



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

Unaudited Results for the Third Quarter ended
30 September 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		
	3Q15	3Q14	% change	9M15	9M14	% change
	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>+ / (-)</u>
Revenue	105,487	300,965	-65.0%	609,748	741,631	-17.8%
Cost of sales	(125, 675)	(236,326)	-46.8%	(635,361)	(589,996)	7.7%
Gross (loss)/profit	(20,188)	64,639	-131.2%	(25,613)	151,635	-116.9%
Other operating income	173	1,289	-86.6%	556	3,924	-85.8%
Distribution costs	(274)	(420)	-34.8%	(866)	(1,059)	-18.2%
Administrative expenses	(3,493)	(3,636)	-3.9%	(9,205)	(9,058)	1.6%
Other operating expenses	(340)	4	-8600%	(73,083)	(1,024)	7036.2%
Finance costs	(516)	(611)	-15.5%	(1,793)	(1,949)	-8.0%
(Loss)/Profit before income tax	(24,638)	61,265	-140.2%	(110,004)	142,469	-177.2%
Income tax expense	–	(15,532)	–	–	(36,236)	–
(Loss)/Profit for the period	(24,638)	45,733	-153.9%	(110,004)	106,233	-203.5%
Other comprehensive income	–	–	–	–	–	–
Total comprehensive (loss)/income for the period attributable to the equity holders of the Company	(24,638)	45,733	-153.9%	(110,004)	106,233	-203.5%
	<u>3Q15</u>	<u>3Q14</u>		<u>9M15</u>	<u>9M14</u>	
(Loss)/Earnings Per Ordinary Share						
– Basic and diluted (RMB cents)	(44.03)	4.09		(196.59)	9.49	
– Basic and diluted*(S\$ cents)	(9.86)	0.85		(44.02)	1.97	
(Loss)/Earnings Per TDR						
– Basic and diluted^(NTD)	(0.23)	0.41		(1.02)	0.94	

* Based on Bloomberg exchange rate of RMB1: S\$0.2239 (2013: RMB1: S\$0.2078) as at end of 30 September 2015 for reference purpose.

^ Based on Bloomberg exchange rate of RMB1: NTD5.1908 (2013: RMB1: NTD4.9561) as at end of 30 September 2015 for reference purpose. 1TDR (Taiwan Depositary Receipt) represents 0.1 ordinary shares (3Q14: 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.

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		
	3Q15	3Q14	% change	9M15	9M14	% 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	2	NM
Amortisation of other asset	–	–	NM	–	800	NM
Bad debt written off	–	–	NM	72,743	–	NM
Depreciation of property, plant and equipment	16,725	16,731	-0.1%	50,182	50,742	-1.1%
Interest income	(115)	(1,069)	-89.2%	(382)	(3,194)	-88.1%
Interest on borrowings	516	611	-15.6%	1,793	1,949	8.0%
Net exchange loss/(gain)	–	(12)	NM	–	16	NM
Sales of scraps	340	8	4150.0%	340	8	4150.0%
Government grants	(57)	(221)	-74.2%	(173)	(731)	-76.3%

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 2015	At 31 December 2014	At 30 September 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	467,554	517,736	–	–
Intangible assets	100	102	–	–
Investment in subsidiary	–	–	88,268	88,268
Other asset	2,400	2,400	–	–
	470,054	520,238	88,268	88,268
Current assets				
Inventories	58,952	69,339	–	–
Trade and other receivables	409,097	731,165	12	12
Amount owing by subsidiary	–	–	467,261	469,495
Cash and bank balances	39,515	25,916	498	874
	507,564	826,420	467,771	470,381
Total assets	977,618	1,346,658	556,039	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 reserves	97,012	97,012	–	–
Accumulated profits	(18,204)	91,800	(1,958)	164
Total equity attributable to equity holders of the Company	647,693	757,697	555,436	557,558
Current liabilities				
Trade and other payables	290,580	548,851	603	1,091
Amount owing to related party	5,113	2,878	–	–
Interest-bearing liabilities	31,500	34,500	–	–
Provision for taxation	2,732	2,732	–	–
Total liabilities	329,925	588,961	603	1,091
Total equity and liabilities	977,618	1,346,658	556,039	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 September 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	31,500	–	34,500	–
Shareholder's loan	–	5,112	–	2,878
	31,500	5,112	34,500	2,878

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

None.

