



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

Unaudited Results for the Second Quarter ended
30 June 2015

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		
	2Q15	2Q14	% change	1H15	1H14	% change
	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>
Revenue	444,902	329,447	35.0%	504,261	440,666	14.4%
Cost of sales	(441,626)	(252,660)	74.8%	(509,686)	(353,670)	44.1%
Gross profit/(loss)	3,276	76,787	-95.7%	(5,425)	86,996	-106.2%
Other operating income	136	1,114	-87.8%	383	2,635	-85.5%
Distribution costs	(357)	(344)	3.8%	(592)	(639)	-7.3%
Administrative expenses	(3,660)	(2,872)	27.4%	(5,712)	(5,422)	5.4%
Other operating expenses	(72,743)	–	NM	(72,743)	(1,028)	-6974.7%
Finance costs	(645)	(651)	-0.9%	(1,277)	(1,338)	-4.6%
(Loss)/ Profit before taxation	(73,993)	74,034	-199.9%	(85,366)	81,204	-205.1%
Income tax expense	–	(18,237)	100.0%	–	(20,703)	-100.0%
(Loss)/ Profit for the period	(73,993)	55,797	-232.6%	(85,366)	60,501	-241.1%
Other comprehensive income	–	–		–	–	
Total comprehensive (loss)/income for the period attributable to the equity holders of the Company	(73,993)	55,797	-232.6%	(85,366)	60,501	-241.1%

NM – Not meaningful

	2Q15	2Q14	1H15	1H14
(Loss)/Earnings Per Ordinary Share				
– Basic and diluted (RMB cents)	(132.24)	4.99	(152.56)	5.41
– Basic and diluted*(S\$ cents)	(28.74)	1.00	(33.13)	1.08
(Loss)/Earnings Per TDR				
– Basic and diluted^(NTD/dollar)	(0.66)	0.48	(0.76)	0.52

* Based on Bloomberg exchange rate of RMB1: S\$0.2173 (2Q14: RMB1: S\$0.2001) as at end of 30 June 2015 for reference purpose.

^ Based on Bloomberg exchange rate of RMB1:NTD4.9786 (2Q14: RMB1:NTD4.8170) as at end of 30 June 2015 for reference purpose. 1TDR (Taiwan Depositary Receipt) represents 0.1 ordinary shares (2Q14: 1TDR (Taiwan Depositary Receipt) represents 2 ordinary shares).

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

- 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 year:-

	Group			Group		
	2Q15	2Q14	% change	1H15	1H14	% 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	NM	1	1	NM
Amortisation of other assets	–	–	NM	–	800	NM
Bad debts written off	72,743	–	NM	72,743	–	NM
Depreciation of property, plant and equipment	16,726	17,097	-2.2%	33,457	34,011	-1.6%
Interest income	(136)	(1,114)	-87.8%	(267)	(2,125)	-87.4%
Interest on borrowings	645	651	-0.9%	1,277	1,338	-4.6%
Exchange (gain)/loss	–*	–*	NM	–	28	NM
Government grants	–	–	NM	(115)	(510)	-77.5%

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.

Statement of Financial Position

	Group		Company	
	At 30 June 2015	At 31 December 2014	At 30 June 2015	At 31 December 2014
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
ASSETS				
Non-current assets				
Property, plant and equipment	484,279	517,736	–	–
Intangible assets	101	102	–	–
Investment in subsidiary	–	–	88,268	88,268
Other asset	2,400	2,400	–	–
	486,780	520,238	88,268	88,268
Current assets				
Inventories	74,302	69,339	–	–
Trade and other receivables	630,345	731,165	12	12
Amount owing by subsidiary	–	–	468,570	469,495
Cash and bank balances	43,912	25,916	240	874
	748,559	826,420	468,822	470,381
Total assets	1,235,339	1,346,658	557,090	558,649
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 reserve	97,012	97,012	–	–
Accumulated profits	6,434	91,800	(1,144)	164
Total equity attributable to equity holders of the Company	672,331	757,697	556,250	557,558
Current liabilities				
Trade and other payables	516,472	548,851	840	1,091
Amounts owing to related party	3,804	2,878	–	–
Interest-bearing liabilities	40,000	34,500	–	–
Provision for taxation	2,732	2,732	–	–
Total liabilities	563,008	588,961	840	1,091
Total equity and liabilities	1,235,339	1,346,658	557,090	558,649

