

CHINA JISHAN HOLDINGS LIMITED (Reg. No. : 200310591E)

Third 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 September			The Group 9 months ended 30 September		
	2014 RMB'000	2013 RMB'000	Changes %	2014 RMB'000	2013 RMB'000	Changes %
Revenue	95,806	111,854	(14.3)	257,036	317,620	(19.1)
Cost of sales	(89,293)	(97,636)	(8.5)	(243,630)	(287,305)	(15.2)
Gross profit	6,513	14,218	(>100)	13,406	30,315	(55.8)
Other operating income	1,614	1,761	(8.3)	14,131	3,779	>100
Selling and distribution expenses	(2,705)	(3,653)	(25.9)	(9,009)	(10,018)	(10.1)
Administrative expenses	(8,750)	(9,555)	(8.4)	(30,554)	(29,618)	3.2
Finance costs	(7,285)	(3,426)	>100	(21,624)	(9,169)	>100
Loss before income tax	(10,613)	(655)	>100	(33,650)	(14,711)	>100
Income tax	632	(258)	>100	5,092	2,946	72.8
Net loss for the period	(9,981)	(913)	>100	(28,558)	(11,765)	>100
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	575	720	(20.1)	1,822	2,946	(38.2)
Government grants	60	-	>100	240	40	>100
Gain (loss) on disposal of held for trading investments	7	22	(68.2)	86	(34)	>100
Fair value gain/(loss) on held for trading investment	598	(448)	>100	548	(60)	>100
Gain on disposal of plant and equipment	374	-	>100	625	-	>100
Gain on disposal of excess pollution quota	-	-	-	8,000	-	>100
Insurance claims	-	-	-	2,800	-	>100
Interest on borrowings	(7,285)	(3,426)	>100	(21,624)	(9,169)	>100
Depreciation expense	(7,487)	(8,719)	(14.1)	(22,554)	(23,867)	(5.5)

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 September 2013

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	
	30/09/2014 RMB'000	31/12/2013 RMB'000	30/09/2014 RMB'000	31/12/2013 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	80,736	144,570	459	152
Held-for-trading investments	2,704	2,559	-	-
Trade receivables	66,893	59,104	-	-
Other receivables and prepayments	11,678	10,229	5,290	6,347
Inventories	53,777	48,394	-	-
Prepaid leases	519	519	-	-
Development properties held for sale	459,605	459,605	-	-
Total current assets	675,912	724,980	5,749	6,499
Non current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	26,000	26,000	-	-
Property, plant and equipment	149,829	171,843	-	-
Prepaid leases	26,106	25,437	-	-
Deferred tax assets	36,744	32,479	-	-
Assets classified as held for sales	18,802	18,802	-	-
Total non-current assets	257,481	274,561	144,587	144,587
Total assets	933,393	999,541	150,336	151,086
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	378,000	380,000	-	-
Trade payables	171,933	193,667	-	-
Other payables	47,906	60,999	23,903	23,298
Loans from a related party	860	610	860	610
Tax payable	15,335	16,348	-	-
Total current liabilities	614,034	651,624	24,763	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	(40,596)	(12,038)	(235)	1,370
Other reserves	24,854	24,854	-	-
Total equity	110,066	138,624	125,573	127,178
Total liabilities and equity	933,393	999,541	150,336	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 30/09/2014		Group As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
415,677	80,860	435,156	80,610

Details of any collateral

As at 30 September 2014, the Group secured facilities comprising notes payable of RMB75.7million 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 September 2014, the unsecured facilities comprised loans of RMB0.8 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 September		The Group 9 months ended 30 September	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Operating activities				
Profit (loss) before income tax	(10,613)	(653)	(33,650)	(14,711)
Adjustment for:				
Depreciation expense	7,487	8,719	22,554	23,867
Fair value (gain) loss on held for trading investments	(598)	(328)	(548)	60
(Gain) loss on disposal of held for trading investments	(6)	90	(85)	34
Loss/(Gain) on disposal of property, plant and equipment	(374)	236	(626)	740
Interest expense	7,285	3,426	21,624	9,169
Interest income	(575)	(720)	(1,822)	(2,946)
Operating cash flows before movements in working capital	2,606	10,770	7,447	16,213
Development held for sales	-	(3,444)	-	(11,687)
Trade receivables	(2,972)	(2,817)	(7,789)	(5,601)
Other receivables and prepayments	(344)	1,247	(1,449)	637
Inventories	5,550	383	(5,383)	4,420
Trade payables	(4,296)	16,484	(21,734)	19,239
Other payables	(1,299)	33,628	(13,093)	27,210
Cash generated from operations	(755)	75,251	(42,001)	69,431
Interest received	575	720	1,822	2,946
Interest paid	(7,285)	(3,426)	(21,624)	(9,169)
Income tax paid	-	(187)	(185)	(6,335)
Net cash (used in) from operating activities	(7,465)	53,358	(61,988)	37,873
Investing activities				
Payment for the prepaid leases	-	(23,028)	(669)	(44,758)
Refund of deposit for prepared lease	-	-	-	667
Proceed from disposal of investments hold for trading	2,985	1,031	3,309	3,202
Proceed from disposal of property, plant and equipment	669	222	1,908	1,175
Purchase of property, plant and equipment	(903)	(4,500)	(1,823)	(6,481)
Purchase of investments hold for trading	(1,905)	(1,165)	(2,821)	(3,404)
Net cash from /(used in) investing activities	846	(27,440)	(96)	(49,599)
Financing activities				
Addition of bank borrowings	-	-	-	99,000
Repayment of bank borrowings	-	(28,000)	(2,000)	(151,632)
Decrease (increase) in pledged fixed deposits	10,764	4,653	18,515	43,838
Advance from related party	249	-	249	-
Dividend paid	-	-	-	(6,681)
Net cash from (used in) financing activities	11,013	(23,347)	16,764	(15,475)
Net (decrease) increase in cash and cash equivalents	4,394	2,571	(45,320)	(27,201)
Cash and cash equivalents at beginning of the period	10,535	6,808	60,249	36,580
Cash and cash equivalents at end of the period (Note A)	14,929	9,379	14,929	9,379
Note: Cash and cash equivalents comprise the following:				
Fixed deposits	65,806	116,497	65,806	116,497
Cash and bank balances	14,929	9,379	14,929	9,379
Less: Pledged fixed deposits	(65,806)	(116,497)	(65,806)	(116,497)
	14,929	9,379	14,929	9,379

