB10.84 million (18.9%) and RMB25.87 million (24.3%) respectively.

Gross profit

	Gross Profit			Gross Profit		
	2Q15 RMB'000	2Q14 RMB'000	%Change +/(-)	**1H15 RMB'000**	1H14 RMB'000	%Change +/(-)
Contract manufacturing*	**5,135**	5,255	-2.3%	10,060	8,858	+13.6%
Gross Profit Margin	**5.8%**	5.8%		6.1%	5.1%	

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

Gross profit (Continued)

Gross profit decreased by RMB0.12 million, or 2.3%, from a gross profit of RMB5.26 million in 2Q14 to a gross profit of RMB5.14 million in 2Q15. The net decrease in gross profit was a result of (i) lower revenue of RMB2.2 million (ii) an increase in cost of labour of RMB1.45 million, which was offset by an improvement in gross margin from lower raw material cost of RMB3.53 million.

However, on a half yearly basis, the Group's gross profit increased by RMB1.20 million from a gross profit of RMB8.86 million in 1H14 to RMB10.06 million in 1H15. The increase in gross profit was mainly due to an improvement in the gross margin mainly arising from lower raw materials cost.

Other gains, net

The Group recorded other gains (net) of RMB0.26 million in 2Q15 and RMB0.43 million in 1H15 respectively. The increase in foreign exchange gains was offset by the decrease in interest income and government grant received, as well as the higher fair value losses on derivative financial instruments.

	Other gains, net			**Other gains, net**		
	2Q15 RMB'000	2Q14 RMB'000	%Change +/(-)	**1H15 RMB'000**	1H14 RMB'000	%Change +/(-)
Interest income	**157**	944	-83.4%	**273**	1,620	-83.1%
Government grants	**58**	2,069	-97.2%	**522**	3,204	-83.7%
Fair value (losses)/gains on derivative financial instruments	**(847)**	(198)	+327.8%	**(1,851)**	(764)	+142.3%
Foreign exchange gains/(losses), net	**856**	(208)	n.m.	**1,503**	(808)	n.m.
Loss on disposal of property, plant and equipment	**-**	(155)	n.m.	**-**	(155)	n.m.
Other	**39**	25	+56.0%	**(16)**	31	n.m.
Total	**263**	2,477	-89.4%	**431**	3,128	-86.2%

Selling and distribution expenses

Selling and distribution expenses increased by RMB0.27 million from RMB1.91million in 2Q14 to RMB2.18 million in 2Q15. On a half yearly basis, selling and distribution expenses were marginally higher by RMB0.04 million from RMB4.07 million in 1H14 to RMB4.11 million in1H15. The increase was mainly due to payment of sales commission.

Administrative expenses

Administrative expenses decreased by RMB0.94 million from RMB7.00 million in 2Q14 to RMB6.06 million in 2Q15. While on a half yearly basis, administrative expenses of RMB12.04 million were lower than 1H14 of RMB12.56 million by RMB0.52 million. The decrease was mainly due to lower professional fees.

Finance expenses

Finance expenses in 2Q15 of RMB2.25 million were RMB0.28 million lower than that in 2Q14 of RMB2.52 million. On a half yearly basis, the Group's finance expenses of RMB4.59 million were also lower than 1H14 of RMB5.09 million by RMB0.50 million. The decrease was mainly due to lower interest expenses on bill payables.

Income tax expense

Income tax expense decreased marginally by RMB0.04 million from RMB0.59 million in2Q14 to RMB0.55 million in 2Q15. On a half yearly basis, income tax expenses decreased by RMB0.17 million from RMB1.47 million in 1H14 to RMB1.30 million in 1H15. The reduction in income tax expense is due to lower chargeable income derived by the Group's major subsidiaries.

Discontinued operation

On 23 October 2014, the Company entered into a termination agreement with Christensen, Jens Fruelund to terminate the acquisition of Sinex Solutions Limited ("Sinex") 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 with effect from 25 September 2014. Accordingly, the Company has deconsolidated the results of Sinex and its results are classified as discontinued operation. The consolidated comparative statement of comprehensive loss for 2Q14 has been reorganised to distinguish the discontinued operation from the continued operations for the Group.

Gain from discontinued operation, net of tax

	Discontinued operation			**Discontinued operation**		
	2Q15 RMB'000	2Q14 RMB'000	%Change +/(-)	**1H15 RMB'000**	1H14 RMB'000	%Change +/(-)
Revenue	**-**	12,409	n.m.	**-**	21,617	n.m.
Cost of sales	**-**	(11,307)	n.m.	**-**	(19,639)	n.m.
Gross profit	**-**	1,102	n.m.	**-**	1,978	n.m.
Expenses						
-Selling and distribution	**-**	(177)	n.m.	**-**	(288)	n.m.
-Administrative	**-**	(163)	n.m.	**-**	(266)	n.m.
Profit before income tax	**-**	762	n.m.	**-**	1,424	n.m.
Income tax expenses	**-**	-	n.m.	**-**	-	n.m.
Net profit	**-**	762	n.m.	**-**	1,424	n.m.

Commentary on Financial Position

Current assets

Cash and cash equivalents decreased by RMB11.15 million or 9.8%, from RMB113.57 million as at 31 December 2014 to RMB102.42 million as at 30 June 2015, mainly due to a decrease in fixed deposit at Xiamen International Bank (厦门国际银行).

Trade and other receivables increased by RMB20.99 million or 12.5% to RMB189.24 million as at 30 June 2015 from RMB168.25 million as at 31 December 2014 mainly due to outstanding receivables from two new customers. Increase in advances to few new suppliers also contributed to this increase.

