



CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED
(Company Registration No: 200711863D)

Unaudited Results for the First Quarter ended
31 March 2016

PART I - INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENTS

- 1.(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediate preceding financial year.

Consolidated Statement of Comprehensive Income

	Group		
	1Q16	1Q15	% change
	RMB'000	RMB'000	+ / (-)
Revenue	69,114	59,359	16.4%
Cost of sales	(72,876)	(68,060)	7.1%
Gross loss	(3,762)	(8,701)	-56.8%
Other income	23	246	-90.7%
Distribution costs	(209)	(235)	-11.1%
Administrative expenses	(2,359)	(2,051)	15.0%
Other operating expenses	-	-	NM
Finance costs	(452)	(632)	-28.3%
Loss before income tax	(6,759)	(11,373)	-40.6%
Income tax expense	-	-	NM
Loss for the period attributable to equity holders of the Company	(6,759)	(11,373)	-40.6%
Other comprehensive income	-	-	
Total comprehensive loss for the period	(6,759)	(11,373)	-40.6%

NM – Not meaningful

	<u>1Q16</u>	<u>1Q15</u>
Loss Per Ordinary Share		
– Basic and diluted (RMB/cents)	(12.08)	(1.02)
– Basic and diluted*(S\$/cents)	(2.52)	(0.23)
Loss Per TDR		
– Basic and diluted^(NTD/dollar)	(0.05)	(0.10)

* Based on Bloomberg exchange rate of RMB1: S\$0.2085 (1Q15: RMB1: S\$0.2214) as at end of 31 March 2016 for reference purpose.

^ Based on Bloomberg exchange rate of RMB1: NTD4.187 (1Q15: RMB1: NTD5.0501) as at end of 31 March 2016 for reference purpose. 1TDR (Taiwan Depositary Receipt) represents 0.1 ordinary shares(4Q14: 1TDR (Taiwan Depositary Receipt) represents 2 ordinary shares).

Please also refer to paragraph 1(d)(ii) and 6 of this announcement on Earnings Per Share calculation.

- 1.(a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group		
	1Q16	1Q15	% change
	RMB'000	RMB'000	+ / (-)
<u>Expenses/(Income):</u>			
Amortisation of land use rights	–	1	NM
Depreciation of property, plant and equipment	10,983	16,731	-34.4%
Interest income	(23)	(131)	-82.4%
Interest on borrowings	453	632	-28.3%
Government grants	–	(115)	NM

NM – Not meaningful

1.(b) (i) A statements of financial position (for the issuer and group), together with a comparative statements as at the end of the immediately preceding financial year.

Statement of Financial Position	Group		Company	
	As at 31 March 2016	As at 31 December 2015	As at 31 March 2014	As at 31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	312,081	323,064	–	–
Intangible assets	99	99	–	–
Investment in subsidiary	–	–	88,268	88,268
Other asset	2,400	2,400	–	–
	314,580	325,563	88,268	88,268
Current assets				
Inventories	37,369	51,791	–	–
Trade and other receivables	193,978	200,360	–	–
Amount owing by subsidiary	–	–	304,192	304,774
Cash and cash equivalents	13,353	8,846	399	608
	244,700	260,997	304,591	305,382
Total assets	559,280	586,560	392,859	393,650
EQUITY AND LIABILITIES				
Equity				
Share capital	562,103	562,103	562,103	562,103
Treasury Shares	(4,709)	(4,709)	(4,709)	(4,709)
Merger reserve	11,491	11,491	–	–
Statutory reserve	97,012	97,012	–	–
Accumulated profits	(284,387)	(277,628)	(165,308)	(164,616)
Total equity attributable to equity holders of the Company	381,510	388,269	392,086	392,778
Current liabilities				
Trade and other payables	131,955	162,060	773	872
Amounts owing to related parties	6,183	5,599	–	–
Interest-bearing liabilities	36,900	27,900	–	–
Provision for taxation	2,732	2,732	–	–
Total liabilities	177,770	198,291	773	872
Total equity and liabilities	559,280	586,560	392,859	393,650

- 1.(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(A) the amount repayable in one year or less, or on demand; and whether the amounts are secured or unsecured;

	As at 31 March 2016		As at 31 December 2015	
	RMB '000		RMB '000	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
Bank loans	36,900	–	27,900	–
Shareholder's loan	–	6,183	–	5,599
	<u>36,900</u>	<u>6,183</u>	<u>27,900</u>	<u>5,599</u>

(B) the amount repayable after one year; whether the amounts are secured or unsecured; and

None.

(C) details of any collateral.

	As at 31 March 2016 RMB '000	As at 31 December 2015 RMB '000
Secured by legal mortgage over leasehold property and land use rights	13,000	13,000
Guaranteed by other company	23,900	14,900
	<u>36,900</u>	<u>27,900</u>

Note: All the above bank loans as at 31 March 2016 and 31 December 2015 are also pledged by personal guarantee provided by a director.

- 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.

