

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		
	2016 RMB'000	2015 RMB'000	Changes %	2016 RMB'000	2015 RMB'000	Changes %
Revenue	12,278	30,469	(59.7)	54,314	114,273	(52.5)
Cost of sales	(10,065)	(25,377)	(60.3)	(40,724)	(102,458)	(60.3)
Gross profit	2,213	5,092	(56.5)	13,590	11,815	15.0
Other operating income	502	4,805	(89.6)	1,805	102,632	(>100)
Selling and distribution expenses	(251)	(484)	(48.1)	(1,490)	(2,866)	(48.0)
Administrative expenses	(6,364)	(6,889)	(7.6)	(14,556)	(19,582)	(25.7)
Finance costs	(5,020)	(6,067)	(17.3)	(15,451)	(18,209)	(15.1)
Profit/(loss) before income tax	(8,920)	(3,543)	(>100)	(16,102)	73,790	N.M
Income tax	2,571	845	>100	4,126	(11,030)	N.M
Net profit/(loss) for the period	(6,349)	(2,698)	(>100)	(11,976)	62,760	N.M
Notes to the above statement of comprehensive income:						
Other operating income including:						
Interest income	100	162	38.3	472	1,151	(58.9)
Government grants	-	246	N.M	1,300	596	>100
Gain on disposal of subsidiary	-	-	N.M	-	85,235	N.M
Gain on disposal of held for trading investments	24	23	4.3	27	1,096	(97.5)
Fair value gain/(loss) on held for trading investment	4	(906)	N.M	(489)	590	N.M
Gain/(loss) on disposal of plant and equipment	365	(221)	N.M	421	(5,277)	N.M
Gain on disposal of excess pollution quota	-	-	N.M	-	4,800	N.M
Interest on borrowings	(5,020)	(6,067)	(17.3)	(15,451)	(18,209)	(15.1)
Depreciation expense	(6,089)	(5,350)	13.8	(18,524)	(17,104)	8.3

N.M – not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 September 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	
	30/09/2016 RMB'000	31/12/2015 RMB'000	30/09/2016 RMB'000	31/12/2015 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	18,703	58,806	975	1,062
Held-for-trading investments	2,999	3,326	-	-
Trade receivables	45,286	66,886	-	-
Other receivables and prepayments	9,084	9,511	4,402	4,334
Inventories	11,298	15,484	-	-
Prepaid leases	519	519	-	-
Development properties held for sale	459,605	459,605	-	-
Total current assets	547,494	614,137	5,377	5,396
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,785	26,785	-	-
Property, plant and equipment	125,655	109,333	-	-
Prepaid leases	24,866	24,182	-	-
Deferred tax assets	39,048	38,917	-	-
Total non-current assets	216,354	199,217	144,587	144,587
Total assets	763,848	813,354	149,964	149,983
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	379,000	379,000	-	-
Trade payables	47,087	91,104	-	-
Other payables	73,083	62,619	27,994	25,479
Loans from a related party	925	906	932	906
Tax payable	17,733	21,729	-	-
Total current liabilities	517,828	555,358	28,925	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)	(2,976)	9,000	(4,769)	(2,210)
Other reserves	21,678	21,678	-	-
Total equity	144,510	156,486	121,039	123,598
Total liabilities and equity	763,848	813,354	149,964	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 30/09/2016		Group As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
394,916	925	419,999	906

Details of any collateral

As at 30 September 2016, the Group secured facilities comprising notes payable of RMB15.9 million 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 September 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 September		The Group 9 months ended 30 September	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Operating activities				
Profit (loss) before income tax	(8,920)	(3,543)	(16,102)	73,790
Adjustment for:				
Depreciation expense	6,089	5,350	18,524	17,104
Fair value (gain) loss on held for trading investments	(4)	428	489	(1,068)
(Gain) loss on disposal of held for trading investments	(23)	455	(26)	(590)
Loss/(Gain) on disposal of property, plant and equipment	(374)	221	(421)	5,277
Gain on disposal of a subsidiary	-	-	-	(85,235)
Interest expense	5,020	6,067	15,451	18,209
Interest income	(100)	(162)	(472)	(1,151)
Operating cash flows before movements in working capital	1,688	8,816	17,443	26,336
Trade receivables	4,880	6,158	21,600	15,367
Other receivables and prepayments	4,717	(660)	427	(1,836)
Inventories	7,715	(4,243)	4,186	447
Trade payables	(19,398)	(12,527)	(44,017)	(68,292)
Other payables	7,455	3,317	10,463	(3,456)
Cash generated from/(used in) operations	7,057	861	10,102	(31,434)
Interest received	100	162	472	1,151
Interest paid	(5,020)	(6,067)	(15,451)	(18,209)
Income tax paid	3	47	-	(2,542)
Net cash used in operating activities	2,140	(4,997)	(4,877)	(51,034)
Investing activities				
Prepaid leases	(684)	127	(684)	381
Proceed from disposal of investments held for trading	401	1,841	842	17,834
Proceed from disposal of property, plant and equipment	2,429	204	2,917	5,688
Purchase of property, plant and equipment	(14,982)	(531)	(37,342)	(1,918)
Purchase of investments held for trading	(342)	(3,531)	(978)	(15,840)
Net cash from /(used in) investing activities	(13,178)	(1,890)	(35,245)	6,145
Financing activities				
Bank borrowings	-	10,000	-	10,000
Decrease (increase) in pledged fixed deposits	10,252	(8,582)	31,651	32,030
Advance from related party	-	34	19	34
Net cash from financing activities	10,252	1,452	31,670	42,064
Net (decrease) increase in cash and cash equivalents	(786)	(5,435)	(8,452)	(2,825)
Cash and cash equivalents at beginning of the period	3,573	17,203	11,239	14,593
Cash and cash equivalents at end of the period (Note)	2,787	11,768	2,787	11,768
Note: Cash and cash equivalents comprise the following:				
Fixed deposits	15,916	44,116	15,916	44,116
Cash and bank balances	2,787	11,768	2,787	11,768
Less: Pledged fixed deposits	(15,916)	(44,116)	(15,916)	(44,116)
	2,787	11,768	2,787	11,768

