

CHINA JISHAN HOLDINGS LIMITED (Reg. No. : 200310591E)

Third Quarter Financial Statement

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	The Group 3 months ended 30 September			The Group 9 months ended 30 September		
	2015 RMB'000	2014 RMB'000	Changes %	2015 RMB'000	2014 RMB'000	Changes %
Revenue	30,469	95,806	(68.2)	114,273	257,036	(55.5)
Cost of sales	(25,377)	(89,293)	(71.6)	(102,458)	(243,630)	(57.9)
Gross profit	5,092	6,513	(21.8)	11,815	13,406	(11.9)
Other operating income	4,805	1,614	>100	102,632	14,131	>100
Selling and distribution expenses	(484)	(2,705)	(82.1)	(2,866)	(9,009)	(68.2)
Administrative expenses	(6,889)	(8,750)	(21.3)	(19,582)	(30,554)	(35.9)
Finance costs	(6,067)	(7,285)	(16.7)	(18,209)	(21,624)	(15.8)
Profit/(loss) before income tax	(3,543)	(10,613)	(66.6)	73,790	(33,650)	n.m.
Income tax	845	632	33.7	(11,030)	5,092	n.m.
Net profit/(loss) for the period	(2,698)	(9,981)	(73.0)	62,760	(28,558)	n.m.
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	162	575	(71.8)	1,151	1,822	(36.8)
Government grants	246	60	>100	596	240	>100
Gain on disposal of subsidiary	-	-	-	85,235	-	n.m.
Gain on disposal of held for trading investments	23	7	>100	1,096	86	>100
Fair value gain/(loss) on held for trading investment	(906)	598	n.m.	590	548	7.7
Gain/(loss) on disposal of plant and equipment	(221)	374	n.m.	(5,277)	625	n.m.
Gain on disposal of excess pollution quota	-	-	-	4,800	8,000	(40.0)
Rental Income	5,500	-	n.m.	14,458	-	n.m.
Insurance claims	-	-	-	-	2,800	n.m.
Interest on borrowings	(6,067)	(7,285)	(16.7)	(18,209)	(21,624)	(15.8)
Depreciation expense	(5,350)	(7,487)	(28.5)	(17,104)	(22,554)	(24.2)

n.m. – not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 September 2015

There is no other comprehensive income other than those disclosed in the statement of comprehensive income for the period.

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

	The Group		The Company	
	30/09/2015 RMB'000	31/12/2014 RMB'000	30/09/2015 RMB'000	31/12/2014 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	55,884	90,740	204	1,360
Held-for-trading investments	2,838	3,174	-	-
Trade receivables	56,065	71,432	-	-
Other receivables and prepayments	10,471	8,635	4,285	4,196
Inventories	31,754	32,201	-	-
Prepaid leases	-	509	-	-
Development properties held for sale	459,605	459,605	-	-
Asset classified as held for sale	-	19,090	-	-
Total current assets	616,617	685,386	4,489	5,556
Non current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,401	26,401	-	-
Property, plant and equipment	119,706	145,856	-	-
Prepaid leases	24,854	24,726	-	-
Deferred tax assets	38,816	38,500	-	-
Total non-current assets	209,777	235,483	144,587	144,587
Total assets	826,394	920,869	149,076	150,143
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	379,000	369,000	-	-
Trade payables	103,226	171,518	-	-
Other payables	56,805	60,261	24,141	24,244
Loans from a related party	888	854	888	854
Tax payable	23,415	14,611	-	-
Deferred income	-	62,325	-	-
Liabilities associated with assets classified as held for sale	-	42,000	-	-
Total current liabilities	563,334	720,569	25,029	25,098
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Deferred income	84,151	84,151	-	-
Total non-current liabilities	104,968	104,968	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earning/(Accumulated losses)	10,606	(55,330)	(1,761)	(763)
Other reserves	21,678	24,854	-	-
Total equity	158,092	95,332	124,047	125,045
Total liabilities and equity	826,394	920,869	149,076	150,143

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

Amount repayable in one year or less, or on demand

Group As at 30/09/2015		Group As at 31/12/2014	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
423,116	888	495,053	854

Details of any collateral

As at 30 September 2015, the Group secured facilities comprising notes payable of RMB 44.1million and bank loan of RMB379.0 million (31 December 2014: notes payable – RMB84.1 million and bank loans: RMB411.0 million). These facilities were secured by certain bank deposits, certain equipment and part of the prepaid leases.

As at 30 September 2015, the unsecured facilities comprised loans of RMB0.9 million (31 December 2014: RMB0.9 million) from a related party.

