

CHINA JISHAN HOLDINGS LIMITED (Reg. No. : 200310591E)**Second 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 June			The Group 6 months ended 30 June		
	2016 RMB'000	2015 RMB'000	Changes %	2016 RMB'000	2015 RMB'000	Changes %
Revenue	22,708	25,602	(11.3)	42,036	83,804	(49.8)
Cost of sales	(16,872)	(22,237)	(24.1)	(30,659)	(77,081)	(60.2)
Gross profit	5,836	3,365	73.4	11,377	6,723	69.2
Other operating income	161	15,478	(99.0)	1,303	97,827	(98.7)
Selling and distribution expenses	(730)	(690)	5.8	(1,239)	(2,382)	(48.0)
Administrative expenses	(3,985)	(5,955)	(33.1)	(8,192)	(12,693)	(35.5)
Finance costs	(5,088)	(6,078)	(16.3)	(10,431)	(12,142)	(14.1)
Profit/(loss) before income tax	(3,806)	6,120	N.M	(7,182)	77,333	N.M
Income tax	797	(1,633)	N.M	1,555	(11,875)	N.M
Net profit/(loss) for the period	(3,009)	4,487	N.M	(5,627)	65,458	N.M
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	118	648	(81.8)	372	989	(62.4)
Government grants	-	300	N.M	1,300	350	>100
Gain on disposal of subsidiary	-	-	N.M	-	85,235	N.M
Gain on disposal of held for trading investments	13	1,086	(98.8)	3	1,045	(99.7)
Fair value gain/(loss) on held for trading investment	17	940	(98.2)	(493)	1,496	N.M.
Gain/(loss) on disposal of plant and equipment	(9)	(1,259)	(99.3)	47	(5,056)	N.M
Gain on disposal of excess pollution quota	-	4,800	N.M	-	4,800	N.M
Interest on borrowings	(5,088)	(6,078)	(16.3)	(10,431)	(12,142)	(14.1)
Depreciation expense	(6,234)	(5,715)	9.1	(12,435)	(11,754)	5.8

N.M : Not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 June 2016

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	
	31/06/2016 RMB'000	31/12/2015 RMB'000	31/06/2016 RMB'000	31/12/2015 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	29,745	58,806	598	1,062
Held-for-trading investments	2,984	3,326	-	-
Trade receivables	50,166	66,886	-	-
Other receivables and prepayments	13,801	9,511	4,385	4,334
Inventories	19,013	15,484	-	-
Prepaid leases	519	519	-	-
Development properties held for sale	459,605	459,605	-	-
Total current assets	575,833	614,137	4,983	5,396
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,785	26,785	-	-
Property, plant and equipment	118,864	109,333	-	-
Prepaid leases	24,182	24,182	-	-
Deferred tax assets	39,010	38,917	-	-
Total non-current assets	208,841	199,217	144,587	144,587
Total assets	784,674	813,354	149,570	149,983
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	379,000	379,000	-	-
Trade payables	66,485	91,104	-	-
Other payables	65,629	62,619	26,008	25,479
Loans from a related party	925	906	925	906
Tax payable	20,266	21,729	-	-
Total current liabilities	532,305	555,358	26,933	26,385
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	--	-
Deferred income	80,693	80,693	--	-
Total non-current liabilities	101,510	101,510	--	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	3,373	9,000	(3,171)	(2,210)
Other reserves	21,678	21,678	-	-
Total equity	150,859	156,486	122,637	123,598
Total liabilities and equity	784,674	813,354	149,570	149,983

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 30/06/2016		Group As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
404,918	925	419,999	906

Details of any collateral

As at 30 June 2016, the Group secured facilities comprising notes payable of RMB25.9million and bank loan of RMB379.0 million (31 December 2015: notes payable – RMB41.0 million and bank loans: RMB379.0 million). These facilities were secured by certain bank deposits, certain equipment and part of the prepaid leases.

