

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		
	2017 RMB'000	2016 RMB'000	Changes %	2017 RMB'000	2016 RMB'000	Changes %
Revenue	8,999	22,708	(60.3)	17,465	42,036	(58.5)
Cost of sales	(2,284)	(16,872)	(86.5)	(3,183)	(30,659)	(89.6)
Gross profit	6,715	5,836	15.1	14,282	11,377	25.5
Other operating income	6,003	161	>100	9,645	1,303	>100
Selling and distribution expenses	-	(730)	N.M	(1)	(1,239)	(99.9)
Administrative expenses	(8,231)	(3,985)	>100	(15,646)	(8,192)	91.0
Finance costs	(4,619)	(5,088)	(9.2)	(9,488)	(10,431)	(9.0)
Loss before income tax	(132)	(3,806)	N.M	(1,208)	(7,182)	N.M
Income tax	(58)	797	N.M	95	1,555	N.M
Net loss for the period	(190)	(3,009)	N.M	(1,113)	(5,627)	N.M
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	5	118	(95.8)	17	372	(95.4)
Government grants	-	-	-	-	1,300	N.M
Gain on disposal of held for trading investments	119	13	>100	239	3	>100
Fair value gain/(loss) on held for trading investment	(50)	17	N.M	(50)	(493)	(89.9)
Gain/(loss) on disposal of plant and equipment	-	(9)	N.M	(1)	47	N.M
Margin on sewage and utilities charged to lessees	5,929	-	>100	9,439	-	>100
Interest on borrowings	(4,619)	(5,088)	(9.2)	(9,488)	(10,431)	(9.0)
Depreciation expense	(4,920)	(6,234)	(21.1)	(9,889)	(12,435)	(20.5)

N.M : Not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 June 2017

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	
	30/06/2017 RMB'000	31/12/2016 RMB'000	30/06/2017 RMB'000	31/12/2016 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	37,778	94,135	2,019	204
Held-for-trading investments	2,359	2,898	-	-
Trade receivables	19,659	29,386	-	-
Other receivables and prepayments	11,066	11,136	4,439	4,498
Inventories	1,423	3,978	-	-
Prepaid leases	519	647	-	-
Development properties held for sale	497,680	497,680	-	-
Total current assets	570,484	639,860	6,458	4,702
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	27,666	27,666	-	-
Property, plant and equipment	80,775	78,446	-	-
Investment properties	71,158	71,158	-	-
Prepaid leases	23,503	23,535	-	-
Deferred tax assets	3,368	3,274	-	-
Total non-current assets	206,470	204,079	144,587	144,587
Total assets	778,954	843,939	151,045	149,983
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	341,000	379,000	-	-
Trade payables	11,239	23,789	-	-
Other payables	182,178	197,500	31,290	28,108
Loans from a related party	968	968	968	968
Deferred income	54,032	54,032	-	-
Tax payable	21,729	21,729	-	-
Total current liabilities	611,146	677,018	32,258	29,076
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Total non-current liabilities	20,817	20,817	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	(2,495)	(1,382)	(7,021)	(5,595)
Other reserves	21,678	21,678	-	-
Total equity	144,991	146,104	118,787	120,213
Total liabilities and equity	778,954	843,939	151,045	149,289

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 30/06/2017		Group As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
341,000	968	381,854	968

Details of any collateral

As at 30 June 2017, the Group secured facilities comprising notes payable of RMB Nil million and bank loan of RMB341.0 million (31 December 2016: notes payable: RMB2.8 million and bank loans: RMB379.0 million). These facilities were guaranteed by related parties and secured by pollution quota and development properties held for sale.

As at 30 June 2017, the unsecured facilities comprised loans of RMB0.9 million (31 December 2016: 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	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Operating activities				
Loss before income tax	(132)	(3,806)	(1,208)	(7,182)
Adjustment for:				
Depreciation expense	4,920	6,234	9,889	12,435
Fair value (gain)loss on held for trading investments	(119)	(17)	(239)	493
Loss/(gain) on disposal of held for trading investments	50	(13)	50	(3)
Gain/(loss) on disposal of property, plant and equipment	-	9	-	(47)
Interest expense	4,619	5,088	9,488	10,431
Interest income	(5)	(118)	(17)	(372)
Operating cash flows before movements in working capital	9,333	7,377	17,963	15,755
Trade receivables	2,585	4,598	9,727	16,720
Other receivables and prepayments	(136)	(886)	70	(4,290)
Inventories	1,697	2,148	2,555	(3,529)
Trade payables	(152)	(3,966)	(12,550)	(24,619)
Other payables	(10,427)	5,788	(15,322)	3,008
Cash generated from operations	2,900	15,059	2,443	3,045
Interest received	5	118	17	372
Interest paid	(4,619)	(5,088)	(9,488)	(10,431)
Income tax paid	(12)	(1)	-	(3)
Net cash used in operating activities	(1,726)	10,088	(7,028)	(7,017)
Investing activities				
Prepaid lease	160	-	160	-
Proceed from disposal of investments held for trading	1,646	58	1,646	488
Purchase of property, plant and equipment	1,917	(12,415)	(12,217)	(22,360)
Purchase of investments held for trading	(918)	(92)	(918)	(636)
Net cash generated from (used in) investing activities	3,003	(12,449)	(11,329)	(22,067)
Financing activities				
Bank borrowings	-		(38,000)	
Loan from related party	-	19	-	19
Decrease in pledged fixed deposits	-	747	2,854	21,399
Net cash from financing activities	-	766	(35,146)	21,418
Net (decrease) increase in cash and cash equivalents	1,277	(1,595)	(53,503)	(7,666)
Cash and cash equivalents at beginning of the period	36,501	5,168	91,281	11,239
Cash and cash equivalents at end of the period (Note)	37,778	3,573	37,778	3,573
Note:				
Cash and cash equivalents comprise the following:				
Fixed deposits	-	26,168	-	26,168
Cash and bank balances	37,778	3,573	37,778	3,573
Less: Pledged fixed deposits	-	(26,168)	--	(26,168)
	37,778	3,573	37,778	3,573

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 year.