Consolidated Statement of Cash Flows

	Group	
	1Q16	1Q15
	RMB'000	RMB'000
Operating activities		
(Loss)/Income before income tax	(6,759)	(11,373)
Adjustments for:		
Amortisation of land use rights	—	1
Depreciation of property, plant and equipment	10,983	16,731
Interest income	(23)	(131)
Interest expense	453	632
Operating cash flows before movements in working capital	4,654	5,860
Inventories	14,421	(44,225)
Trade and other receivables	6,381	255,480
Trade and other payables	(30,102)	(204,415)
Cash generated from/(used in) operations	(4,646)	12,700
Interest received	23	131
Income tax paid	—	—
Net Cash flows generated from operating activities	(4,623)	12,831
Financing activities		
Proceeds from bank loans	9,000	9,500
Repayment of bank loans	—	(4,000)
Amounts owing to related parties	583	925
Interest paid	(453)	(632)
Net cash generated from/(used in) financing activities	9,130	5,793
Net increase in cash and cash equivalents	4,507	18,624
Cash and cash equivalents at the beginning of the financial period	8,846	25,916
Cash and cash equivalents at the end of the financial period	13,353	44,540

- 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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Shareholders' Equity

<u>Group</u>	Share Capital RMB '000	Treasury Shares RMB '000	Merger Reserve RMB '000	Statutory Reserve RMB '000	Accumulated Profits RMB '000	Total Equity RMB '000
At 1 January 2015	562,103	(4,709)	11,491	97,012	91,800	757,697
Total comprehensive income for the period	–	–	–	–	(11,373)	(11,373)
At 31 March 2015	562,103	(4,709)	11,491	97,012	80,427	746,324
At 1 January 2016	562,103	(4,709)	11,491	97,012	(277,628)	388,269
Total comprehensive income for the period	–	–	–	–	(6,759)	(6,759)
At 31 March 2016	562,103	(4,709)	11,491	97,012	(284,387)	381,510

Statement of Changes in Shareholders' Equity

<u>Company</u>	Share Capital RMB '000	Treasury Shares RMB '000	Accumulated Profit RMB '000	Total Equity RMB '000
At 1 January 2015	562,103	(4,709)	164	557,558
Total comprehensive loss for the period	–	–	(697)	(697)
At 31 March 2015	562,103	(4,709)	(533)	556,861
At 1 January 2016	562,103	(4,709)	(164,615)	392,779
Total comprehensive loss for the period	–	–	(693)	(693)
At 31 March 2016	562,103	(4,709)	(165,308)	392,086

- 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, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number held as treasury shares, if any, against the total number of shares excluding treasury shares of the issuer, 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 were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles held as at 31 March 2016 and 31 December 2015 respectively.

The Company held 375,000 treasury shares as at 31 March 2016 and 31 December 2015 respectively.

- 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.**

	<u>Group</u>	
	As at 31 March 2016	As at 31 December 2015
Number of ordinary shares in issue	56,329,677	56,329,677
Less: Ordinary shares kept as treasury shares	(375,000)	(375,000)
Number of ordinary shares excluding treasury shares	<u>55,954,677</u>	<u>55,954,677</u>

- 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 report on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial information for the first quarter ended 31 March 2016 have neither been audited nor reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 Group has adopted all the Singapore Financial Reporting Standards ("FRS") that are applicable for financial years beginning on or after 1 January 2016. The application of these FRS has no material impact to financial statements of the Group and the Company.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 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: -

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<u>Group</u>	
	<u>1Q16</u>	<u>1Q15</u>
	<u>RMB Cents</u>	<u>RMB Cents</u>
Loss per share ("LPS")		
Based on the weighted average number of ordinary shares on issue	<u>(12.08)</u>	<u>(1.02)</u>
Number of shares		
Weighted average number of ordinary shares on issue	<u>55,954,677</u>	<u>1,119,098,518</u>

No dilutive EPS has been presented as there are no dilutive instruments in issue.

7. Net asset value (for the issuer and group) per ordinary share based on the total issued share capital of the issuer at the end of the: -

- (a) current period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Net asset value per ordinary share	<u>681.82</u>	693.90	<u>700.72</u>	701.96
Number of issued ordinary shares excluding treasury shares as at end of the period	<u>55,954,677</u>	55,954,677	<u>55,954,677</u>	55,954,677

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- (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 period reported on.

Revenue

For the first quarter ended 31 March 2016 ("1Q16"), the Group's revenue increased by 16.4% to RMB69.1 million as compared to the RMB59.4 million for the first quarter ended 31 March 2015("1Q15").

The increase in revenue mainly attributed to the Group quantity for sale of performance fabrics and processing services increased by 12.1% and 18.2% respectively.

The average selling price of processing fabrics in 1Q16 increased by 11.9% from RMB 6,700/tonnes in 1Q15 to RMB 7,500/tonnes such increase is mainly due to Group will focus on processing services in FY2016.