	30 June 2015	31 Dec 2014	% Change
	RMB'000	RMB'000	+/ (-)
Trade receivables	**201,382**	186,249	+8.1%
Less: Allowance for impairment of trade receivables	**(137,793)**	(137,793)	-
	63,589	48,456	+31.1%
Advances to suppliers	**116,277**	103,222	+12.6%
Less: Allowance for impairment of advances to suppliers	**(3,393)**	(3,393)	-
	112,884	99,829	+13.1%
Other receivables	**4,716**	8,090	-41.7%
Value added tax receivables	**8,053**	11,877	-32.2%
Total	**189,242**	168,252	+12.5%

Inventories

	30 June 2015	31 Dec 2014	% Change
	RMB '000	RMB '000	+/ (-)
Raw materials	**27,165**	42,794	-36.5%
Work-in-progress	**1,975**	2,485	-20.5%
Finished goods	**15,116**	16,001	-5.5%
Sub-total	**44,256**	61,280	-27.8%
Less: Write-down of finished goods which were considered obsolete.	**(8,452)**	(8,452)	-
Total	**35,804**	52,828	-32.2%

Inventories as at 30 June 2015 were RMB35.80 million, representing a decrease of RMB17.03 million from RMB52.83 million as at 31 December 2014. The decrease is due to a RMB15.63 million reduction in raw materials and RMB0.89 million decrease in finished goods.

Non current assets

Non-current assets decreased by RMB3.24 million or 5.0%, from RMB65.37 million as at 31 December 2014 to RMB62.13 million as at 30 June 2015. This decrease was mainly due to depreciation and amortisation of RMB 3.36 million, offset by purchase of property, plant and equipment of RMB0.09 million and deposits for machinery and equipment of RMB0.03 million.

Current liabilities

Current liabilities increased marginally by RMB0.43 million from RMB386.74 million as at 31 December 2014 to RMB387.17 million as at 30 June 2015. The increase was mainly due to an increase in trade and other payables by RMB6.25 million, offset by the decrease in borrowings of RMB3.94 million and current income liabilities of RMB1.88 million.

The breakdown of borrowings is as follows:

	As at 30 June 2015			As at 31 Dec 2014		
	Gross	**Deposits pledged**	**Net**	Gross	Deposits pledged	Net
	RMB' 000	**RMB' 000**	**RMB' 000**	RMB' 000	RMB' 000	RMB' 000
Bank borrowings	**80,880**	**-**	**80,880**	90,380	-	90,380
Bills payables	**111,465**	**(51,641)**	**59,824**	85,840	(38,379)	47,461
Trade financing	**110,108**	**(50,000)**	**60,108**	130,167	(55,000)	75,167
Total	**302,453**	**(101,641)**	**200,812**	306,387	(93,379)	213,008

Shareholder's equity

Total shareholders' equity as at 30 June 2015 amounted to approximately RMB4.44 million, comprising mainly of share capital of RMB104.77 million, restructuring reserve of RMB114.04 million and accumulated losses of RMB215.25 million. The decrease was mainly due to a total loss of RMB11.52 million incurred during 1H15.

Movement in accumulated losses of the Group is as follows:

In RMB ' 000	30 June 2015	31 Dec 2014	% Change
			+/ (-)
Beginning of financial period	**(203,731)**	(182,280)	+11.8%
Total loss	**(11,515)**	(22,337)	-48.4%
Reversal of performance share expense	**-**	886	n.m.
Total	**(215,246)**	(203,731)	+5.7%

Commentary on financial cash flow

The Group generated RMB104.93 million from operating activities in 1H15. This was mainly due to (i) improved working capital as management tightened its controls over trade and other payables, and inventories; and (ii) the Group relied on bills payable to pay most of the suppliers, thus reducing the outflow of cash and bank balances.

The Group's net cash used in investing activities in 1H15 is RMB0.12 million. This was mainly related to the acquisition of property, plant and machinery and deposits for machinery and equipment.

The Group's net cash used in financing activities in 1H15 is RMB124.24 million. This was mainly due to (i) the repayment of borrowings of RMB311.25 million; (ii) interest payment of RMB4.59 million; (iii) increase in short-term bank deposits pledged of RMB8.26 million, partially offset by the proceeds from borrowings of RMB199.85 million.

As a result of the above, cash and cash equivalents decreased by approximately RMB19.41 million, from approximately RMB20.19 million as at 31 December 2014 to approximately RMB0.78 million as at 30 June 2015.

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 export continues to be affected by business environment uncertainty and shrinking overseas demand. Rising labour cost pressure and increasingly intense competition from the relatively lower cost manufacturing countries in Southeast Asia and the Bangladesh have resulted in the deterioration of both the operating environment and profitability of China's textile industry. In view of these challenges, the Group will continue to intensify its efforts to contain costs and increase efficiency for the contract manufacturing segment.

At the extraordinary general meeting convened on 14th July 2015, the shareholders have approved the proposed renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 2,065,000,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.005 for each Rights Share on the basis of seven (7) Rights Shares for every one (1) existing ordinary share in the capital of the Company held by the shareholders of the Company.

The Group believes that the completion of the Proposed Rights Issue scheduled on 20 August 2015 will strengthen the Group's financial position and set the platform for new potential investments and businesses.

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. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

14. Interested person transactions

The Group does not have a general mandate from shareholders on interested person transactions. The aggregate value of interested person transactions for the period ended 30 June 2015 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.	RMB0.13 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.

15. 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.

16. 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 Second Quarter Results of the Group for the financial period ended 30 June 2015 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
12 August 2015