CHINA HONGXING SPORTS LIMITED (Company Registration Number 36746)
(Incorporated in Bermuda)

Third Quarter Financial Statement And Related Announcement for Period Ended 30 September 2013

CAUTIONARY NOTE:

The financial results disclosed in this announcement include financial information provided by the Company's subsidiaries in the People's Republic of China ("PRC"), namely Fujian Hongxing Erke Sports Goods Co., Ltd ("Hongxing Erke") and Quanzhou Hongrong Light Industry Co., Ltd. ("Hongrong Light Industry") (collectively Hongxing Erke and Hongrong Light Industry are hereinafter referred as "PRC Key Subsidiaries") as well as Xiamen Hongxing Erke Apparel Co., Ltd. ("Hongxing Apparel").

The Company wishes to highlight that as disclosed in the Company's announcement entitled "Appointment of Special Accountant" and "Request for Suspension of Trading in Shares" released on 25 February 2011, the Company and its external auditors, Ernst & Young LLP ("EY"), encountered certain difficulties in respect of the finalization of the audit of the Company's consolidated financial statements for the financial year ended 31 December 2010 ("FY2010"), particularly with reference to cash and bank balances, accounts receivable, accounts payable and other expenses of the Company's PRC Key Subsidiaries.

The Company also wishes to highlight that the financial results disclosed in this announcement are subject to the background and limitations relating to the preparation of the Company's consolidated statements of financial position as at 30 September 2013 and as at 31 December 2012 (restated) and the consolidated statements of comprehensive income for the quarter ended 30 September 2013 ("3Q2013"), the quarter ended 30 September 2012 ("3Q2012"), the 9 months ended 30 September 2013 and the 9 months ended 30 September 2012 as set out below ("Limitations"):

a) **On 1 March 2011, the Company appointed nTan Corporate Advisory Pte Ltd as Special Auditor, to carry out an independent investigation into the matters raised in the Company's announcement entitled "Appointment of Special Accountant" and "Request for Suspension of Trading in Shares" released on 25 February 2011 ("Independent Investigation").**

b) **The Special Auditor completed the Independent Investigation and submitted their report on the Independent Investigation ("Report") to the Audit Committee and the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 July 2012. The Audit Committee will determine, in consultation with the Company's lawyers, auditors and other professionals, the appropriate actions to be taken.**

c) **On 27 February 2012, the Company announced that it had submitted its trading resumption proposal pursuant to Rule 1304(1) of the Listing Manual. On 12 April 2012, the Company announced that SGX-ST had granted the Company an extension of time until 28 June 2012 to submit a fuller trading resumption proposal. On 20 July 2012, the Company announced that the SGX-ST had granted the Company an extension of time until 25 July 2012 to submit the aforementioned fuller trading resumption proposal.**

d) **On 25 July 2012, the Company announced that the Company had submitted the fuller trading resumption proposal to SGX-ST. On 25 September 2012, the Company announced that SGX-ST had responded to the Company's trading resumption proposal and commented on matters that require further consideration by the Company and also the additional steps that must be undertaken by the Company to formulate a trading resumption proposal.**

e) **The Company has since undertaken and implemented various steps to re-submit its trading resumption proposal, taking into account SGX-ST's comments to the Company. On 28 May 2013, the Company re-submitted its trading resumption proposal to SGX-ST. On 31 July 2013, the Company announced on SGXNet that SGX-ST had responded to the Company's trading resumption proposal and is prepared to allow the trading of the Company's shares to resume subject to the conditions set out in the announcement.**

f) **In connection with the abovementioned trading resumption proposal, the Company has appointed PricewaterhouseCoopers LLP as Independent Reporting Accountant ("Independent Reporting Accountant") to perform an audit of the Company's consolidated statement of financial position and the consolidated statement of comprehensive income for FY2010 and FY2011 and to review the year-to-date financial results for 1H2012. The**

Independent Reporting Accountant have completed their audit of the financial results for FY2010 and FY2011 and their review of the financial results for 1H2012.