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

	The Group 3 months ended 30 September		The Group 9 months ended 30 September	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Operating activities				
Profit (loss) before income tax	(3,543)	(10,613)	73,790	(33,650)
Adjustment for:				
Depreciation expense	5,350	7,487	17,104	22,554
Fair value (gain) loss on held for trading investments	428	(598)	(1,068)	(548)
(Gain) loss on disposal of held for trading investments	455	(6)	(590)	(85)
Loss/(Gain) on disposal of property, plant and equipment	221	(374)	5,277	(626)
Gain on disposal of a subsidiary	-	-	(85,235)	-
Interest expense	6,067	7,285	18,209	21,624
Interest income	(162)	(575)	(1,151)	(1,822)
Operating cash flows before movements in working capital	8,816	2,606	26,336	7,447
Trade receivables	6,158	(2,972)	15,367	(7,789)
Other receivables and prepayments	(660)	(344)	(1,836)	(1,449)
Inventories	(4,243)	5,550	447	(5,383)
Trade payables	(12,527)	(4,296)	(68,292)	(21,734)
Other payables	3,317	(1,299)	(3,456)	(13,093)
Cash generated from/(used in) operations	861	(755)	(31,434)	(42,001)
Interest received	162	575	1,151	1,822
Interest paid	(6,067)	(7,285)	(18,209)	(21,624)
Income tax paid	47	-	(2,542)	(185)
Net cash used in operating activities	(4,997)	(7,465)	(51,034)	(61,988)
Investing activities				
Prepaid leases	127	-	381	(669)
Proceed from disposal of investments held for trading	1,841	2,985	17,834	3,309
Proceed from disposal of property, plant and equipment	204	669	5,688	1,908
Purchase of property, plant and equipment	(531)	(903)	(1,918)	(1,823)
Purchase of investments held for trading	(3,531)	(1,905)	(15,840)	(2,821)
Net cash from /(used in) investing activities	(1,890)	846	6,145	(96)
Financing activities				
Addition of bank borrowings	10,000	-	10,000	-
Repayment of bank borrowings	-	-	-	(2,000)
Decrease (increase) in pledged fixed deposits	(8,582)	10,764	32,030	18,515
Advance from related party	34	249	34	249
Net cash from financing activities	1,452	11,013	42,064	16,764
Net (decrease) increase in cash and cash equivalents	(5,435)	4,394	(2,825)	(45,320)
Cash and cash equivalents at beginning of the period	17,203	10,535	14,593	60,249
Cash and cash equivalents at end of the period (Note)	11,768	14,929	11,768	14,929
Note: Cash and cash equivalents comprise the following:				
Fixed deposits	44,116	65,806	44,116	65,806
Cash and bank balances	11,768	14,929	11,768	14,929
Less: Pledged fixed deposits	(44,116)	(65,806)	(44,116)	(65,806)
	11,768	14,929	11,768	14,929

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding

The Group	2015			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	24,854	(55,330)	95,332
Comprehensive income for the period	-	-	62,760	62,760
Reserve disposal of subsidiary	-	(3,176)	3,176	-
Balance at 30 September	125,808	21,678	10,606	158,092

The Group	2014			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	24,854	(12,038)	138,624
Dividend	-	-	-	-
Net loss for the period	-	-	(28,558)	(28,558)
Balance at 30 September	125,808	24,854	(40,596)	110,066

The Company	2015		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(763)	125,045
Dividend	-	-	-
Net loss for the period	-	(998)	(998)
Balance at 30 September	125,808	(1,761)	124,047

The Company	2014		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	1,370	127,178
Dividend	-	-	-
Net loss for the period	-	(1,605)	(1,605)
Balance at 30 September	125,808	(235)	125,573

Note:

- (a) In accordance with the Company Law of the People's Republic of China (the "PRC"), the Group's subsidiaries in the PRC are required to allocate 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations applicable to the PRC subsidiaries, to the statutory surplus reserve ("SSR") until such reserve reaches 50% of the registered capital of the corresponding PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase share capital of such PRC subsidiaries, provided that the remaining balance of the SSR after the capitalisation is not less than 25% of the registered capital of such PRC subsidiaries.

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, issues of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. States also the number of shares that may be issued on conversion of all the outstanding convertibles 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 was no change in the issued capital and paid-up capital of the Company since the Company's previous announcement. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 September 2015 and 30 September 2014.

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,

	30 September 2015	31 December 2014
Number of issued shares excluding treasury shares	301,500,000	301,500,000
Number of treasury shares held	NIL	NIL

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed.

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 same accounting policies and methods of computation adopted in the most recently audited financial statements for the financials year ended 31 December 2014 have been applied in the preparation for the financial statements as at 30 September 2015.

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

Not applicable.

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

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
Net profit/(loss) after income tax (RMB'000)	(2,698)	(9,981)	62,760	(28,558)
Basic basis (RMB cents)	(0.89)	(3.31)	20.81	(9.47)
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A.	N.A.	N.A.	N.A.
Number of shares in calculating EPS ('000)	301,500	301,500	301,500	301,500

Note:

⁽¹⁾ Diluted earnings per share have not been calculated, as no dilution events existed during these periods. No share options were granted to any employees during these periods.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the(a) current period reported on and(b) immediately preceding financial year

	Group		Company	
	30 Sept 2015	31 Dec 2014	30 Sept 2015	31 Dec 2014
Net Assets (RMB'000)	158,092	95,332	124,047	125,045
Net asset value per ordinary share (RMB cents)	52.44	31.62	41.14	41.47
Number of shares calculating NAV('000)	301,500	301,500	301,500	301,500

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

- (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
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

COMMENTARY ON THE CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD

Revenue

The Group's revenue decreased by 68.2% to RMB30.5 million in the third quarter of FY2015 ("3Q 2015") as compared to the corresponding quarter in FY2014 ("3Q 2014") as the demand for textile products remained soft following an overall slowdown in the Chinese economy. The products processed by the Group's printing and dyeing business, fabric processing segments falls into 2 general categories: "narrow width" and "extra width", which are classified in accordance with the width of the material. The "extra width" division has generally had higher gross profit margins than the "narrow width" division. In light of the current lacklustre economic environment, the Company has rented out part of its factory space and plant and equipment of the "narrow width" division as part of the Group's effort to reduce redundancy and increase production efficiency. This has also led to a decrease in revenue but an increase in the gross profit margin of the Group.

