



CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED

(Company Registration Number: 200711863D)

UPDATES ON THE COMPANY'S NOTIFICATION OF PRODUCTS WHICH ARE NOT UP TO CUSTOMERS' SPECIFICATIONS

The Board of Directors (the “**Board**”) of China Taisan Technology Group Holdings Limited (the “**Company**”) refers to the announcement dated 14 November 2014 (Announcement Reference: SG141114OTHRKU6F) in which the Company has informed shareholders that the Company has received some complaints from a customer that certain of the Group’s new products have quality issues.

The Company has completed its internal investigations into the customers’ complaints and it was noted that the issues with the Company’s newer products arose as a result of a lapse by the Company’s quality control department. As has been previously disclosed, these affected products amounts to approximately 6,270 tonnes and form a significant portion of the 6,573 tonnes products which have been delivered during the financial year ending 31 December 2014 (“**FY2014**”).

The Group CEO, Mr Lin Wen Chang and Sales and Marketing Manager Mr Cai Jinding have concluded discussions on the manner of resolution of the matter with customers and the Company has collected back the affected products and agreed to conduct a one-to-one goods exchange for any product which has quality issues and/or discounts for affected products (as the case may be). The Group is confident of maintaining its good relationships with these customers.

The Company has been manufacturing the replacement products since November 2014 and is expected to complete the one-to-one goods exchange exercise sometime in April 2015. The Company will bear the production cost of the replacement products but is expected to recover some of the aforesaid cost from the sale of the affected products at a discount. The Company is in the midst of finalising the impact to the Group’s financial position for FY2014 and will keep shareholders updated on this matter.

The Board of Directors wishes to emphasize that to date, no dispute or legal action has been taken by the affected customers against the Group.

Barring any unforeseen circumstances, the Directors are of the view that the Group will continue to be solvent and able to operate as a going concern.

BY ORDER OF THE BOARD

Lin Wen Chang
Chief Executive Officer

23 January 2015