

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		
	2014 RMB'000	2013 RMB'000	Changes %	2014 RMB'000	2013 RMB'000	Changes %
Revenue	90,296	108,570	(16.8)	161,230	205,766	(21.6)
Cost of sales	(89,353)	(102,011)	(12.4)	(154,337)	(189,669)	(18.6)
Gross profit	943	6,559	(85.6)	6,893	16,097	(57.2)
Other operating income	11,603	711	>100	12,517	2,018	>100
Selling and distribution expenses	(3,240)	(3,311)	(2.1)	(6,304)	(6,366)	(1.0)
Administrative expenses	(12,691)	(10,091)	25.8	(21,804)	(20,064)	8.7
Finance costs	(7,456)	(2,790)	>100	(14,339)	(5,743)	>100
Loss before income tax	(10,841)	(8,922)	21.5	(23,037)	(14,058)	63.9
Income tax	1,672	3,128	(46.5)	4,462	3,204	39.3
Net loss for the period	(9,169)	(5,794)	58.2	(18,575)	(10,854)	71.1
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	521	976	(46.6)	1,247	2,226	(43.9)
Government grants	180	-	>100	180	40	>100
Gain (loss) on disposal of held for trading investments	12	(54)	>100	79	(56)	>100
Fair value loss on held for trading investment	61	393	(84.2)	(50)	388	(>100)
Gain on disposal of plant and equipment	26	504	(94.8)	252	504	(50.0)
Gain on disposal of excess pollution quota	8,000	-	>100	8,000	-	>100
Insurance claim	2,800	-	>100	2,800	-	>100
Interest on borrowings	(7,456)	(2,790)	>100	(14,339)	(5,743)	>100
Depreciation expense	(7,504)	(7,581)	(1.0)	(15,067)	(15,148)	(0.5)

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 June 2014

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	
	30/06/2014 RMB'000	31/12/2013 RMB'000	30/06/2014 RMB'000	31/12/2013 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	87,105	144,570	426	152
Held-for-trading investments	2,265	2,559	-	-
Trade receivables	63,921	59,104	-	-
Other receivables and prepayments	11,334	10,229	5,310	6,347
Inventories	59,327	48,394	-	-
Prepaid leases	519	519	-	-
Development properties held for sale	459,605	459,605	-	-
Total current assets	684,076	724,980	5,736	6,499
Non current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,000	26,000	-	-
Property, plant and equipment	157,625	171,843	-	-
Prepaid leases	26,106	25,437	-	-
Deferred tax assets	35,425	32,479	-	-
Assets classified as held for sales	18,802	18,802	-	-
Total non-current assets	263,958	274,561	144,587	144,587
Total assets	948,034	999,541	150,323	151,086
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	378,000	380,000	-	-
Trade payables	176,230	193,667	-	-
Other payables	49,205	60,999	23,599	23,298
Loans from a related party	610	610	610	610
Tax payable	14,647	16,348	-	-
Total current liabilities	618,692	651,624	24,209	23,908
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Liabilities associated with assets classified as held for sale	42,000	42,000	-	-
Deferred income	146,476	146,476	-	-
Total non-current liabilities	209,293	209,293	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
(Accumulated losses)/retained earnings	(30,613)	(12,038)	306	1,370
Other reserves	24,854	24,854	-	-
Total equity	120,049	138,624	126,114	127,178
Total liabilities and equity	948,034	999,541	150,323	151,086

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 30/06/2014		Group As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
418,798	80,610	435,156	80,610

Details of any collateral

As at 30 June 2014, the Group secured facilities comprising notes payable of RMB78.8million and bank loan of RMB340.0 million (31 December 2013: notes payable – RMB93.2 million and bank loans: RMB342.0 million). These facilities were secured by certain bank deposits, certain equipment and part of the prepaid leases.

As at 30 June 2014, the unsecured facilities comprised loans of RMB0.6 million (31 December 2013: RMB0.6 million) from a related party, and bank loans of RMB80.0 million (31 December 2013: RMB80.0 million). These bank loans were guaranteed by related parties and external parties.