Gross Profit and Gross Profit Margin

Due to the rental of the factory space and plant and equipment of the "narrow width" division, the Group's gross profit has decreased by 21.8% to RMB5.1 million in 3Q 2015 as compared with RMB6.5 million in 3Q 2014. However, overall gross profit margin has increased from 6.8% in 3Q 2014 to 16.7% in 3Q 2015 due to higher gross profit margins of the "extra width" division.

Operating Cost

Selling and distribution expenses

The decrease in selling and distribution expenses was in line with the reduction in revenue for the period under review.

Administrative expenses

The decrease in administrative expenses was in line with the drop in revenue for the period under review.

Finance costs

The lower finance costs in 3Q 2015 as compared to 3Q 2014 was mainly due to the interest rates cut by China's central bank during the period.

Other operating income

Other operating income mainly comprised of rental income for the period of RMB5.5 million offset with the fair value loss on the trading investment of RMB0.9 million.

Income tax

Income tax expense / credit was computed at 25% of each major subsidiary's profit / loss before taxation.

Net profit for the period

Taking into account the aforementioned, the Group recorded a much lower net loss of RMB2.7 million as compared to net loss of RMB10.0 million in prior corresponding period.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key balance sheet items as of 30 September 2015, compared with 31 December 2014.

Trade receivables decreased by RMB15.4 million mainly due to receipt of payment during the period.

Other receivables and prepayments increased by RMB1.9 million mainly due to increase in deposit to suppliers for purchases of raw material and plant and equipment during the period.

Inventories decreased by RMB0.5 million which is in line with the reduction of the scale of the Group's operation as certain factory space, plant and equipment have been rented to third parties during the period.

Development properties held for sale represents leasehold lands for commercial and residential development which is located at Anchang Town, Shaoxing County, Zhejiang China.

Property, plant and equipment decreased by RMB26.1million, mainly due to the depreciation charge of RMB 17.1 million and disposal of certain plant and equipments for the period.

Deferred tax assets is related to certain subsidiaries' unutilised tax losses which are available for offset against future taxable profits.

Trade payables decreased by RMB68.3 million, mainly due to repayment during the period.

Other payables decreased by RMB3.5 million, mainly due to repayment during the period.

Deferred tax liabilities mainly included the income tax effect of RMB20.3 million resulting from the gain from disposal of the industrial land, which may be payable in future.

Deferred income mainly represented the received-but-not-utilised compensations from local government, which is the compensation for assets for the planned relocation and other losses to be incurred.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's operating cash flows before movements in working capital and cash flow generated from operations were positive in 3Q 2015. However, net cash flow from operating activities came in negative mainly due to payment of interest expense of RMB6.1 million during the period.

The purchase of investment held for trading of RMB3.5 million which offset with the proceed from the disposal of investment held for trading has mainly resulted in the negative net cash flow from investing activities.

In addition, the increase in bank borrowings of RM10.0 million which offset with the increase in pledged fixed deposits in 3Q 2015 has resulted in the positive net cash flow from financing activities.

As a result of the above, the overall effect is net decrease in cash and cash equivalents of RMB5.4 million for the third quarter period.

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

The current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarter results announcement.

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

The near-term business outlook of our core print and dye business is expected to remain challenging as the Group continues to observe a slowdown in the growth of China's textile manufacturing industry amid a sluggish China economy.

While China's 3Q 2015 GDP growth had fallen to its slowest rate in six years, the Group continues to face cost pressures especially in manpower and raw material costs. Higher energy and environmental protection costs are also adding to the Group's operational costs as a result of anti-pollution measures enforced by the authorities.

Amid this uncertain climate, the Group will continue to focus on improving productivity to offset rising costs, and we will continue to adopt a prudent approach as regards the Group's financial services business in the light of tighter control on the financial sector being implemented by the Government.

We will provide updates when appropriate or when there are concrete business developments.

11. Dividend

(A) Current Financial 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 (“IPT”)

There is no IPT during the period under review.

BY ORDER OF THE BOARD

Yu Ming Hai
Executive Director

13 November 2015

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, JIN RONG HAI and YU MING HAI, being two Directors of China Jishan Holdings Limited (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company 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 Group’s unaudited financial statements for the 3rd Quarter ended 30 September 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Jin Rong Hai
Chief Executive Officer/ Executive Director

Yu Ming Hai
Executive Director

13 November 2015