g) **On 29 August 2014, 2 October 2014, 31 October 2014 and 1 December 2014, the Company announced that it was not in a position to and will not be proceeding with the trading resumption proposal and was undertaking all strategic options available to the Company.**

h) **The financial results disclosed in this announcement have not been reviewed or audited by the Independent Reporting Accountant or the Company's external auditors. As such, the Company would like to remind Shareholders that the financial results disclosed in this announcement may be subject to further adjustments and revisions after the audit by the Company's external auditors.**

The board of directors of the Company cautions that the financial results disclosed in this announcement are unaudited.

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

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

1 (a)(i) UNAUDITED INCOME STATEMENT FOR 9 MONTHS ENDED 30 SEPTEMBER

	3 months ended		Change	9 months ended		Change
(RMB'000)	30 Sep 2013	30 Sep 2012	%	30 Sep 2013	30 Sep 2012	%
Revenue	643,053	693,863	(7.3)	2,004,556	1,964,843	2.0
Cost of goods sold	(596,990)	(634,132)	(5.9)	(1,686,594)	(1,698,274)	(0.7)
Gross profit	46,063	59,731	(22.9)	317,962	266,569	19.3
Other income	1,822	302	503.3	2,587	1,127	129.5
Selling and distribution expenses	(148,574)	(83,814)	77.3	(320,481)	(289,392)	10.7
Administrative expenses	(42,182)	(41,236)	2.3	(116,764)	(137,439)	(15.0)
Loss from operations	(142,871)	(65,017)	119.7	(116,696)	(159,135)	(26.7)
Finance costs	(28)	(22)	27.3	(75)	(82)	(8.5)
Loss before tax	(142,899)	(65,039)	119.7	(116,771)	(159,217)	(26.7)
Income tax credit/(expense)	5,732	(6,939)	(182.6)	(29,328)	14,294	(305.2)
Loss attributable to shareholders	(137,167)	(71,978)	90.6	(146,099)	(144,923)	0.8

STATEMENT OF COMPREHENSIVE INCOME FOR 9 MONTHS ENDED 30 SEPTEMBER

Group	3 months ended		Change	9 months ended		Change
(RMB'000)	30 Sep 2013	30 Sep 2012	%	30 Sep 2013	30 Sep 2012	%
Loss attributable to shareholders	(137,167)	(71,978)	90.6	(146,099)	(144,923)	0.8
Other comprehensive income	-	-		-	-	
Total comprehensive income for the period	(137,167)	(71,978)	90.6	(146,099)	(144,923)	0.8

Note:

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "IFRS").

1(a)(ii) Other information:

Group	3 months ended		Change	9 months ended		Change
(RMB'000)	30 Sep 2013	30 Sep 2012	%	30 Sep 2013	30 Sep 2012	%
Profit before tax is arrived at after charging/(crediting) the following:						
Sundry income	(1,689)	(142)	1,089.4	(2,247)	(439)	411.8
Interest income	(133)	(160)	(16.9)	(340)	(688)	(50.6)
	(1,822)	(302)	503.3	(2,587)	(1,127)	129.5
Refurbishment expenses	68,908	22,482	206.5	88,274	75,693	16.6
Depreciation and amortisation						
- cost of goods sold	8,136	15,081	(46.1)	38,080	45,208	(15.8)
- selling and distribution expenses	1,277	1,924	(33.6)	3,066	5,774	(46.9)
- administrative expenses	2,580	3,035	(15.0)	7,871	9,356	(15.9)
	11,993	20,040	(40.2)	49,017	60,338	(18.8)
Research and development costs	15,883	12,492	27.1	29,467	48,185	(38.8)
Foreign exchange loss	-	-	N/A	3	-	N/A