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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Operating activities				
Loss before income tax	(10,841)	(8,922)	(23,037)	(14,058)
Adjustment for:				
Depreciation expense	7,504	7,581	15,067	15,148
Fair value (gain)loss on held for trading investments	(61)	393	50	388
(Gain)loss on disposal of held for trading investments	(12)	(54)	(79)	(56)
(Gain) loss on disposal of property, plant and equipment	(26)	504	(252)	504
Interest expense	7,456	2,790	14,339	5,743
Interest income	(521)	(976)	(1,247)	(2,226)
Operating cash flows before movements in working capital	3,499	1,316	4,841	5,443
Development held for sales	-	(4,101)	-	(8,243)
Trade receivables	4,499	6,714	(4,817)	(2,784)
Other receivables and prepayments	(1,755)	(721)	(1,105)	(610)
Inventories	(3,799)	3,670	(10,933)	4,037
Trade payables	2,518	(5,128)	(17,438)	2,755
Other payables	1,369	(8,984)	(11,794)	(6,418)
Cash generated from operations	6,331	(7,234)	(41,246)	(5,820)
Interest received	521	976	1,247	2,226
Interest paid	(7,456)	(2,790)	(14,339)	(5,743)
Income tax paid	(1,651)	(5,203)	(185)	(6,148)
Net cash used in operating activities	(2,255)	(14,251)	(54,523)	(15,485)
Investing activities				
Payment for the prepaid leases	-	(21,730)	(669)	(21,730)
Refund of deposit for prepaid lease	-	-	-	667
Proceed from disposal of property, plant and equipment	63	953	324	953
Proceed from disposal of investments held for trading	132	849	1,239	2,171
Purchase of property, plant and equipment	(14)	(270)	(920)	(1,981)
Purchase of investments held for trading	(128)	(1,159)	(916)	(2,239)
Net cash generated from (used in) investing activities	53	(21,357)	(942)	(22,159)
Financing activities				
Addition of bank borrowings	-	80,000	-	99,000
Repayment of bank borrowings	(2,000)	(40,741)	(2,000)	(123,632)
Decrease in pledged fixed deposits	3,576	5,050	7,751	39,185
Dividend paid	-	(6,681)	-	(6,681)
Net cash (used in) from financing activities	1,576	37,628	5,751	7,872
Net (decrease) increase in cash and cash equivalents	(626)	2,020	(49,714)	(29,772)
Cash and cash equivalents at beginning of the period	11,161	4,788	60,249	36,580
Cash and cash equivalents at end of the period (Note A)	10,535	6,808	10,535	6,808
Note:				
A) Cash and cash equivalents comprise the following:				
Fixed deposits	76,570	121,150	76,570	121,150
Cash and bank balances	10,535	6,808	10,535	6,808
Less: Pledged fixed deposits	(76,570)	(121,150)	(76,570)	(121,150)
	10,535	6,808	10,535	6,808

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	2014			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	24,854	(12,038)	138,624
Dividend	-	-	-	-
Net loss for the period	-	-	(18,575)	(18,575)
Balance at 30 June	125,808	24,854	(30,613)	120,049

The Group	2013			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	24,759	14,258	164,825
Dividend	-	-	(6,681)	(6,681)
Net loss for the period	-	-	(10,854)	(10,854)
Balance at 30 June	125,808	24,759	(3,277)	147,290

The Company	2014		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	1,370	127,178
Dividend	-	-	-
Net loss for the period	-	(1,064)	(1,064)
Balance at 30 June	125,808	306	126,114

The Company	2013		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	7,302	133,110
Dividend	-	(6,681)	(6,681)
Net loss for the period	-	(175)	(175)
Balance at 30 June	125,808	446	126,254

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 June 2014 and 30 June 2013.

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 2014	31 December 2013
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 2013 have been applied in the preparation for the financial statements as at 30 June 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

	3 months ended 30 June		6 months ended 30 June	
	2014	2013	2014	2013
Net loss after income tax (RMB'000)	(9,169)	(5,794)	(18,575)	(10,854)
Basic basis (RMB cents)	(3.04)	(1.92)	(6.16)	(3.60)
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 June 2014	31 Dec 2013	30 June 2014	31 Dec 2013
Net Assets (RMB'000)	120,049	138,624	126,114	127,178
Net asset value per ordinary share (RMB cents)	39.82	45.98	41.83	42.18
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 16.8% to RMB90.3 million in the second quarter of FY2014 ("2Q 2014") as compared with the corresponding quarter in FY2013 ("2Q 2013"). The decrease was mainly due to the continuous economic uncertainties which led to consumers being more cautious in their spending, thus resulting in a lower demand for textile products which led to lower processing volume.