A breakdown of the Group's revenue by products and services:

	Revenue		
	1Q16 RMB'000	1Q15 RMB'000	% change +/(-)
Manufacturing and sale of performance fabrics	57,172	50,333	13.6%
Fabric processing services	11,942	9,026	32.3%
Total	69,114	59,359	16.4%

A breakdown of the Group's sales quantity by products and services:

	Sales Quantity		
	1Q16 Tonnes	1Q15 Tonnes	% change +/(-)
Manufacturing and sale of performance fabrics	695	620	12.1%
Fabric processing services	1,601	1,354	18.2%
Total	2,296	1,974	16.3%

Average selling price per tonne ("ASP") by products and services:

	Average Selling Price		
	1Q16 RMB'000	1Q15 RMB'000	% change +/(-)
Manufacturing and sale of performance fabrics	82.3	81.2	1.3%
Fabric processing services	7.5	6.7	11.9%
Weighted ASP	30.1	30.1	0.1%

Cost of Sales

The Group's cost of sales comprises mainly direct material cost, direct labor cost and production cost, which represent 69.4%, 4.0% and 26.6% respectively in 1Q16 (1Q15: 87.0%, 0.7% and 12.3% respectively). The Group's production cost takes into account, inter alia, depreciation of the production machine and cost of oil, petrol, electricity, water and coal etc. which were utilised by the Group. The proportion of production labour cost increase is due to processing services increased.

Gross loss/profit

Due to the low margin for the processing service and performance fabrics, which made the group suffered loss of RMB 3.8 million.

Other income and administrative expenses

Other income decreased by 90.7% from RMB246,000 in 1Q15 to RMB23,000 in 1Q16 due to lower of average cash balance during the period of 1Q16.

Administrative expenses increased by 15.0% from RMB2.1 million in 1Q15 to RMB2.4 million in 1Q16 which was mainly due to the increase in salary of administrative staff charges by RMB390,000.

Taxation

The Group's income tax expense for 1Q16 was nil which is in line with the losses in the Group's profit before taxation.

Profit/(Loss) attributable to shareholders

As a result of losses, the Group's loss attributable to shareholders increased to RMB6.7 million in 1Q16.

Statement of Financial Position

Property, plant and equipment decreased by RMB10.9 million from RMB323.1 million as at 31 December 2015 to RMB312.1 million as at 31 March 2016 due to depreciation charge during 1Q16.

Inventories as of 31 March 2016 were approximately RMB37.4 million, representing a decrease of RMB14.4 million from RMB51.8 million as of 31 December 2015. The decrease is mainly due to decrease in finished goods and raw materials by RMB 9.7 million and RMB 4.6 million, which were delivery to customers in the current quarter.

Trade and other receivables decreased by RMB6.4 million from RMB200.3 million as at 31 December 2015 to RMB193.9 million as at 31 March 2016. The decrease is mainly due to RMB6.3 million received from customers during 1Q16.

Trade and other payables decreased by RMB30.1 million from RMB162.0 million as at 31 December 2015 to RMB131.9 million as at 31 March 2016. The decrease is mainly due to RMB30.1 million paid to suppliers during 1Q16.

The provision as at 31 March 2016 mainly represents the withholding tax for the dividend paid to the holding company in FY2008 to FY2010.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased by RMB4.5 million from RMB8.8 million as at 31 December 2015 to RMB13.4 million as at 31 March 2016 which is mainly due to RMB9.0 million cash inflows from finance activities in 1Q16.

The Group recorded a cash inflow from operating activities of RMB4.6 million in 1Q16, versus approximately RMB12.8 million of cash inflow for 1Q15. That is mainly due to there were major collection due to replacement of goods which accepted by customer in 1Q15.

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

There is no variance from paragraph 10 of the previous announcement on unaudited results for the financial year ended 31 December 2015.

- 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 any known factors or events that may affect the group in the next reporting period and the next 12 months.**

For FY2016, the Group's operating environment remained challenging as sales from the existing customers were affected due to the entry of international fashion brands into the China apparel market and this has a direct impact on the volume of their orders given to the Group. The selling price of performance fabric will remain and subject to pricing pressure from decrease in market demand and increase in industry competition.

Notwithstanding the challenges faced, the Group would continue to develop our products in future so as to further differentiate ourselves from our peers.

- 11. Dividend**

Current Financial Period Reported On - Any dividend declared for the current financial period reported on?

None.

Corresponding Period of the Immediately Preceding Financial Year – Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- 12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the period ended 31 March 2016.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No general mandate obtained from shareholder for IPTs.

14. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

We, Choi Cheung Kong and Lin Wen Chang, being two of the Directors of China Taisan Technology Group Holdings Limited (the “Company”), do hereby confirmed on behalf of the Directors of the Company that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial information of the Company or the unaudited consolidated financial information of the Group for the first quarter ended 31 March 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors

Choi Cheung Kong
Non-executive Chairman

Lin Wen Chang
Chief Executive Officer

29 April 2016

By order of the Board

Lin Wen Chang
Chief Executive Officer and Director
29 April 2016