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.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	30 Sep 2013	31 Dec 2012 (Restated)	30 Sep 2013	31 Dec 2012
NON-CURRENT ASSETS				
Property, plant and equipment	647,045	688,245	-	-
Land use rights	26,756	27,413	-	-
Deferred tax assets	15,952	15,952	-	-
Investments in subsidiaries	-	-	249,298	249,298
	689,753	731,610	249,298	249,298
CURRENT ASSETS				
Inventories, at cost	405,466	372,539	-	-
Trade receivables	1,295,677	1,160,644	-	-
Land use rights – current portion	878	878	-	-
Prepayments, deposits and other receivables	4,654	30,006	-	-
Due from a subsidiary	-	-	3,008,672	3,008,672
Bank and cash balances	97,733	280,156	61	62
	1,804,408	1,844,223	3,008,733	3,008,734
Total assets	2,494,161	2,575,833	3,258,031	3,258,032
EQUITY				
Issued capital	56,595	56,595	56,595	56,595
Share premium	2,978,708	2,978,708	2,978,708	2,978,708
Statutory reserve	125,518	125,518	-	-
Foreign currency translation reserve	(27,822)	(27,822)	43,125	43,125
Contributed surplus	31,494	31,494	31,494	31,494
Revaluation reserve	21,554	21,554	-	-
(Accumulated loss)/retained profits	(1,387,085)	(1,240,986)	86,093	94,308
	1,798,962	1,945,061	3,196,015	3,204,230
LIABILITIES				
Current liabilities				
Trade payables	480,305	427,553	-	-
Accruals and other payables	141,765	138,147	32,523	25,101
Amount due to executive director	29,493	28,701	29,493	28,701
Current tax liabilities	42,725	35,460	-	-
	694,288	629,861	62,016	53,802
NON-CURRENT LIABILITIES				
Deferred tax liabilities	911	911	-	-
Total liabilities	695,199	630,772	62,016	53,802
Total equity and liabilities	2,494,161	2,575,833	3,258,031	3,258,032

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

Amount repayable in one year or less, or on demand

	As at 30 Sep 2013		As at 31 Dec 2012	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Interest-bearing loans	-	-	-	-

The Group does not have any outstanding borrowings and debt securities as at 30 September 2013 and as at 31 December 2012.

Details of any collateral

Not applicable.

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

(RMB'000)	Group 3 months 30/9/13	Group 3 months 30/9/12	Group 9 months 30/9/13	Group 9 months 30/9/12
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(142,899)	(65,039)	(116,771)	(159,217)
Adjustments for:				
Depreciation and amortisation	11,993	20,040	49,017	60,338
Other interest expenses	22	22	75	82
Interest income	(133)	(160)	(340)	(688)
Operating loss before working capital changes	(131,017)	(45,137)	(68,019)	(99,485)
Increase in inventories	(112,396)	(18,015)	(32,927)	(26,836)
Decrease/(increase) in trade receivables	259,740	(425,300)	(135,033)	(13,725)
Decrease/(increase) in prepayments, deposits and other receivables	6,284	25,097	25,352	(16,998)
Increase in trade payables	101,686	171,200	52,752	3,388
(Decrease)/increase in accruals and other payables	(60,415)	14,906	3,618	(11,146)
Increase in amount due to executive director	-	2,915	792	7,775
Cash generated from/(used in) operations	63,882	(274,334)	(153,465)	(157,027)
Income tax paid	(7,807)	(3,558)	(22,063)	(15,671)
Other interest paid	(22)	(22)	(75)	(82)
Net cash generated from/(used in) operating activities	56,053	(277,914)	(175,603)	(172,780)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(7,147)	(593)	(7,160)	(2,558)
Interest received	133	160	340	688
Net cash used in investing activities	(7,014)	(433)	(6,820)	(1,870)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	49,039	(278,347)	(182,423)	(174,650)
Effect of foreign exchange rate changes	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	48,694	311,851	280,156	208,154
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	97,733	33,504	97,733	33,504
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	97,733	33,504	97,733	33,504
Less: Fixed bank deposits over three months	-	-	-	-
Cash and cash equivalents	97,733	33,504	97,733	33,504