Gross Profit and Gross Profit Margin

In line with lower sales volume and revenue, and also as a result of fixed overhead costs, the Group's gross profit decreased by 85.6% to RMB0.9 million in 2Q 2014 as compared with 2Q 2013. Overall gross profit margin declined from 7.8% in the first half of 2013 to 4.2% in the first half of 2014.

Operating Cost

Selling and distribution expenses

The decrease in selling and distribution expenses was in line with the drop in revenue for the period.

Administrative expenses

The increase in administrative expenses of RMB1.7 million in the first half of 2014 was mainly due to a contribution of RMB1.0 million made to the local government for a Shaoxing water treatment project.

Finance costs

The higher finance costs in 2Q 2014 as compared to 2Q 2013 was mainly due to the non-capitalisation of interest expense to Development properties held for sales in 2Q 2014 (interest of approximately RMB4.1 million was capitalised in Q2 2013) as the property development activity has been temporarily suspended due to economic uncertainties.

Other operating income

Other operating income mainly comprised of gain of disposal of excess pollution quota of RMB8.0 million and insurance claims of RMB2.8 million during the period.

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 decline in revenue resulted in the significant decrease in gross profit and a corresponding net loss for the period ended 30 June 2014.

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 2014, compared with 31 December 2012.

Trade receivables increased by RMB4.8 million mainly due to the higher sales achieved closer to the end of the period.

Inventories increased by RMB10.9 million as the Group made purchases of inventories to stock up in anticipation of price hikes in future.

Property, plant and equipment decreased by RMB14.2 million, mainly due to the depreciation charge for the period.

Deferred tax asset increased by about RMB3.0 million, mainly due to the provision of deferred tax assets for the losses during the period.

Bank loans decreased by RMB2.0 million, mainly due to repayment made during the period.

Trade payables decreased by RMB17.4 million, mainly due to payment made during the period.

Other payables decreased by RMB11.8 million, mainly due to repayment of amount owing to Zhejiang Jishan Industry Co., Ltd of RMB10.0 million during the period.

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, and the 5% withholding tax provided on the Chinese subsidiaries' undistributed profits since FY2008, which will be charged by the local tax authorities when these companies remit the dividends back to Singapore 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 as well as the sale consideration received from the Purchaser of Zhejiang Jishan Extra Width Co. Ltd ("Extra Width") as the legal ownership of Extra Width is to be transfer on 1 January 2015.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's operating activities cash flows were negative in 2Q 2014. This was mainly due to the much lower revenue during the period due to reasons explained above, which resulted in the tighter cash flow generated from operating activities.

The repayment of bank loans of RMB2.0 million was the major cashflow for financing activities for the period.

As a result of the above cash flows activities, there was a negative net cash and cash equivalent of RMB0.6 million for 2Q 2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

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's print and dye business continues to face challenges including higher cost of labour, raw materials, energy and environmental protection.

In addition, as the Chinese economy continued to slow down as a result of the transformation of its economic model, the Group remains cautious on its textile print and dye business outlook for the next 12 months.

In response to the evolving business environment, the Group proposed a business diversification into financial services, which received shareholders' approval at the Extraordinary General Meeting held on 26 March 2014.

The Board is of the view that the Group's foray into the financial services sector will provide an additional source of income for the Group, while allowing the Group to gain exposure to the private capital market.

The joint venture company, Shaoxing Keqiao District Jishan Uni-Power Private Capital Management Co., Ltd, which will undertake

the business of provision of financial services, is expected to be operational within the current financial year.

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”)

Name of Interested Person	Aggregate value of all IPT During the year (excluding Transactions below \$ 100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920) RMB’000	Aggregate value of all IPT Conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions below \$ 100,000) RMB’000
Amounts receivables from: Zhejiang Jishan Industry Co., Ltd	3,335	-
Amounts due to: Thriving Pte. Ltd.	610	-
Year-end balance of loans guaranteed by: Jin Guan Liang	165,000	-
Year-end balance of loans guaranteed by: Jin Yao Yun	85,000	-
Year-end balance of loans guaranteed by: Zhejiang Jishan Group Holdings Co., Ltd.	74,000	-
Year-end balance of loans guaranteed by: Jishan House Estate Ltd.	9,000	-
Year-end balance of loans guaranteed by: Shaoxing County Yamei Biochemical Co., Ltd.	9,000	-

BY ORDER OF THE BOARD

Jin Rong Hai
Chief Executive Officer

12 August 2014

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, JIN RONG HAI 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 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Jin Rong Hai
Chief Executive Officer

Yu Ming Hai
Executive Director

12 August 2014