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	-	-	(28,558)	(28,558)
Balance at 30 September	125,808	24,854	(40,596)	110,066

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	-	-	(11,765)	(11,765)
Balance at 30 September	125,808	24,759	(4,188)	146,379

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	-	(1,605)	(1,605)
Balance at 30 September	125,808	(235)	125,573

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	-	102	102
Balance at 30 September	125,808	723	126,531

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 September 2013 and 30 September 2012.

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 September 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 September 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 September		9 months ended 30 September	
	2014	2013	2014	2013
Net loss after income tax (RMB'000)	(9,981)	(913)	(28,558)	(11,765)
Basic basis (RMB cents)	(3.31)	(0.30)	(9.47)	(3.90)
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 Sept 2014	31 Dec 2013	30 Sept 2014	31 Dec 2013
Net Assets (RMB'000)	110,066	138,624	125,573	127,178
Net asset value per ordinary share (RMB cents)	36.51	45.98	41.65	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 14.3% to RMB95.8 million in the third quarter of FY2014 ("3Q 2014") as compared to the corresponding quarter in FY2013 ("3Q 2013") as the demand for textile products remained soft following an overall slowdown in the Chinese economy.

Gross Profit and Gross Profit Margin

Gross profit decreased from RMB14.2 million in 3Q 2013 to RMB6.5 million in 3Q 2014 on the back of lower revenue as well as an increase in raw material prices and manpower costs. Consequently, gross profit margin decreased from 12.7% to 6.8% over the same period.

Operating Cost

Selling and distribution expenses

Selling and distribution expenses in 3Q 2014 declined by 10.1%, which is in line with the lower revenue recorded for the quarter.

Finance costs

The higher finance costs in 3Q 2014 was mainly due to the non-capitalisation of interest expense under Development properties held for sales during the period as property development activities had been temporarily suspended due to the ongoing economic uncertainties. In 3Q 2013, an interest expense of approximately RMB3.4 million was capitalized.

Net profit for the period

Taking into account the aforementioned, the Group recorded a net loss of RMB9.9 million in 3Q 2014 compared to a loss of RMB0.9 million in 3Q 2013.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a comparative review of the material changes in key balance sheet items as of 30 September 2014 (as compared to 31 December 2013).

Trade receivables increased by RMB7.8 million, mainly due to an increase in revenue received towards the end of September 2014.

Inventories rose by RMB4.4 million as the Group maintained higher inventory levels to hedge against an expected increase in raw material prices going forward.

Property, plant and equipment decreased by RMB22.0 million, mainly due to a depreciation charge during the period.

Prepaid lease of RMB26.1 million pertains to the site in the Binhai industrial Zone, purchased by the Group back in July 2013.

Deferred tax asset increased by RMB4.2 million, mainly due to the provision of deferred tax assets for losses for the period.

Bank loans decreased mainly due to repayments made during the period.

Trade payables decreased by RMB21.8 million, mainly due to repayments made during the period.

Other payables decreased by RMB13.1 million, following the repayment of RMB10.0 million to Zhejiang Jishan Industry Co., Ltd during the period.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's operating cash flows before movements in working capital were positive in 3Q 2014. However, net cash flow from operating activities came in negative mainly due to additions in inventories as well as the repayment of trade and other payables during the period.

The decrease in pledged fixed deposits in 3Q 2014 from financing activities resulted in the positive net increase in cash and cash equivalents to RMB14.9 million as at 30 September 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 in terms of higher costs pertaining to labour, raw materials, and environmental protection.

In addition, as growth in the Chinese economy continues to moderate as a result of changes in its economic model, the Group remains cautious on its textile print and dye business outlook for the next 12 months.

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 IP 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.	860	-
Year-end balance of loans guaranteed by: Jin Guan Liang	129,000	-
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

Yu Ming Hai
Executive Director

12 November 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 3rd Quarter ended 30 September 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 November 2014