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.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY – ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(RMB'000)	Issued Capital	Share Premium	Statutory Reserve	Foreign currency translation Reserve	Contributed Surplus	Revaluation Reserve	Retained Profits	Total
Group – Current Period								
Balance as at 1/1/2013 (restated)	56,595	2,978,708	125,518	(27,822)	31,494	21,554	(1,240,986)	1,945,061
Total comprehensive income for the financial period	-	-	-	-	-	-	(146,099)	(146,099)
Balance as at 30/9/2013	56,595	2,978,708	125,518	(27,822)	31,494	21,554	(1,387,085)	1,798,962
Group – Previous Period								
Balance as at 1/1/2012	56,595	2,978,708	125,518	(25,493)	31,494	-	(1,115,809)	2,051,013
Total comprehensive income for the financial period	-	-	-	-	-	-	(144,923)	(144,923)
Balance as at 30/9/2012	56,595	2,978,708	125,518	(25,493)	31,494	-	(1,260,732)	1,906,090
Company – Current Period								
Balance as at 1/1/2013	56,595	2,978,708	-	43,125	31,494	-	94,308	3,204,230
Total comprehensive income for the financial period	-	-	-	-	-	-	(8,215)	(8,215)
Balance as at 30/9/2013	56,595	2,978,708	-	43,125	31,494	-	86,093	3,196,015
Company – Previous Period								
Balance as at 1/1/2012	56,595	2,978,708	-	(95,641)	31,494	-	122,838	3,093,994
Total comprehensive income for the financial period	-	-	-	-	-	-	(23,562)	(23,562)
Balance as at 30/9/2012	56,595	2,978,708	-	(95,641)	31,494	-	99,276	3,070,432

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, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no options granted and issue of shares pursuant to the Employee's share option scheme.
There were no shares that may be issued on conversion of all the outstanding convertibles.
There were no treasury shares.

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.

As at 30 September 2013 and 31 December 2012, the share capital of the Company comprised 2,800,000,000 ordinary 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.

The Company does not have any treasury shares.

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

These figures have neither been audited nor reviewed. Please also refer to the Cautionary Note above.

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.

Save as disclosed in item (5) below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2010 ("FY2010").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Board has assessed the accounting policies of the Group and decided to retrospectively change the accounting policy for property, plant and equipment ("PPE") from the historical cost basis to the revaluation basis as the Board is satisfied that this is the most appropriate accounting policy. A valuation of the Group's PPE was performed as at 31 December 2012 by a firm of qualified external valuers.

The effects of the change in accounting policy described above on the Consolidated Income Statement, Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2012 and Consolidated Statement of financial position as at 31 December 2012 were disclosed in Note 5 of the Company's first quarter financial statement and related announcement for the period ended 31 March 2013 which was released via SGXNet on 13 June 2013.

The Group has not restated periods prior to FY2012 as it is impractical for the Group to do so. As such, the Group has not presented the Consolidated Statement of Financial Position as at 31 December 2011.

Save for the change in accounting policy for PPE and its effects which are described above, the Group has adopted the applicable new/revised IFRS that are mandatory for annual period beginning on 1 January 2013. For the current reporting period ended 30 September 2013, the adoption of the applicable new/revised IFRS did not result in material changes to the Group's results.

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.

	3 months ended 30/9/13	3 months ended 30/9/12	9 months ended 30/9/13	9 months ended 30/9/12
Profit/(loss) per share – basic (RMB cents)	(4.90) [2]	(2.57) [2]	(5.22) [1]	(5.18)[1]

Notes:

(1) Loss per ordinary share for 9 months ended 30 September 2013 and 30 September 2012 were calculated based on unaudited loss attributable to shareholders divided by weighted average number of 2,800,000,000 ordinary shares.