- 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 June 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
	<u>RMB '000</u>	<u>RMB '000</u>	<u>RMB '000</u>	<u>RMB '000</u>
Bank loans	40,000	—	34,500	—
Shareholder's loan	—	3,804	—	2,878
	<u>40,000</u>	<u>3,804</u>	<u>34,500</u>	<u>2,878</u>

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

None.

(C) details of any collateral.

	As at 30 June 2015 <u>RMB '000</u>	As at 31 December 2014 <u>RMB '000</u>
Secured by legal mortgage over leasehold property and land use rights	13,000	13,000
Guaranteed by other company	27,000	21,500
	<u>40,000</u>	<u>34,500</u>

Note: All the above bank loans as at 30 June 2015 and 31 December 2014 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	
	2Q15	2Q14	1H15	1H14
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Operating activities				
(Loss)/Profit before taxation	(73,993)	74,034	(85,366)	81,204
Adjustments for:				
Amortisation of land use rights	–	1	1	1
Amortisation of other asset	–	–	–	800
Bad debts written off	72,743	–	72,743	–
Depreciation of property, plant and equipment	16,726	17,097	33,457	34,011
Interest income	(136)	(1,114)	(267)	(2,125)
Interest expense	645	651	1,277	1,338
Operating cash flows before movements in working capital	15,985	90,669	21,845	115,229
Inventories	39,258	(44,220)	(4,966)	(57,141)
Trade and other receivables	(227,401)	(169,463)	28,079	(42,616)
Trade and other payables	172,039	160,381	(32,375)	81,252
Cash (used)/generated from operations	(119)	37,367	12,583	96,724
Interest received	136	1,114	267	2,125
Income tax paid	–	(306)	–	(2,096)
Cash flows generated from operating activities	17	38,175	12,850	96,753
Financing activities				
Proceeds from bank loans	–	–	9,500	–
Repayment of bank loans	–	(5,000)	(4,000)	(5,000)
Amounts owing to related party	–	1,676	923	1,676
Interest paid	(645)	(651)	(1,277)	(1,338)
Net cash generated (used in)/generated from financing activities	(645)	(3,975)	5,146	(4,662)
Net (decrease)/ increase in cash and cash equivalents	(628)	34,200	17,996	92,091
Cash and cash equivalents at the beginning of the financial period	44,540	437,671	25,916	379,780
Cash and cash equivalents at the end of the financial period	43,912	471,871	43,912	471,871

* - Amount less than RMB 1,000

- 1.(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes inequity 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.

Statement of Changes in Shareholders' Equity

<u>Group</u>	<u>Share Capital RMB '000</u>	<u>Treasury Shares RMB '000</u>	<u>Merger Reserve RMB '000</u>	<u>Statutory Reserve RMB '000</u>	<u>Accumulated Profits RMB '000</u>	<u>Total Equity RMB '000</u>
At 1 January 2014	562,103	(4,709)	11,491	97,012	525,872	1,191,769
Total comprehensive gain for the period	–	–	–	–	60,501	60,501
At 30 June 2014	562,103	(4,709)	11,491	97,012	586,373	1,252,270
At 1 January 2015	562,103	(4,709)	11,491	97,012	91,800	757,697
Total comprehensive loss for the period	–	–	–	–	(85,366)	(85,366)
At 30 June 2015	562,103	(4,709)	11,491	97,012	6,434	672,331

Statement of Changes in Shareholders' Equity

<u>Company</u>	<u>Share Capital RMB '000</u>	<u>Treasury Shares RMB '000</u>	<u>Accumulated (Loss)/Profit RMB '000</u>	<u>Total Equity RMB '000</u>
At 1 January 2014	562,103	(4,709)	3,095	560,489
Total comprehensive loss for the period	–	–	(1,312)	(1,312)
At 30 June 2014	562,103	(4,709)	1,783	559,177
At 1 January 2015	562,103	(4,709)	164	557,558
Total comprehensive loss for the period	–	–	(1,308)	(1,308)
At 30 June 2015	562,103	(4,709)	(1,144)	556,250

- 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 June 2015 and 31 December 2014 respectively.