As at 30 June 2016, the unsecured facilities comprised loans of RMB0.9 million (31 December 2015: 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 June		The Group 6 months ended 30 June	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Operating activities				
Profit/(loss) before income tax	(3,806)	6,120	(7,182)	77,333
Adjustment for:				
Depreciation expense	6,234	5,685	12,435	11,754
Fair value (gain)loss on held for trading investments	(17)	(940)	493	(1,496)
Gain on disposal of held for trading investments	(13)	(1,086)	(3)	(1,045)
Gain on disposal of subsidiary	-	-	-	(85,235)
Gain/(loss) on disposal of property, plant and equipment	9	1,258	(47)	5,056
Interest expense	5,088	6,078	10,431	12,142
Interest income	(118)	(648)	(372)	(989)
Operating cash flows before movements in working capital	7,377	16,467	15,755	17,520
Trade receivables	4,598	5,418	16,720	9,209
Other receivables and prepayments	(886)	3,869	(4,290)	(1,176)
Inventories	2,148	6,172	(3,529)	4,690
Trade payables	(3,966)	(38,556)	(24,619)	(55,765)
Other payables	5,788	(23,631)	3,008	(6,773)
Cash generated from operations	15,059	(30,261)	3,045	(32,295)
Interest received	118	648	372	989
Interest paid	(5,088)	(6,078)	(10,431)	(12,142)
Income tax paid	(1)	(4,055)	(3)	(2,589)
Net cash used in operating activities	10,088	(39,746)	(7,017)	(46,037)
Investing activities				
Prepaid lease	-	254	-	254
Proceed from disposal of property, plant and equipment	-	4,012	441	5,484
Proceed from disposal of investments held for trading	58	14,953	488	15,993
Purchase of property, plant and equipment	(12,415)	(734)	(22,360)	(1,387)
Purchase of investments held for trading	(92)	(11,337)	(636)	(12,309)
Net cash generated from (used in) investing activities	(12,449)	7,148	(22,067)	8,035
Financing activities				
Loan from related party	19	(3)	19	-
Decrease in pledged fixed deposits	747	27,162	21,399	40,612
Net cash from financing activities	766	27,159	21,418	40,612
Net (decrease) increase in cash and cash equivalents	(1,595)	(5,439)	(7,666)	2,610
Cash and cash equivalents at beginning of the period	5,168	22,642	11,239	14,593
Cash and cash equivalents at end of the period (Note)	3,573	17,203	3,573	17,203
Note:				
Cash and cash equivalents comprise the following:				
Fixed deposits	26,168	35,534	26,168	35,534
Cash and bank balances	3,573	17,203	3,573	17,203
Less: Pledged fixed deposits	(26,168)	(35,534)	(26,168)	(35,534)
	3,573	17,203	3,573	17,203

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	2016			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	9,000	156,486
Net loss for the period	-	-	(5,627)	(5,627)
Balance at 30 June	125,808	21,678	3,373	150,859

The Group	2015			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Reserve - disposal of subsidiary	-	(3,176)	3,176	-
Net profit for the period	-	-	65,458	65,458
Balance at 30 June	125,808	21,678	13,304	160,790

The Company	2016		
	Issued Capital	Accumulated Loss	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(2,210)	123,598
Net loss for the period	-	(961)	(961)
Balance at 30 June	125,808	(3,171)	122,637

The Company	2015		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(763)	125,045
Net loss for the period	-	(833)	(833)
Balance at 30 June	125,808	(1,596)	124,212

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 June 2016 and 30 June 2015.

