



ASX Release

8 August 2011

Appendix 4C for the June 2011 quarter

Zheng He Global Capital Limited (**Zheng He** or the **Company**) releases its Appendix 4C for the quarter ending 30 June 2011.

The results reflect substantial cash out flow for the quarter. In particular, the Appendix 4C notes that a payment in the sum of \$16,476,000 was made under credit guarantee obligations. The Company advises that this amount was paid out by Zheng He's wholly owned Chinese subsidiary, Fujian Zhong Hong Financial Guarantee Co. Ltd (**Fujian Zhong Hong**).

Fujian Zhong Hong, which operates in the credit guarantee industry in Fujian, China, assumes a guarantee role between borrowers and lending banks by guaranteeing the repayment of loans taken out by borrowers to the respective lending banks, in exchange for adequate levels of security from the borrowers.

The substantial amount that was paid out from Fujian Zhong Hong was the result of borrower default, where borrower clients of Fujian Zhong Hong defaulted on repaying loans to their respective lending banks. In its capacity as guarantor, Fujian Zhong Hong was liable for the outstanding monies in the sum of \$16,476,000 to the respective lending banks on the borrowers' behalf, which payments were duly made.

The Company advises that security obtained from the borrowers prior to providing the credit guarantees was sufficient to fully cover Fujian Zhong Hong's liability in relation to the defaults, and emphasises that it has accordingly now fully recovered the funds of \$16,476,000.

The reinstatement of the funds to Fujian Zhong Hong ensued after the conclusion of the quarter ended 30 June 2011; therefore the payment of the amount of \$16,476,000 to Fujian Zhong Hong is not reflected in the attached Appendix 4C for the quarter ending 30 June 2011.

The Company advises that the reinstatement of the sum of \$16,476,000 to Fujian Zhong Hong will be reflected in the next Appendix 4C for the quarter ending 30 September 2011 to be released by the Company.

The Company confirms that Zheng He's consolidated cash position as at 5 August 2011 is \$24,777,988.06.

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Kit Foo Chye
Managing Director

For further information please contact Mr. Kit Foo Chye on (03) 9867 3723.

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(15,975)	(16,409)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(1,204)	(1,204)
(c) intellectual property	-	-
(d) physical non-current assets	(72)	(72)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(1,276)	(1,276)
1.14 Total operating and investing cash flows	(17,251)	(17,685)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	2,664	2,664
Net financing cash flows	2,664	2,664
Net increase (decrease) in cash held	(14,587)	(15,021)
1.21 Cash at beginning of quarter/year to date	18,735	19,380
1.22 Exchange rate adjustments to item 1.20	(171)	(382)
1.23 Cash at end of quarter	3,977	3,977

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	-	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Approximately \$2.2m AUD of the cash held in bank are "Funds used as Security" as referred to in Statement of Commitments published on 23 September 2010. These funds are used to secure further funding for the granting of credit guarantees.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3,977	18,735
4.2 Deposits at call	-	n/a
4.3 Bank overdraft	-	n/a
4.4 Other (provide details)	-	n/a
Total: cash at end of quarter (item 1.23)		n/a

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Kit Foo Chye
 Chief Executive Office
 5 August 2011

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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