

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		
	2015 RMB'000	2014 RMB'000	Changes %	2015 RMB'000	2014 RMB'000	Changes %
Revenue	25,602	90,296	(71.6)	83,804	161,230	(48.0)
Cost of sales	(22,237)	(89,353)	(75.1)	(77,081)	(154,337)	(50.1)
Gross profit	3,365	943	>100	6,723	6,893	(2.5)
Other operating income	15,478	11,603	33.4	97,827	12,517	>100
Selling and distribution expenses	(690)	(3,240)	(78.7)	(2,382)	(6,304)	(62.2)
Administrative expenses	(5,955)	(12,691)	(53.1)	(12,693)	(21,804)	(41.8)
Finance costs	(6,078)	(7,456)	(18.5)	(12,142)	(14,339)	(15.3)
Profit/(loss) before income tax	6,120	(10,841)	>100	77,333	(23,037)	>100
Income tax	(1,633)	1,672	(>100)	(11,875)	4,462	(>100)
Net profit/(loss) for the period	4,487	(9,169)	>100	65,458	(18,575)	>100
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	648	521	24.3	989	1,247	(20.7)
Government grants	300	180	66.7	350	180	94.4
Gain on disposal of subsidiary	-	-	-	85,235	-	>100
Gain on disposal of held for trading investments	1,086	12	>100	1,045	79	>100
Fair value loss on held for trading investment	940	61	>100	1,496	(50)	>100
Rental income	8,958	-	>100	8,958	-	>100
Gain/(loss) on disposal of plant and equipment	(1,259)	26	>100	(5,056)	252	(>100)
Gain on disposal of excess pollution quota	4,800	8,000	(40.0)	4,800	8,000	(40.0)
Insurance claim	-	2,800	N.M	-	2,800	N.M
Interest on borrowings	(6,078)	(7,456)	(18.5)	(12,142)	(14,339)	(15.3)
Depreciation expense	(5,715)	(7,504)	(23.8)	(11,754)	(15,067)	(22.0)

N.M : Not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 June 2015

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	
	30/06/2015 RMB'000	31/12/2014 RMB'000	30/06/2015 RMB'000	31/12/2014 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	52,737	90,740	386	1,360
Held-for-trading investments	2,031	3,174	-	-
Trade receivables	62,223	71,432	-	-
Other receivables and prepayments	9,811	8,635	4,193	4,196
Inventories	27,511	32,201	-	-
Prepaid leases	-	509	-	-
Development properties held for sale	459,605	459,605	-	-
Asset classified as held for sale	-	19,090	-	-
Total current assets	613,918	685,386	4,579	5,556
Non current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,401	26,401	-	-
Property, plant and equipment	124,949	145,856	-	-
Prepaid leases	24,981	24,726	-	-
Deferred tax assets	38,527	38,500	-	-
Total non-current assets	214,858	235,483	144,587	144,587
Total assets	828,776	920,869	149,166	150,143
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	369,000	369,000	-	-
Trade payables	115,753	171,518	-	-
Other payables	53,487	60,261	24,100	24,244
Loans from a related party	854	854	854	854
Tax payable	23,924	14,611	-	-
Deferred income	-	62,325	-	-
Liabilities associated with assets classified as held for sale	-	42,000	-	-
Total current liabilities	563,018	720,569	24,954	25,098
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Deferred income	84,151	84,151	-	-
Total non-current liabilities	104,968	104,968	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earning/(Accumulated losses)	13,304	(55,330)	(1,596)	(763)
Other reserves	21,678	24,854	-	-
Total equity	160,790	95,332	124,212	125,045
Total liabilities and equity	828,776	920,869	149,166	150,143

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 30/06/2015		Group As at 31/12/2014	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
415,533	854	495,053	854

Details of any collateral

As at 30 June 2015, the Group secured facilities comprising notes payable of RMB46.5million and bank loan of RMB369.0 million (31 December 2014: notes payable – RMB84.1 million and bank loans: RMB411.0 million). These facilities were secured by certain bank deposits, certain equipment and part of the prepaid leases.