The Company held 375,000 and 7,500,000 treasury shares as at 30 June 2015 and 31 December 2014 respectively.

- 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 June 2015	As at 31 December 2014
Number of ordinary shares in issue	56,329,926	1,126,598,518
Less: Ordinary shares kept as treasury shares	(375,000)	(7,500,000)
Number of ordinary shares excluding treasury shares	<u>55,954,926</u>	<u>1,119,098,518</u>

- 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 second quarter ended 30 June 2015 have 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 2015. 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 2014.

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>	
	Second quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Loss/Earnings per share (“(LPS)/EPS”)				
- Based on the weighted average number of ordinary shares in issue	(132.24)	4.99	(152.56)	5.41

Number of shares

Weighted average number of issued ordinary shares	55,954,926	1,119,098,518	55,954,926	1,119,098,518
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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 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Net asset value per ordinary share	1201.56	106.91	994.10	50.22
Number of issued ordinary shares excluding treasury shares as at end of the year	55,954,926	1,119,098,518	55,954,926	1,119,098,518

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: -
- 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
 - 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 second quarter ended 30 June 2015 ("2Q15"), the Group's revenue increased by 35.0% to RMB 444.9 million as compared to the RMB329.4 million for the second quarter ended 30 June 2014 ("2Q14").

The increase in revenue mainly resulted from the increase in sales quantity of performance fabric, which increased by 26.1% from 2Q14 of 4,246 tonnes to 5,353 tonnes in 2Q15. The increase in sales quantity of performance fabric was mainly due to the introduction of two products which were released during 1Q14.

The average selling price of performance fabrics increased by 8.4% from RMB 75,900/tonnes in 2Q14 to RMB 82,300/tonnes in 2Q15; such increase mainly due to the high selling price for the aforesaid 2 new products as a result of the higher cost of material incurred in production of the two new products as compared to the Group's other products.

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

	<u>Revenue</u>					
	2Q15	2Q14	% change	1H15	1H14	% 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	440,372	322,298	36.6%	490,705	429,543	14.2%
Fabric processing services	4,530	7,149	-36.6%	13,556	11,123	-21.9%
Total	444,902	329,447	35.1%	504,261	440,666	14.4%

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

	<u>Sales Quantity</u>					
	2Q15	2Q14	% change	1H15	1H14	% change
	<u>Tonnes</u>	<u>Tonnes</u>	<u>+ / (-)</u>	<u>Tonnes</u>	<u>Tonnes</u>	<u>+ / (-)</u>
Manufacturing and sale of performance fabrics	5,353	4,246	26.1%	5,973	6,265	-4.7%
Fabric processing services	695	1,088	-36.1%	2,049	1,724	18.9%
Total	6,048	5,334	13.4%	8,022	7,989	0.4%

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

	<u>Average Selling Price</u>					
	2Q15	2Q14	% change	1H15	1H14	% 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	82.3	75.9	8.4%	82.2	68.6	19.8%
Fabric processing services	6.5	6.6	-0.8%	6.6	6.5	2.5%
Weighted average ASP	73.6	61.8	19.1%	62.9	55.2	13.9%

Cost of Sales

The cost of sale for 2Q15 vis-à-vis 2Q14 increased by 74.8% is due to higher direct material cost for 2 products released in last year.

The Group's cost of sales comprises mainly direct material cost, direct labor cost and production cost, which represent 86.7%, 1.2% and 12.1% respectively in 2Q15 (2Q14: 86.4%, 1.2% and 12.4% 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 RMB187.3 million or 85.8% from RMB218.4 million in 2Q14 to RMB405.7 million in 2Q15 which was mainly due to the increase in sale quantity of performance fabric by 36.6%.