(C) details of any collateral.

	As at 30 September 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 a related company	18,500	21,500
	31,500	34,500

Note: All the above bank loans as at 30 September 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	
	3Q15	3Q14	9M15	9M14
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Operating activities				
Profit /(Loss) before income tax	(24,638)	61,265	(110,004)	142,469
Adjustments for:				
Amortisation of land use right	1	1	2	2
Amortisation of other asset	–	–		800
Bad debt written off	–	–	72,743	–
Depreciation of property, plant and equipment	16,725	16,731	50,182	50,742
Interest income	(115)	(1,069)	(382)	(3,194)
Interest expense	516	611	1,793	1,949
Operating cash flow before working capital changes	(7,511)	77,539	14,334	192,768
Inventories	15,353	(10,894)	10,387	(68,036)
Trade and other receivables	221,246	(246,083)	249,325	(288,698)
Trade and other payables	(225,893)	34,602	(258,269)	115,856
Cash used in operations	3,195	(144,836)	15,777	(48,110)
Interest received	115	1,069	382	3,194
Income tax/VAT paid	–	–	–	(2,098)
Cash used in operating activities	3,310	(143,767)	16,159	(47,014)
Financing activities				
Repayment of bank loans	(8,500)	–	(18,000)	(5,000)
Proceeds of bank loans	–	5,000	15,000	5,000
Amounts owing to related party	1,308	(899)	2,233	777
Interest paid	(516)	(611)	(1,793)	(1,949)
Cash generated from /(used in) financing activities	(7,708)	3,490	(2,560)	(1,172)
Net decrease in cash and cash equivalents	(4,398)	(140,277)	13,599	(48,186)
Cash and cash equivalents at the beginning of the financial period	43,913	471,871	25,916	379,780
Cash and cash equivalents at the end of the financial period	39,515	331,594	39,515	331,594

*- 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 2014	562,103	(4,709)	11,491	97,012	525,872	1,191,769
Total comprehensive loss for the period	–	–	–	–	106,233	106,233
At 30 September 2014	562,103	(4,709)	11,491	97,012	632,105	1,298,002
At 1 January 2015	562,103	(4,709)	11,491	97,012	91,800	757,697
Total comprehensive income for the period	–	–	–	–	(110,004)	(110,004)
At 30 September 2015	562,103	(4,709)	11,491	97,012	(18,204)	647,693

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 2014	562,103	(4,709)	3,095	560,489
Total comprehensive loss for the period	–	–	(2,176)	(2,176)
At 30 September 2014	562,103	(4,709)	919	558,313
At 1 January 2015	562,103	(4,709)	164	557,558
Total comprehensive loss for the period	–	–	(2,122)	(2,122)
At 30 September 2015	562,103	(4,709)	(1,958)	(555,436)

- 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 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 September 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	55,954,926	1,119,098,518

- 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 2015 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 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>	
	Third quarter ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
	<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	(44.03)	4.09	(196.59)	9.49
Number of shares				
Weighted average number of issued ordinary shares	55,954,926	1,119,098,518	55,954,926	1,119,098,518

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 2015	As at 31 December 2014	As at 30 September 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	992.65	115.99	1157.53	49.89
Number of issued ordinary shares excluding treasury share as at end of the period	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: -
- (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 2015 ("3Q15"), the Group's revenue decreased by 64.9% to RMB105.5 million as compared to the RMB300.9 million for the third quarter ended 30 September 2014("3Q14").

The decrease in revenue mainly resulted from the decrease in the sales of performance fabrics in 3Q15 by 68.3% from RMB 292.3 million in 3Q14 to RMB 92.5 million in 3Q15. The decrease is mainly due to reduce the production of performance fabric due to low product margin.

