



CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED
(Company Registration No: 200711863D)

Unaudited Results for the Third Quarter ended
30 September 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENTS

- 1.(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediate preceding financial year.

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q17	3Q16	% change	9M17	9M16	% change
	<u>RMB'000</u>	<u>RMB'000</u>	+ / (-)	<u>RMB'000</u>	<u>RMB'000</u>	+ / (-)
Revenue	26,136	30,996	-15.7%	114,063	156,227	-27.0%
Cost of sales	(34,524)	(31,347)	10.1%	(104,325)	(146,269)	-28.7%
Gross (loss)/profit	(8,388)	(351)	2289.7%	9,738	9,958	-2.2%
Other operating income	1,045	43	2330.2%	1,121	209	436.4%
Distribution costs	(118)	(249)	-52.6%	(556)	(772)	-28.0%
Administrative expenses	(1,684)	(2,532)	-33.5%	(6,553)	(7,741)	-15.3%
Other operating expenses	-	(140,381)	NM	-	(142,021)	
Finance costs	(432)	(459)	-5.9%	(1,309)	(1,395)	-6.2%
(Loss)/Profit before income tax	(9,577)	(143,929)	-93.3%	2,442	(141,762)	-101.7%
Income tax expense	-	-		-	-	
(Loss)/Profit for the period	(9,577)	(143,929)	-93.3%	2,442	(141,762)	-101.7%
Other comprehensive income	-	-		-	-	
Total comprehensive (loss)/income for the period attributable to the equity holders of the Company	(9,577)	(143,929)	-93.3%	2,442	(141,762)	-101.7%
	<u>3Q17</u>	<u>3Q16</u>		<u>9M17</u>	<u>9M16</u>	
(Loss)/Earnings Per Ordinary Share						
- Basic and diluted (RMB cents)	(17.12)	(257.23)		4.36	(253.35)	
- Basic and diluted*(S\$ cents)	(3.48)	(38.58)		0.89	(38.00)	

* Based on Bloomberg exchange rate of RMB1: S\$0.2035 (2015: RMB1: S\$0.2000) as at end of 30 September 2017 for reference purpose.

Please also refer to paragraph 1(d)(ii) and 6 of this announcement on Earnings Per Share calculation.

NM – Not meaningful

- 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 years:-

	Group			Group		
	3Q17	3Q16	% change	9M17	9M16	% change
	<u>RMB'000</u>	<u>RMB'000</u>	+ / (-)	<u>RMB'000</u>	<u>RMB'000</u>	+ / (-)
<u>Expenses/(Income):</u>						
Amortisation of land-use rights	1	1	NM	2	1	100.0%
Bad debt for VAT	-	-	NM	-	1,640	NM
Depreciation of property, plant and equipment	3,079	13,602	-77.4%	9,264	35,419	-73.8%
Impairment of plant, machinery and equipment	-	140,000	NM	-	140,000	NM
Interest income	(50)	(37)	-35.1%	(117)	(95)	23.2%
Interest on borrowings	432	459	-5.9%	1,309	1,485	-11.9%
Sales of scraps	-	361	NM	-	361	NM
Government grants	(995)	(5)	20000.0	(995)	(113)	980.5%

NM – Not meaningful

* – Amount less than RMB1,000

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

	Group		Company	
	At 30 September 2017	At 31 December 2016	At 30 September 2017	At 31 December 2016
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
ASSETS				
Non-current assets				
Property, plant and equipment	141,027	150,291	–	–
Intangible assets	95	97	–	–
Investment in subsidiary	–	–	–	–
Other asset	2,400	2,400	–	–
	143,522	152,788	–	–
Current assets				
Inventories	47,303	31,054	–	–
Trade and other receivables	185,852	149,813	–	–
Amount owing by subsidiary	–	–	654	2,148
Cash and bank balances	19,950	2,063	–	95
	253,105	182,930	654	2,243
Total assets	396,627	335,718	654	2,243
EQUITY AND LIABILITIES				
Equity				
Share capital	562,103	562,103	562,103	562,103
Treasury shares	(4,709)	(4,709)	(4,709)	(4,709)
Merger reserve	11,491	11,491	–	–
Statutory reserves	97,012	97,012	–	–
Accumulated profits	(403,985)	(406,427)	(557,832)	(556,104)
Total equity attributable to equity holders of the Company	261,912	259,470	(438)	1,290
Current liabilities				
Trade and other payables	88,264	31,291	1,092	953
Amount owing to related party	6,819	5,325	–	–
Interest-bearing liabilities	36,900	36,900	–	–
Provision for taxation	2,732	2,732	–	–
Total liabilities	134,715	76,248	1,092	953
Total equity and liabilities	396,627	335,718	654	2,243