As at 30 June 2015, the unsecured facilities comprised loans of RMB0.9 million (31 December 2014: 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		The Group	
	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
Profit/(loss) before income tax	6,120	(10,841)	77,333	(23,037)
Adjustment for:				
Depreciation expense	5,685	7,504	11,754	15,067
Fair value (gain)loss on held for trading investments	(940)	(61)	(1,496)	50
Gain on disposal of held for trading investments	(1,086)	(12)	(1,045)	(79)
Gain on disposal of subsidiary	-	-	(85,235)	-
Gain on disposal of property, plant and equipment	1,258	(26)	5,056	(252)
Interest expense	6,078	7,456	12,142	14,339
Interest income	(648)	(521)	(989)	(1,247)
Operating cash flows before movements in working capital	16,467	3,499	17,520	4,841
Trade receivables	5,418	4,499	9,209	(4,817)
Other receivables and prepayments	3,869	(1,755)	(1,176)	(1,105)
Inventories	6,172	(3,799)	4,690	(10,933)
Trade payables	(38,556)	2,518	(55,765)	(17,438)
Other payables	(23,631)	1,369	(6,773)	(11,794)
Cash generated from operations	(30,261)	6,331	(32,295)	(41,246)
Interest received	648	521	989	1,247
Interest paid	(6,078)	(7,456)	(12,142)	(14,339)
Income tax paid	(4,055)	(1,651)	(2,589)	(185)
Net cash used in operating activities	(39,746)	(2,255)	(46,037)	(54,523)
Investing activities				
Prepaid lease	254	-	254	(669)
Proceed from disposal of property, plant and equipment	4,012	63	5,484	324
Proceed from disposal of investments held for trading	14,953	132	15,993	1,239
Purchase of property, plant and equipment	(734)	(14)	(1,387)	(920)
Purchase of investments held for trading	(11,337)	(128)	(12,309)	(916)
Net cash generated from (used in) investing activities	7,148	53	8,035	(942)
Financing activities				
Addition of bank borrowings	-	-	-	-
Repayment of bank borrowings	-	(2,000)	-	(2,000)
Loan from related party	(3)	-	-	-
Decrease in pledged fixed deposits	27,162	3,576	40,612	7,751
Dividend paid	-	-	-	-
Net cash from financing activities	27,159	1,576	40,612	5,751
Net (decrease) increase in cash and cash equivalents	(5,439)	(626)	2,610	(49,714)
Cash and cash equivalents at beginning of the period	22,642	11,161	14,593	60,249
Cash and cash equivalents at end of the period (Note)	17,203	10,535	17,203	10,535
Note:				
Cash and cash equivalents comprise the following:				
Fixed deposits	35,534	76,570	35,534	76,570
Cash and bank balances	17,203	10,535	17,203	10,535
Less: Pledged fixed deposits	(35,534)	(76,570)	(35,534)	(76,570)
	17,203	10,535	17,203	10,535

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	2015			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	24,854	(55,330)	95,332
Dividend	-	-	-	-
Reserve - disposal of subsidiary	-	(3,176)	3,176	-
Net profit for the period	-	-	65,458	65,458
Balance at 30 June	125,808	21,678	13,304	160,790

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 Company	2015		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(763)	125,045
Dividend	-	-	-
Net loss for the period	-	(833)	(833)
Balance at 30 June	125,808	(1,596)	124,212

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

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 2015 and 30 June 2014.

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 2015	31 December 2014
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 2014 have been applied in the preparation for the financial statements as at 30 June 2015.