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

	<u>Revenue</u>					
	3Q15	3Q14	% change	9M15	9M14	% 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	92,494	292,316	-68.3%	583,199	721,859	-19.2%
Fabric processing services	12,993	8,649	50.2%	26,549	19,772	34.3%
Total	105,487	300,965	-64.9%	609,748	741,631	-17.8%

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

	<u>Sales Quantity</u>					
	3Q15	3Q14	% change	9M15	9M14	% change
	<u>Tonnes</u>	<u>Tonnes</u>	<u>+ / (-)</u>	<u>Tonnes</u>	<u>Tonnes</u>	<u>+ / (-)</u>
Manufacturing and sale of performance fabrics	1,104	3,856	-71.4%	7,077	10,119	-30.1%
Fabric processing services	1,876	1,289	45.54%	3,924	3,013	30.24%
Total	2,980	5,143	-42.08%	11,001	13,132	-16.23%

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

	<u>Average Selling Price</u>					
	3Q15	3Q14	% change	9M15	9M14	% 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	83.8	75.8	10.5%	82.4	71.3	15.5%
Fabric processing services	6.9	6.7	3.2%	6.8	6.6	3.1%
Weighted average ASP	35.4	58.5	-39.5%	55.4	56.5	-1.8%

Cost of Sales

The cost of sale for 3Q15 vis-à-vis 3Q14 decreased by 46.8% which is line with the decrease in sale of performance fabric.

The Group's cost of sales comprises mainly direct material cost, direct labor cost and production cost, which represent 77.2%, 3.3% and 19.5% respectively in 3Q15 (3Q14: 85.5%, 1.6% and 12.9% 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 decreased by RMB129.9 million or 52.9% from RMB207.5 million in 3Q14 to RMB97.6 million in 3Q15, mainly due to the decrease in sale of performance products due to lower margin in all performance products.

Gross Profit/(Loss)

In order to meet the customer requirements the cost of production per tonnes for two new products increased, therefore there is gross loss to RMB20.2 million in 3Q15 compare with gross profit of RMB45.7 million in 3Q14.

Administrative expenses and operating expenses

Other income decreased by 86.6% from RMB1.3 million in 3Q14 to RMB173,000 in 3Q15 which mainly due to the decrease in interest income, the interest income decrease due to lower of average cash balance during the period of 3Q15.

Administrative expenses decreased by 3.9% from RMB3.6 million in 3Q14 to RMB3.5 million in 3Q15 which was mainly due to the decrease in salary of administrate staff and union charges.

Taxation

As the Group suffered loss during the period there is no taxation incurred in 3Q15.

Profit/(Loss) attributable to shareholders

As a result of loss, the Group's loss attributable to shareholders increased to RMB24.6 million in 3Q15, which mainly due to the gross loss for sale of two products during the period of 3Q15.

Statements of Financial Position

The property, plant and equipment decreased by 9.7% from RMB517.7 million as at 31 December 2014 to RMB467.6 million as at 30 September 2015 due to depreciation charge of RMB50.2 million during the 9 months period.

Inventories as at 30 September 2015 were approximately RMB58.9 million, representing an decrease of 15.0% from RMB69.3 million as at 31 December 2014. The decrease is mainly due to decrease in raw materials which are due to reduce order for current period.

Trade and other receivables decreased by 44.0% from RMB731.2 million as at 31 December 2014 to RMB409.1 million as at 30 September 2015. The decrease is mainly due to trade receivable decreasing by RMB271.2 million in 9M15 and bad debt written off of RMB72.7 million during this period.

Trade and other payables decreased by 47.1% from RMB548.8 million as at 31 December 2014 to RMB290.6 million as at 30 September 2015. The decrease is mainly due to reversal of accrual of RMB 165 million after delivery of replacement products in 1H15 and the net payment of trade payable amounting to RMB 92.3 million.

The provision as at 30 Sep 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 RMB13.6 million from RMB25.9 million as at 31 December 2014 to RMB39.5 million as at 30 Sep 2015. The Group recorded cash inflows mainly due to RMB16.2 million cash inflows from operating activities in 9M15.

The Group recorded a cash inflow from operating activities of RMB16.2 million in 9M15, versus approximately RMB47.0 million of cash outflow for 9M14. That is mainly due to trade receivable collected in 9M15.

The Group experienced a net cash outflow of RMB2.6 million from financing activities in 9M15 due to proceed of bank loans of RMB15.0 million net off the repaid bank loans amounting to RMB18.0 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 second quarter ended 30 June 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 September 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 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 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

13 November 2015

By order of the Board

Lin Wen Chang
Chief Executive Officer and Director
13 November 2015