



CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED

(Company Registration Number: 200711863D)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

China Taisan Technology Group Holdings Limited (the “**Company**”) has received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on its unaudited financial results for the second quarter ended 30 June 2015 (“**2Q15**”):

SGX Query 1

*In response 1 of the Company’s announcement on 14 September 2015 relating to Response to SGX Queries on the 2Q2015 Results (“**Announcement**”), the Company announced that “133 tonnes of the replacement products which was supposed to be delivered to Shi Shi Tai San Fabric Co., Ltd (石狮泰山布业有限公司) (“**Shi Shi Fabric**”) were not delivered. This is because Shi Shi Fabric did not repay the Company in full for amounts due from March 2015 to June 2015”.*

On the original sales made to Shi Shi Tai San Fabric Co., Ltd, please provide further disclosure on the following:

- i) What was the original sales amounts sold to Shi Shi Fabric;*
- ii) When were these sales paid by Shi Shi Fabric (a range of months); and*
- iii) When were the compensation deliveries made to Shi Shi Fabric and the values of the replacement sales arising from Shi Shi Fabric’s affected products.*

Company’s response

- i) Kindly note that the original sales amounts sold to Shi Shi Fabric was RMB110, 942,503.00.*
- ii) Shi Shi Fabric made payment on July 2015 and September 2015. After Shi Shi Fabric discovered the quality issue incident, Shi Shi Fabric stopped payment to Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd (“**Lianjie**”). Shi Shi Fabric made partial payment to Lianjie between January 2015 and June 2015 after Lianjie delivered part of the replacement products to Shi Shi Fabric from October 2014.*
- iii) Lianjie started to deliver the replacement products to Shi Shi Fabric between November 2014 and March 2015, and the values of the replacement sales arising from Shi Shi Fabric’s affected products is RMB89, 679,081.*



SGX Query 2

In response 1 of the Announcement, the Company announced that “the Company has recovered very little monies from the said customer since March 2015 to June 2015 and no monies since July 2015”.

Please provide further disclosure on why and how did the Company deliver the replacement goods during the period from March 2015 to June 2015.

Company’s response

The Company delivered the replacement product to Shi Shi Fabric between October 2014 to January 2015 and in March 2015 (no delivery was made in February 2015 due to the Chinese New Year holiday in China). The aforesaid delivery of the replacement product was made in accordance with the terms of the existing contract. After Lianjie made such replacement delivery, it received partial payment of approximately RMB 9 million from Shi Shi Fabric in February 2015 for the earlier replacement product. As Lianjie has received the aforesaid part payment, it continued to make part delivery of the replacement products in March 2015. However, Shi Shi Fabric subsequently made very minimal payment (approximately RMB 2.39 million) after March 2015 and as a result, the Company no longer deliver any replacement products to Shi Shi Fabric after March 2015.

SGX Query 3

In response 1 of the Announcement, the Company announced that “The total problem goods sold to Shi Shi Fabric before September 2014 is RMB 102,599,048”.

Please provide further disclosure on the dates of the sales of these problem goods sold to Shi Shi Fabric.

Company’s response

The sales of these problem goods (original sale) sold to Shi Shi Fabric was made between March 2014 and September 2014.

The Company also wishes to update shareholders that it has engaged legal counsel Fujian Weisheng Law Office (福建伟盛律师事务所) to advise the Company on the recovery of Shi Shi Fabric’s debt and will update shareholders on the same if there are any material updates.

BY ORDER OF THE BOARD

Lin Wen Chang
Chief Executive Officer

15 October 2015