1.(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(A) the amount repayable in one year or less, or on demand; and whether the amounts are secured or unsecured;

	As at 30 September 2017		As at 31 December 2016	
	Secured	Unsecured	Secured	Unsecured
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bank loans	36,900	–	36,900	–
Shareholder's loan	–	7,350	–	5,325
	<u>36,900</u>	<u>7,350</u>	<u>36,900</u>	<u>5,325</u>

(B) the amount repayable after one year; whether the amounts are secured or unsecured; and

None.

(C) details of any collateral.

	As at	As at
	30 September	31 December
	2017	2016
	<u>RMB'000</u>	<u>RMB'000</u>
Secured by legal mortgage over leasehold property and land use rights	13,000	13,000
Guaranteed by a related company	23,900	23,900
	<u>36,900</u>	<u>36,900</u>

Note: All the above bank loans as at 30 September 2017 and 31 December 2016 are also pledged by personal guarantee provided by a director.

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.

Consolidated Statement of Cash Flows

	Group		Group	
	3Q17	3Q16	9M17	9M16
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Operating activities				
Profit /(Loss) before income tax	(9,577)	(143,929)	2,442	(141,762)
Adjustments for:				
Amortisation of land use right	1	1	2	1
Bad debt for written off VAT	–	–	–	1,640
Depreciation of property, plant and equipment	3,079	13,602	9,264	35,419
Impairment of plant, machinery and equipment	–	140,000	–	140,000
Interest income	(50)	(37)	(117)	(95)
Interest expense	432	459	1,309	1,485
Operating cash flow before working capital changes	(6,115)	10,096	12,900	36,688
Inventories	7,305	3,322	(16,249)	8,625
Trade and other receivables	1,908	6,884	(36,039)	90,418
Trade and other payables	(120)	(20,885)	56,971	(142,002)
Cash used in operations	2,978	(583)	17,583	(6,271)
Interest received	50	37	117	95
Income tax/VAT paid	–	–	–	–
Cash used in operating activities	3,028	(546)	17,700	(6,176)
Financing activities				
Repayment of bank loans	(12,000)	–	(26,000)	–
Proceeds of bank loans	12,000	–	26,000	9,000
Amounts owing to related party	–	–	1,496	1,751
Interest paid	(432)	(459)	(1,309)	(1,485)
Cash generated from /(used in) financing activities	(432)	(459)	187	9,266
Net decrease in cash and cash equivalents	2,596	(1,005)	17,887	3,090
Cash and cash equivalents at the beginning of the financial period	17,354	12,941	2,063	8,846
Cash and cash equivalents at the end of the financial period	19,950	11,936	19,950	11,936

*- Amount less than RMB1,000.

- 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.

Consolidated Statement of Changes in Shareholders' Equity

Group	Share Capital RMB '000	Treasury Shares RMB '000	Merger Reserve RMB '000	Statutory Reserves RMB '000	Accumulated Profits RMB '000	Total Equity RMB '000
At 1 January 2016	562,103	(4,709)	11,491	97,012	(277,628)	388,269
Total comprehensive loss for the period	-	-	-	-	(141,762)	(141,762)
At 30 September 2016	562,103	(4,709)	11,491	97,012	(419,390)	246,507
At 1 January 2017	562,103	(4,709)	11,491	97,012	(406,427)	259,470
Total comprehensive income for the period	-	-	-	-	2,442	2,442
At 30 September 2017	562,103	(4,709)	11,491	97,012	(403,985)	261,912

Statement of Changes in Shareholders' Equity

Company	Share Capital RMB '000	Treasury Shares RMB '000	Accumulated Profit RMB '000	Total Equity RMB '000
At 1 January 2016	562,103	(4,709)	(164,615)	392,779
Total comprehensive loss for the period	-	-	(305,036)	(305,036)
At 30 September 2016	562,103	(4,709)	(469,651)	87,743
At 1 January 2017	562,103	(4,709)	(556,104)	1,290
Total comprehensive loss for the period	-	-	(1,728)	(1,728)
At 30 September 2017	562,103	(4,709)	(557,832)	(438)

- 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 held as treasury shares, if any, against the total number of 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 year.**

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles held as at 30 September 2017 and 31 December 2016 respectively.