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	
	2015	2014	2015	2014
Netprofit/(loss) after income tax (RMB'000)	4,487	(9,169)	65,458	(18,575)
Basic basis (RMB cents)	1.49	(3.04)	21.71	(6.16)
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 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Net Assets (RMB'000)	160,790	95,332	124,212	125,045
Net asset value per ordinary share (RMB cents)	53.33	31.62	41.20	41.47
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 71.6% to RMB25.6 million in the second quarter of FY2015 ("2Q 2015") as compared with the corresponding quarter in FY2014 ("2Q 2014"). The products processed by the Group's printing and dyeing business, fabric processing segments falls into 2 general categories: "narrow width" and "extra width", which are classified in accordance with the width of the material. The "extra width" division has generally had higher gross profit margins than the "narrow width" division, so in light of the current lacklustre economic environment, the Company has rented out part of 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. This has led to a decrease in revenue but an increase in the gross profit margin of the Group.

Gross Profit and Gross Profit Margin

Due to the rental of the factory space and plant and equipment of the "narrow width" division, the Group's gross profit has decreased by 2.5% to RMB6.7 million in 2Q 2015 as compared with 2Q 2014. However, the overall gross profit margin increased from 4.3% in the first half of FY2014 to 8.0% in the first half of FY2015 due to the higher gross profit margins of the "extra width" division.

Operating Cost

Selling and distribution expenses

The decrease in selling and distribution expenses was in line with the reduction in revenue for the period under review.

Administrative expenses

The decrease in administrative expenses was in line with the drop in revenue for the period under review.

Finance costs

The lower finance costs in 2Q 2015 as compared to 2Q 2014 was mainly due to the interest rates cut by the China's central bank during the period.

Other operating income

Other operating income mainly comprised of gain from the disposal of subsidiary, Zhejiang Jishan Extra Width Co. Ltd of RMB85.2, rental income of RMB8.9 million from the lease of the factory space, plant and machineries to third parties as mentioned above and disposal of pollution quota of RMB4.8 million, but was partially offset with the loss on disposal of plant and equipment of RMB5.1 million.

Income tax

Income tax expense / credit was computed at 25% of each major subsidiary's profit / loss before taxation.

Net profit for the period

The net profit for the period was mainly due to better profit margin from extra width division and the rental income from the lease out the factory space, plant and equipment to certain third parties during the period 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 2015, compared with 31 December 2014.

Trade receivables decreased by RMB9.2 million mainly due to receipt of payment during the period.

Other receivables and prepayments increased by RMB1.2 million mainly due to increase in deposit to suppliers for purchases of raw material and plant and equipment during the period.

Inventories decreased by RMB4.7 million which is in line with the reduction of the scale of the Group's operation as certain factory space, plant and equipment have been rented to third parties during the period.

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 decreased by RMB20.9 million, mainly due to the depreciation charge of RMB 11.8 million and disposal of certain plant and equipments for the period.

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

Trade payables decreased by RMB55.8 million, mainly due to repayment during the period.

Other payables decreased by RM4.8 million, mainly due to repayment 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.

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.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's cash generated from operations was negative in 2Q 2015 was mainly due to the repayment of trade and other payables during the period.

The positive net cash generated from investing activities was mainly due to the proceeds from the disposal of investment held for trading and plant and equipment during the period.

As a result of the above cash flows activities, the Group maintains a positive net increase in cash and cash equivalents of RMB2.6 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 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 remains cautious about the business outlook of its core print and dye business for the next 12 months as it continues to see a slowdown in the growth of China's textile manufacturing industry amid a sluggish China economy.

Operationally, the Group continues to face cost pressures especially in manpower and raw material costs. At the same time, anti-pollution measures implemented by the authorities are also pushing up energy and environmental protection costs.

In view of the challenging environment, the Group is focused on improving productivity to keep costs under control, and will closely

monitor the situation as to how it affects our business.

As China's macroeconomic situation remains lacklustre, the Government has also implemented tighter control on the financial sector. Coupled with a slowdown in the market, we are taking a prudent approach on the Group's financial services business segment.

We will provide an update when appropriate and when there are concrete business developments.

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")

There is no IPT during the period under review.

BY ORDER OF THE BOARD

Jin Rong Hai
Chief Executive Officer

11 August 2015

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 2015 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

11 August 2015