(2) Loss per ordinary share for 3 months ended 30 September 2013 and 30 September 2012 were calculated based on unaudited loss attributable to shareholders divided by weighted average number of 2,800,000,000 ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group	**Group**	**Company**	**Company**
	30/9/13	**31/12/12** (Restated)	**30/9/13**	**31/12/12**
Based on the issued capital at the end of the financial period/year (RMB cents)	64.25	69.47	114.14	114.44
Number of ordinary shares of HK$0.02 each in issue as at the end of the financial period/year in calculating net asset value	2,800,000,000	2,800,000,000	2,800,000,000	2,800,000,000

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

Review of the Group's Performance for 3Q2013 as compared to the Group's Performance for 3Q2012

Revenue

Revenue decreased by RMB50.8 million or 7.3% from RMB693.9 million in 3Q2012 to RMB643.1 million in 3Q2013.

The size of retail network was 6,292 ERKE Points of Sale ("**ERKE POS**") as at 30 September 2013 (31 December 2012: 6,335).

Revenue by product segments

	3Q2013		3Q2012		Revenue growth
	RMB'000	% of revenue	RMB'000	% of revenue	%
Footwear	335,560	52.2	325,281	46.9	3.2
Apparel	304,388	47.3	364,293	52.5	(16.4)
Accessories	3,105	0.5	4,289	0.6	(27.6)
Total	643,053	100.0	693,863	100.0	(7.3)

Revenue from sports footwear increased by RMB10.3 million or 3.2% from RMB325.3 million in 3Q2012 to RMB335.6 million in 3Q2013 mainly due to increased average wholesale prices despite a decline in order volumes by distributors.

Revenue from sports apparel decreased by RMB59.9 million or 16.4% from RMB364.3 million in 3Q2012 to RMB304.4 million in 3Q2013 mainly due to decrease in both average wholesale prices and order volumes by distributors.

Revenue from sports accessories decreased by RMB1.2 million or 27.9% from RMB4.3 million in 3Q2012 to RMB3.1 million in 3Q2013 due to decreased order volumes of a variety of bags, hats and socks by distributors.

Cost of goods sold and gross profit margin

Cost of goods sold decreased by RMB37.1 million or 5.9% from RMB634.1 million in 3Q2012 to RMB597.0 million in 3Q2013.

Gross profit decreased by RMB13.6 million or 22.8% from RMB59.7 million in 3Q2012 to RMB46.1 million in 3Q2013. Gross profit margin decreased from 8.6% in 3Q2012 to 7.2% in 3Q2013. Gross profit in 3Q2013 decreased as compared to 3Q2012 due to lower revenue as a result of lower average wholesale prices for apparel. The gross profit margin for 3Q2013 declined as compared to 3Q2012 due to decrease in average wholesale prices which outpaced the increase in per unit material costs and labour costs.

Operating expenses (Selling and distribution expenses and administrative expenses)

Operating expenses increased by RMB65.8 million or 52.6% from RMB125.0 million in 3Q2012 to RMB190.8 million in 3Q2013. As a percentage of revenue, operating expenses has increased from 18.0% in 3Q2012 to 29.7% in 3Q2013.

Selling and distribution expenses increased by RMB64.8 million or 77.3% from RMB83.8 million in 3Q2012 to RMB148.6 million in 3Q2013 mainly due to higher refurbishment expenses of some RMB68.9 million in 3Q2013.

Administrative expenses increased by RMB1.0 million or 2.4% from RMB41.2 million in 3Q2012 to RMB42.2 million in 3Q2013. The Group has continued to exercise tight control over administrative expenses.

Research and development costs increased by RMB3.4 million or 27.2% from RMB12.5 million in 3Q2012 to RMB15.9 million in 3Q2013 due to the higher staff costs and the costs of the materials used for R&D.

Income tax expense

The tax charge represents applicable PRC enterprise income tax provided for the period.

The applicable corporate income tax rate for the subsidiaries of the Group in the PRC is 25%.

Deferred tax assets represented temporary differences arising from advertising fees.