The Group	2017			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	(1,382)	146,104
Net loss for the period	-	-	(1,113)	(1,113)
Balance at 30 June	125,808	21,678	(2,495)	144,991

The Group	2016			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit for the period	-	-	(5,627)	(5,627)
Balance at 30 June	125,808	21,678	3,373	150,859

The Company	2017		
	Issued Capital	Accumulated Loss	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(5,595)	120,213
Net loss for the period	-	(1,426)	(1,426)
Balance at 30 June	125,808	(7,021)	118,787

The Company	2016		
	Issued Capital	Accumulated Profits	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

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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017 and 30 June 2016.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2017 and 30 June 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,

	30 June 2017	31 December 2016
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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 or practice

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 2016 have been applied in the preparation for the financial statements as at 30 June 2017.

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 financial 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	
	2017	2016	2017	2016
Net loss after income tax (RMB'000)	(190)	(3,009)	(1,113)	(5,627)
Basic basis (RMB cents)	(0.06)	(1.0)	(0.37)	(1.87)
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 the total number of issued shares excluding treasury shares of the issuer at the end of the(a) current period reported on and(b) immediately preceding financial year

	Group		Company	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
Net Assets (RMB'000)	144,991	150,859	118,787	122,637
Net asset value per ordinary share (RMB cents)	48.09	50.04	39.40	40.68
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 58.5% to RMB17.5 million i as compared with the corresponding quarter in FY2016 ("2Q 2016"). The decrease was mainly due to the overall slowdown of China's textile manufacturing industry amid a continuing 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 its factory space and plant and equipment of the "narrow width" division as part of the Group's effort to reduce redundancy and increase production efficiency.

The revenue for 2Q 2017 consist of mainly rental income of RMB16.2 million (2Q 2016 ; RMB11.0 million) for renting out part of the factory space mentioned above and some revenues generated of disposing some of the old products. Although the revenue for 2Q2017 was impacted, the Group managed to increase its gross profit margin and narrow its net losses on year to year basis as a result of renting out the factory spaces.

Gross Profit and Gross Profit Margin

The rental revenue in 2Q 2017 has resulted in the increase in gross profit as well as gross profit margin of the Company due to reasons mentioned above.

Operating Cost

Selling and distribution expenses

The substantial decrease in selling and distribution expenses was mainly due to the cessation of the production activities of the Group's printing and dyeing business thus resulting in a minimum selling and distribution expenses incurred during the period.

Administrative expenses

The increase in administrative expenses was mainly due to the allocation of depreciation of RMB9.0 million for the plant and equipment from cost of sales to administrative expenses due to cessation of the print and dye production activities for the period under review (In prior years all the depreciation were allocated to cost of sales).

Finance costs

The decrease in finance costs corresponds with the decrease in bank borrowings during the period.

Other operating income

The other operating income for 2Q 2017 mainly comprises of margin of RMB9.4 million obtained from the sewage charges from the lessees in the new factory while the other operating income in 2Q 2016 mainly comprises of government grant received of RMB1.3 million.

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 which resulted from the continuing slowdown of the PRC's economy 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 2017, compared with 31 December 2016.

Trade receivables decreased by RMB9.7 million mainly due to receipt of payment during the period.

Inventories decreased by RMB2.5 million mainly due to disposal of existing inventories carried forward from previous periods..

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 RMB2.4 million, mainly due to addition of property, plant and equipment during the period of RMB12.4 million mainly on the new factory building in Binhai industry zone offset with the depreciation charge of RMB 9.9 million for the period..

Deferred tax assets is related to certain subsidiaries' unutilised tax losses which are available for offset against future taxable profits.

Bank borrowings decreased by RMB38.0 million mainly due to repayment during the period.

Trade payables decreased by RMB12.6 million, mainly due to repayment during the period.

Other payables decreased by RM15.3 million, mainly due to repayments for 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. The deferred income is classified under current liabilities from long term liabilities in prior years as it will be recognizable in FY2017 due to the demolition of the factory in Kebei. The reclassification of the deferred tax income from long term liabilities to short term liabilities has resulted in current liabilities exceeding the current assets at the end of the financial period. The current assets will exceed the current liabilities once the deferred income is recognized in FY 2017.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's generated a positive cash flow from operation in 2Q 2017 which was mainly due to the receipt of trade receivables and reduction in loss before tax as compared 2Q2016.

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

The negative net cash used in financing activities is mainly due to repayment of bank borrowings of RM38.0 million during the period.

As a result of the above cash flows activities, the Group maintains a net decrease in cash and cash equivalents of RMB53.5 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 significant trends and 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 continues to face challenges from the weak economic sentiments in China. We will provide updates when appropriate or when there are concrete business developments.

11. Dividend

(a) whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) Final ordinary dividend

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for the current financial period.

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

10 August 2017

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 2017 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

10 August 2017