The Company held 375,000 treasury shares as at 30 September 2017 and 31 December 2016.

- 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.**

	<u>Group</u>	
	As at 30 September 2017	As at 31 December 2016
Number of ordinary shares in issue	56,329,677	56,329,677
Less: Ordinary shares kept as treasury shares	(375,000)	(375,000)
Number of ordinary shares excluding treasury shares	55,954,677	55,954,677

- 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 auditing standard or practice.**

The financial information for the third quarter ended 30 September 2017 has neither been audited nor reviewed by the Company's auditors.

- 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.**

The Group has adopted all the Singapore Financial Reporting Standards ("FRS") that are applicable for financial years beginning on or after 1 January 2017. The application of these FRS has no material impact to financial statements of the Group and the Company.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2016.

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: -

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<u>Group</u>		<u>Group</u>	
	Third quarter ended 30 September		9 months ended 30 September	
	2017	2016	2017	2016
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Earnings /(Loss) per share				
- Based on the weighted average number of ordinary shares in issue	(17.12)	(257.23)	4.36	(196.59)
<hr/>				
Number of shares				
Weighted average number of issued ordinary shares	55,954,677	55,954,677	55,954,677	55,954,677

No dilutive EPS has been presented as there are no dilutive instruments in issue.

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

	<u>Group</u>		<u>Company</u>	
	As at 30 September 2017	As at 31 December 2016	As at 30 September 2017	As at 31 December 2016
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Net asset value per ordinary share	23.4	440.55	(0.04)	156.81
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Number of issued ordinary shares excluding treasury share as at end of the period	55,954,677	55,954,677	55,954,677	55,954,677

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

Revenue

For the third quarter ended 30 September 2017 ("3Q17"), the Group's revenue decreased by 15.7% to RMB26.1 million as compared to the RMB31.0 million for the third quarter ended 30 September 2016("3Q16").

The decrease in revenue mainly resulted the decrease in sales quantity of fabric processing service during 3Q17 as compare with 3Q16. In order to meet the Central Environmental Inspection Group, the Fujian government asked textile factory to reduce production in 3Q17. (http://cn.chinadaily.com.cn/2017-07/31/content_30302788.htm)

A breakdown of the Group's revenue by products and services:

	<u>Revenue</u>					
	3Q17	3Q16	% change	9M17	9M16	% change
	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>
Manufacturing and sale of performance fabrics	5,828	-	<i>NM</i>	56,124	72,730	-22.8%
Fabric processing services	20,307	30,996	-34.5%	57,939	83,497	-30.6%
Total	26,136	30,996	-15.7%	114,063	156,227	-27.0%

A breakdown of the Group's sales quantity by products and services:

	<u>Sales Quantity</u>					
	3Q17	3Q16	% change	9M17	9M16	% change
	<u>Tonnes</u>	<u>Tonnes</u>	<u>+ / (-)</u>	<u>Tonnes</u>	<u>Tonnes</u>	<u>+ / (-)</u>
Manufacturing and sale of performance fabrics	73	-	<i>NM</i>	730	887	-17.7%
Fabric processing services	2,548	3,580	-28.8%	8,046	9,268	-13.2%
Total	2,621	3,580	-26.8%	8,776	10,155	-13.6%

Average selling price per tonne ("ASP") by products and services:

	<u>Average Selling Price</u>					
	3Q17	3Q16	% change	9M17	9M16	% change
	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>
Manufacturing and sale of performance fabrics	79.8	-	<i>NA</i>	76.9	82.0	-6.2%
Fabric processing services	8.0	8.7	-8.0%	7.2	9.0	-20.1%
Weighted average ASP	10.0	8.7	-15.2%	13.0	15.4	-15.5%

Cost of Sales

The cost of sale for 3Q17 vis-à-vis 3Q16 increased by 10.1% which is line with the increase in sale of performance fabric.