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	-	-	(11,976)	(11,976)
Balance at 30 September	125,808	21,678	(2,976)	144,510

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
Reserve - disposal of subsidiary	-	(3,176)	3,176	-
Net profit for the period	-	-	62,760	62,760
Balance at 30 September	125,808	21,678	10,606	158,092

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	-	(2,559)	(2,559)
Balance at 30 September	125,808	(4,769)	121,039

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	-	(998)	(998)
Balance at 30 September	125,808	(1,761)	124,047

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 2016 and 30 September 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 September 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 September 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 September		9 months ended 30 September	
	2016	2015	2016	2015
Net profit/(loss) after income tax (RMB'000)	(6,349)	(2,698)	(11,976)	62,760
Basic basis (RMB cents)	(2.11)	(0.89)	(3.97)	20.81
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 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net Assets (RMB'000)	144,510	156,486	121,039	123,598
Net asset value per ordinary share (RMB cents)	47.93	51.90	40.15	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 59.7% to RMB12.3 million in the third quarter of FY2016 ("3Q 2016") as compared with the corresponding quarter in FY2015 ("3Q 2015"). The decrease was mainly due to the overall slowdown of China's textile manufacturing industry amid a sluggish China economy, the cessation of production for approximately 20 days during the G20 summit held in Hangzhou to avoid the pollution of air quality in the surrounding area, and the relocation of existing factory to new factory in Binhai during the 3Q 2016.

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.

The revenue for 3Q 2016 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. The rental income for 3Q 2016 reduced from RMB 5.5 million to RMB2.7 million was mainly due to no rental will be charged during the period of relocation of factory. This has led to a decrease in revenue and corresponding decrease of the gross profit of the Group during the period.

Gross Profit and Gross Profit Margin

The decreased in rental revenue in 3Q 2016 due to reasons mentioned above has resulted in the decrease in gross profit , however the gross profit margin of the Company has increased slightly from 16.7% in 3Q 2015 to 18.0% in 3Q 2016 was mainly due to the overall decrease in the narrow width revenues which bear lower gross profit margin, hence the rental income in 3Q 2016 has contributing the higher profit margin as compared to 3Q 2015.

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.

Other operating income

The higher operating income in 3Q 2015 as compared to 3Q 2016 was mainly due to gain on disposal of excess pollution quota of RMB 4.8 million in 3Q 2015 where there is no such gain in 3Q 2016.

Finance costs

The lower finance costs in 3Q 2016 as compared to 3Q 2015 was mainly due to the interest rates cut by the China's central bank in FY2016.

Income tax

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

Net loss for the period

The net loss for the period was mainly due to the decrease in revenue as a result of the overall slowdown of China's textile manufacturing industry amid a sluggish China economy, cessation of production for approximately 20 days during the G20 summit held in Hangzhou to avoid the pollution of air quality in the surrounding area, and the relocation of existing factory to new factory in Binhai during the 3Q 2016 as mentioned above and the finance costs of RMB5.0 million from bank borrowings also contributing to the net loss for the 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 2016, compared with 31 December 2015.

Trade receivables decreased by RMB21.6 million mainly due to receipt of payment during the period. The customers are repaying their debts progressively and the Company has taken active steps to collect such outstanding debts.

Inventories decreased by RMB4.2 million due to cessation of factory production as a result of G20 summit and relocation of factory as mentioned earlier which resulted in the lower inventories 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 RMB16.3 million, mainly due to addition of property, plant and equipment during the period of RMB37.3 million offset depreciation charge of RMB 18.5 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 RMB44.0 million, mainly due to repayment during the period.

Other payables increased by RM10.5 million, mainly due to advance payment of rental collected from the lessees of which will be used in financing the factory construction cost, which is part of the cash management method of the Company in managing the cash flows.

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 3Q 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.

The decrease in pledged deposits has contributed a positive net cash from financing activities for the period of RMB10.3 million.

As a result of the above cash flows activities, the Group maintains a net decrease in cash and cash equivalents of RMB0.8 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 softer demand for its textile products and weak economic sentiments in China. The Group also continues to face challenges arising from higher cost of labor, 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 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.

The Group had on 29 September 2016 entered into a non-binding term sheet in relation to the proposed acquisition of the entire equity interest in Shaoxing Naked Valley Resort Developing Co., Ltd and Shaoxing Naked Lake Property Developing Co., Ltd. The Group is currently preparing definitive agreements and will announce any material development in connection with the proposed acquisition.

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 ZiLiang
Executive Director / Chief Executive Officer

10 November 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 3rd Quarter ended 30 September 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao ZiLiang
Executive Director / Chief Executive Officer

Yu Ming Hai
Executive Director

10 November 2016