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 June 2016	31 December 2015
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 2015 have been applied in the preparation for the financial statements as at 30 June 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

	3 months ended 30 June		6 months ended 30 June	
	2016	2015	2016	2015
Net profit/(loss) after income tax (RMB'000)	(3,009)	4,487	(5,627)	65,458
Basic basis (RMB cents)	(1.6)	1.49	(1.87)	21.71
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 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
Net Assets (RMB'000)	150,859	156,486	122,637	123,598
Net asset value per ordinary share (RMB cents)	50.04	51.90	40.68	40.99
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 11.3% to RMB22.7 million in the second quarter of FY2016 ("2Q 2016") as compared with the corresponding quarter in FY2015 ("2Q 2015"). The decrease was mainly due to the overall slowdown of China's textile manufacturing industry amid a sluggish China economy.

The products processed by the Group's printing and dyeing business and fabric processing segments consist of 2 general categories: "narrow width" and "extra width", which are classified in accordance with the width of the material. In light of the lacklustre PRC economic environment, the Company has rented out part of its factory space and plant and equipment of the "narrow width" division from 2Q 2015 onwards, as part of the Group's effort to reduce redundancy and increase production efficiency.

The revenue for 2Q 2016 only consist of rental income for renting out part of the factory space mentioned above and revenue generated from "extra width" as the factory space and plant and equipment of the "narrow width" division have already been rented out. This has led to a decrease in revenue but resulted in the increase of the gross profit margin of the Group.

Gross Profit and Gross Profit Margin

The rental revenue in 2Q 2016 has resulted in the increase in gross profit as well as gross profit margin of the Company even though the overall revenue has decreased due to reasons mentioned above.

Operating Cost

Selling and distribution expenses

The decrease in overall 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 2Q 2016 as compared to 2Q 2015 was mainly due to the interest rates cut by the China's central bank during the period.

Other operating income

Other operating income in 2Q 2016 mainly comprises of government grant received of RMB1.3 million. Other operating income in 2Q 2015 mainly related to gain on disposal of subsidiary Zhejiang Jishan Extra Width Co., Ltd ("Extra Width") of approximately RMB85.2 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

The net profit for the period was mainly due to profit margin from extra width division and the rental income from the lease out the factory space, plant and equipment to certain third parties during the period as mentioned above.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key balance sheet items as of 30 June 2016, compared with 31 December 2015.

Trade receivables decreased by RMB16.7 million mainly due to receipt of payment during the period.

Other receivables and prepayments increased by RMB4.3 million mainly due to increase in advances to suppliers for purchases of raw material and property, plant and equipment during the period.

Inventories increased by RMB3.5 million as there is more production towards the month end June 2016 which resulted in the higher finished goods products as compared to the FY2015 year end.

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 increased by RMB9.5 million, mainly due to addition of property, plant and equipment during the period of RMB22.4 million offset depreciation charge of RMB 12.4 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 RMB24.6 million, mainly due to repayment during the period.

Other payables increased by RM3.0 million, mainly due to increase in amount owing to some contractors for the building of new factory in Binhai industrial zone.

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 generated a positive cash flow from operation in 2Q 2016 which was mainly due to the receipt of trade receivables and increase in other payables for the period

The negative net cash used in investing activities was mainly due to the addition of property, plant and equipment for the period.

As a result of the above cash flows activities, the Group maintains a net decrease in cash and cash equivalents of RMB1.6 million during the 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 Group maintains a cautious outlook of its core print and dye business for the foreseeable future amid soft demand for its textile products and weak economic sentiments in China. The Group also continues to face challenges arising from higher cost of labor, raw materials, as well as cost related to energy and environmental protection.

To offset rising costs and ensure a sustainable growth path, the Group will continue to focus on improving productivity and will exercise prudence on the Group's financial services business while monitoring the current business climate closely. The Group will also look to rent out more of its factory space and plant and equipment to increase recurring lease income.

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.

14. Undertakings

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

BY ORDER OF THE BOARD

Xiao Zi Liang
Chief Executive Officer

11 August 2016

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, XIAO ZI LIANG 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 2nd Quarter ended 30 June 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao Zi Liang
Chief Executive Officer

Yu Ming Hai
Executive Director

11 August 2016