The Group's cost of sales comprises mainly direct material cost, direct labor cost and production cost, which represent 59.1%, 11.6% and 29.4% respectively in 3Q17 (3Q16: 19.3%, 16.4% and 64.6% respectively). The Group's production cost takes into account, inter alia, depreciation of the production machine and cost of oil, petrol, electricity, water and coal etc. which were utilised by the Group.

The direct material cost increased by RMB14.0 million which was mainly due to the increase in sale of performance fabric.

Gross Profit/(Loss)

Due to the company the production of processing services and performance fabrics reduced, the margin of the company has decreased.

Administrative expenses and operating expenses

Other income increased from RMB43,000 in 3Q16 to RMB1.1 million in 3Q17 which mainly due to the increase in government grant for environment protection system in 3Q17.

Administrative expenses decreased by 15.4% from RMB7.7 million in 3Q16 to RMB6.5 million in 3Q17 which was mainly due to the decrease in salary of administrate staff and union charges.

Other operating expenses decreased by RMB140.0 million in 3Q17. The other operating expenses is mainly due to impairment of property, plant and equipment amounting to RMB140 million due to low utilization of machineries in 3Q16. The management assessed the impairment based on Value in use of the machinery. Value-in-use was calculated based on projections using 3Q16 financial results as a reference.

Taxation

As the Group suffered loss during the period there is no taxation incurred in 3Q17.

Profit/(Loss) attributable to shareholders

As a result of loss, the Group's loss attributable to shareholders increased to RMB2.4 million in 3Q17, which mainly due to the gross loss for sale of two products during the period of 3Q17.

Statements of Financial Position

The property, plant and equipment decreased by 6.2% from RMB150.3 million as at 31 December 2016 to RMB141.0 million as at 30 September 2017 due to depreciation charge of RMB9.3 million in 3Q17.

Inventories as at 30 September 2017 were approximately RMB47.3 million, representing an increase of 52.3% from RMB16.3 million as at 31 December 2016. The increase is mainly due to increase in raw materials.

Trade and other receivables increased by 24.1% from RMB149.8 million as at 31 December 2016 to RMB185.9 million as at 30 September 2017. The increase is mainly due to trade receivable increased by RMB31.6 million in 9M17. Due to slow demand in fabric market, the cashflow of customers and suppliers are also negatively impacted. This has inevitably resulted slower collection to fabric related companies. and to remain as competitive in the market, the subsidiary also extends its credit term up to 180 days which is line with supplier credit term.

Trade and other payables decreased by 182.1% from RMB31.3 million as at 31 December 2016 to RMB88.3 million as at 30 September 2017. The increase is mainly due to purchase of raw material - yarn in 3M17

The provision as at 30 Sep 2017 mainly represents the withholding tax for the dividend paid to the holding company in FY2008 to FY2010.

Consolidated Statement of Cash Flows

Cash and bank balances increased by RMB17.9 million from RMB2.1 million as at 31 December 2016 to RMB19.9 million as at 30 Sep 2017. The Group recorded cash inflows mainly due to RMB17.7 million cash inflows from operating activities in 9M17.

The Group recorded a cash inflow from operating activities of RMB17.7 million in 9M17. That is mainly due to trade payable increased in 9M17 compare with 9M16.

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

There is no variance from paragraph 10 of the previous announcement on unaudited results for the second quarter ended 30 June 2017.

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.

For FY2017, the Group's operating environment remained challenging as sales of performance products from the existing customers were affected due to the entry of international fashion brands into the China apparel market and this has a direct impact on the volume of their orders given to the Group. The management of Company decide to focus on production of fabric processing services due to high profit margin.

Notwithstanding the challenges faced, the Group would continue to develop our products in future so as to further differentiate ourselves from our peers.

11. Dividend

Current Financial Period Reported On - Any dividend declared for the current financial period reported on?

None.

Corresponding Period of the Immediately Preceding Financial Year – Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the period ended 30 September 2017.

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 general mandate obtained from shareholder for IPTs.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

We, Choi Cheung Kong and Steven Hartanto, being two of the Directors of China Taisan Technology Group Holdings Limited (the “Company”), do hereby confirmed on behalf of the Board of Directors of the Company that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial information for the third quarter ended 30 September 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors

Choi Cheung Kong
Executive Director
14 November 2017