Profit attributable to shareholders

The Group recorded a loss before tax of some RMB142.9 million in 3Q2013 as compared to a loss before tax of some RMB65.0 million in 3Q2012 and a net loss attributable to shareholders of some RMB137.2 million in 3Q2013 as compared to a net loss attributable to shareholders of some RMB72.0 million in 3Q2012.

(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 the Group's Financial Position as at 30 September 2013 as compared to the Group's Financial Position as at 31 December 2012

Bank and cash balances of the Group decreased from RMB280.2 million as at 31 December 2012 to RMB97.7 million as at 30 September 2013.

The Group recorded a net cash outflow from operating activities of some RMB176 million for the period ended 30 September 2013. This was mainly due to the loss before tax of some RMB116.8 million, the net increase in trade receivables of some RMB135.0 million and the net increase in inventories of some RMB32.9 million which were offset by the net increase in trade payables of some RMB52.8 million and net decrease in prepayments, deposits and other receivables of some RMB25.4 million.

Carrying amount of PPE decreased by RMB41.2 million from RMB688.2 million as at 31 December 2012 to RMB647.0 million as at 30 September 2013. This was mainly due to depreciation amounting to some RMB48.4 million in the 9 months ended 30 September 2013 as offset by the acquisition of production machinery and office equipment of some RMB7.2 million in the 9 months ended 30 September 2013. As disclosed in Note 5 above, the carrying value of PPE as at 31 December 2012 has been restated following the change in accounting policy for PPE from the historical cost basis to the revaluation basis.

Land use rights, including its current portion classified under current assets which will be amortised over the next 12 months, decreased by RMB0.7 million due mainly to amortisation charge for the period.

Deferred tax assets represented temporary differences arising from advertising fees.

Inventories increased by 8.9% from RMB372.5 million as at 31 December 2012 to RMB405.5 million as at 30 September 2013.

Trade receivables increased by some RMB135.1 million or 11.6% from RMB1,160.6 million as at 31 December 2012 to RMB1,295.7 million as at 30 September 2013. This was mainly due to significant increase of sales in 2Q2013 (RMB879.7 million).

Prepayments, deposits and other receivables decreased by some RMB25.3 million or 84.3% from RMB30.0 million as at 31 December 2012 to RMB4.7 million as at 30 September 2013. This was mainly due to the full utilisation of the prepayments paid to an advertising agent.

Trade payables increased by RMB52.7 million or 12.3% from RMB427.6 million as at 31 December 2012 to RMB480.3 million as at 30 September 2013.

Accruals and other payables increased by RMB3.7 million or 2.7% from RMB138.1 million as at 31 December 2012 to RMB141.8 million as at 30 September 2013.

The "Amount due to executive director" relates to payments made by an executive director, Mr Wu Rongguang, on behalf of the Company to professionals in connection to the Independent Investigation and the Company's trading resumption. No repayments were made to Mr Wu Rongguang in the 9 months ended 30 September 2013. This was to avoid straining the Group's cash flow and available working capital for operations.

Deferred tax liabilities represented temporary differences arising from revaluation of property, plant and equipment.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

The Group expects that it will continue to face challenges as market conditions remained highly competitive in the next 12 months. Labour and rental costs keep rising but the Group is unable to increase the selling prices significantly as peer competitors are still launching regular discount campaigns. To maintain market share, the Group needs to refurbish the outlets regularly. The Group also has concerns over the slowing China economy and reduced spending on discretionary purchases.

The Group will continue to exercise stringent control on its expenditure items.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(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 had been declared or recommended for the period ended 30 September 2013.

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

No IPT mandate has been obtained from shareholders for the period ended 30 September 2013.

BY ORDER OF THE BOARD

Wu Rongguang
Chairman
4 December 2014

Statement Pursuant to SGX Listing Rule 705(5) of the Listing Manual

The Directors confirm 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 above unaudited 3Q2013 financial results to be materially false or misleading.

On behalf of the Board of Directors

Wu Rongguang
Chairman
4 December 2014

Alfred Cheong
Independent Director