Gross Profit /(Loss)

Due to the cost production for two new products increased in 2Q15 in order to meet the customer requirements, the raw material costs increased which made the group only made RMB 3.3 million or 0.7% gross margin.

Other income, distribution costs, administrative expenses and other operating expenses

Other income decreased by 87.8% from RMB1.1 million in 2Q14 to RMB136,000 in 2Q15 which mainly due to the decrease in interest income, the interest income decrease due to lower of average cash balance during the period of 2Q15.

Administrative expenses increased by 27.4% from RMB2.8 million in 2Q14 to RMB3.7 million in 2Q15 which was mainly due to the increase in salary of administrative staff and union charges by RMB644,000 and RMB107,000 respectively. The salary increase mainly due to the overtime paid for the administrative staffs.

Other operating expense comprises bad debts written off amounting to approximately RMB 72.7 million which was due from one of the Group's customer. The said customer was one of the Group's Top 10 customers and was recently declared insolvent by the PRC Courts. The Group noted that the declared liabilities of the said customer far exceeds the known assets of the customer. In light of the aforesaid and based on the management assessment of the recoverability of this receivables, management has taken the prudent approach and the amount is fully written off.

Taxation

Due to the Group suffered loss during the period there is no taxation paid in 2Q15.

(Loss)/Profit attributable to shareholders

As a result of loss, the Group's loss attributable to shareholders increased to RMB73.9 million in 2Q15, which mainly due to the bad debts written off during the period of 2Q15.

Consolidated Statement of Financial Position

Our property, plant and equipment decreased by 6.5% from RMB517.7 million as at 31 December 2014 to RMB484.3 million as at 30 June 2015 due to depreciation charges during 2Q15.

Inventories as of 30 June 2015 were approximately RMB74.3 million, representing an increase of 7.2% from RMB69.3 million as of 31 December 2014. The increase is mainly due to increase in finished goods which are due for delivery to customers in the following quarter.

Trade and other receivables decreased by 13.8% from RMB611.8 million as at 31 December 2014 to RMB492.1 million as at 30 June 2015. The decrease is mainly due to trade receivable decreased by RMB119.7 million in 1H15. The decrease of trade receivable is mainly due to bad debt written off for one of customer amounting to RMB 72.7 million in 2Q15 due to insolvency of the said customer.

Trade and other payables decreased by 5.9% from RMB548.8 million as at 31 December 2014 to RMB516.5 million as at 30 June 2015. The decrease is mainly due to reversal of accrual of RMB 165 million after delivery of replacement products in 1H15 net off against with the increase of trade payable amounting to RMB 133.3 million.

The provision as at 30 June 2015 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 RMB18.0 million from RMB25.9 million as at 31 December 2014 to RMB43.9 million as at 30 June 2015. The Group recorded cash inflows mainly due to RMB12.9 million cash inflows from operating activities in 1H15.

The Group recorded a cash inflow from operating activities of RMB12.9 million in 1H15, versus approximately RMB96.8 million of cash inflow for 1H14. That is mainly due to the lower gross margin for the sales of new products of performance fabric in 1H15 due to high cost of raw material.

The Group experienced a net cash inflow of RMB5.1 million from financing activities in 1H15 due to proceed of bank loans of RMB 9.5 million net off the repaid bank loans amounting to RMB4.0 million.

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 first quarter ended 31 March 2015.

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 FY2015, the Group's operating environment remained challenging as sales 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.

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 June 2015.

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 705(5) of the SGX Listing Manual

We, Choi Cheung Kong and Lin Wen Chang, being two of the Directors of China Taisan Technology Group Holdings Limited (the "Company"), do hereby confirmed on behalf of the 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 of the Company or the unaudited consolidated financial information of the Group for the second quarter ended 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Choi Cheung Kong
Non-executive Chairman

Lin Wen Chang
Chief Executive Officer

14 August 2015

By order of the Board

Lin Wen Chang
Chief Executive Officer and Director
14 August 2015