

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

First 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 31 March		
	2017 RMB'000	2016 RMB'000	Changes %
Revenue	8,466	19,328	(56.2)
Cost of sales	(899)	(13,787)	(93.5)
Gross profit	7,567	5,541	36.6
Other operating income	132	1,142	(88.4)
Selling and distribution expenses	(1)	(509)	(99.8)
Administrative expenses	(3,905)	(4,207)	(7.2)
Finance costs	(4,869)	(5,343)	(8.9)
Loss before income tax	(1,076)	(3,376)	(68.1)
Income tax	152	758	(79.9)
Net loss for the period	(924)	(2,618)	(64.7)
Notes to the above statement of comprehensive income:			
Other operating income including			
Interest income	12	254	(95.3)
Government grants	-	1,300	NM
Gain/(loss) on disposal of held for trading investments	-	(10)	NM
Fair value gain/(loss) on held for trading investment	120	(510)	NM
Gain/(loss) on disposal of plant and equipment	-	(56)	NM
Interest on borrowings	(4,869)	(5,343)	(8.9)
Depreciation and amortisation expenses	(4,969)	(6,201)	(19.9)

NM : Not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 31 March 2017

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	
	31/03/2017 RMB'000	31/12/2016 RMB'000	31/03/2017 RMB'000	31/12/2016 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	36,501	94,135	383	204
Held-for-trading investments	3,018	2,898	-	-
Trade receivables	22,244	29,386	-	-
Other receivables and prepayments	10,930	11,136	4,484	4,498
Inventories	3,120	3,978	-	-
Prepaid leases	519	647	-	-
Development properties held for sale	497,693	497,680	-	-
Total current assets	574,025	639,860	4,867	4,702
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	27,666	27,666	-	-
Property, plant and equipment	87,791	78,446	-	-
Investment properties	71,158	71,158	-	-
Prepaid leases	23,668	23,535	-	-
Deferred tax assets	3,414	3,274	-	-
Total non-current assets	213,697	204,079	144,587	144,587
Total assets	787,722	843,939	149,454	149,983
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	341,000	379,000	-	-
Trade payables	11,391	23,789	-	-
Other payables	192,605	197,500	29,387	28,108
Loans from a related party	968	968	968	968
Deferred income	54,032	54,032	-	-
Tax payable	21,729	21,729	-	-
Total current liabilities	621,725	677,018	30,355	29,076
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Total non-current liabilities	20,817	20,817	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	(2,306)	(1,382)	(6,709)	(5,595)
Other reserves	21,678	21,678	-	-
Total equity	145,180	146,104	119,099	120,213
Total liabilities and equity	787,722	843,939	149,454	149,289

**1(b)(ii) Aggregate amount of group's borrowings and debts securities
Amount repayable in one year or less, or on demand**

Amount repayable in one year or less, or on demand

Group As at 31/03/2017		Group As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
341,000	968	381,854	968

Details of any collateral

As at 31 March 2017, the Group secured facilities comprising notes payable of RMB Nil million and bank loan of RMB341.0 million (31 December 2016: notes payable: RMB2.8 million and bank loans: RMB379.0 million). These facilities were secured by certain bank deposits, pollution quota and part of the prepaid leases.

As at 31 March 2017, the unsecured facilities comprised loans of RMB0.9 million (31 December 2016: 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	
	3 months ended 31 March	
	2017 RMB'000	2016 RMB'000
Operating activities		
(Loss) before income tax	(1,076)	(3,376)
Adjustment for:		
Depreciation expense	4,969	6,201
Fair value loss/(gain) on held-for-trading investments	(120)	510
Loss on disposal of held-for-trading investments	-	10
Loss/(gain) on disposal of property, plant and equipment	-	(56)
Interest expense	4,869	5,343
Interest income	(12)	(254)
Operating cash flows before movements in working capital	8,630	8,378
Trade receivables	7,142	12,122
Other receivables and prepayments	206	(3,404)
Inventories	858	(5,677)
Trade payables	(12,398)	(20,653)
Other payables	(4,895)	(2,780)
Cash used in operations	(457)	(12,014)
Interest received	12	254
Interest paid	(4,869)	(5,343)
Income tax	12	(2)
Net cash used in operating activities	(5,302)	(17,105)
Investing activities		
Proceeds from disposal of property, plant and equipment	-	441
Proceeds from disposal of held-for-trading investments	-	430
Purchase of property, plant and equipment	(14,332)	(9,945)
Purchase of held-for-trading investments	-	(544)
Net cash generated used in investing activities	(14,332)	(9,618)
Financing activities		
Decrease/(Increase) in pledged fixed deposits	2,854	20,652
Bank borrowings	(38,000)	-
Loan from related party	-	-
Net cash (used in)/generated from financing activities	(35,146)	20,652
Net increase (decrease) in cash and cash equivalents	(54,780)	(6,071)
Cash and cash equivalents at beginning of the year	91,281	11,239
Cash and cash equivalents at end of the period (Note)	36,501	5,168

Note:		
Cash and cash equivalents comprise the following:		
Fixed deposits	-	26,915
Cash and bank balances	36,501	5,168
Less: Pledged fixed deposits	-	(26,915)
	36,501	5,168

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	2017			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	21,678	(1,382)	146,104
Net loss for the period	-	-	(924)	(924)
Balance as at 31 March	125,808	21,678	(2,306)	145,180

The Group	2016			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	21,678	9,000	156,486
Net loss for the period	-	-	(2,618)	(2,618)
Balance as at 31 March	125,808	21,678	6,382	153,868

The Company	2017		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(5,595)	120,213
Net loss for the period	-	(1,114)	(1,114)
Balance as at 31 March	125,808	(6,709)	119,099

The Company	2016		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(2,210)	123,598
Net loss for the period	-	(344)	(344)
Balance as at 31 March	125,808	(2,554)	123,254

- (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 immediately preceding financial year

There was no change in the issued capital and paid-up capital of the Company since 31 December 2015. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 March 2016 and 31 December 2015.

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,

	31 March 2017	31 December 2016
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 or 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 financial year ended 31 December 2016 have been applied in the preparation for the financial statements as at 31 March 2017.

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 31 March	
	2017	2016
(Loss)/profit for the period (RMB'000)	(924)	(2,618)
Basic basis (RMB cents)	(0.31)	(0.87)
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A	N.A
Number of shares in calculating EPS ('000)	301,500	301,500

⁽¹⁾ Diluted earnings per share for the three months ended 31 March 2017 and 31 March 2016, respectively, have not been calculated, as there were no dilution events 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	
	31 March 2017	31 Dec 2016	31 March 2017	31 Dec 2016
Net Assets (RMB'000)	145,180	146,104	119,099	120,213
Net asset value per ordinary share (RMB cents)	48.15	48.46	39.50	39.87
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 56.2% to RMB8.5 million for the first quarter of FY2017 ("1Q2017") as compared to the corresponding quarter in FY2016 ("1Q2016"). The decrease is due to a further slowdown and economic uncertainties in the PRC.

In previous years, the products processed by the Group's printing and dyeing business, fabric processing segments consisted of two general categories: "Narrow Width" and "Extra Width", which are classified in accordance with the width of the material. In light of the lacklustre PRC economy, the Company has rented out its factory space and plant and equipment of the "narrow width" division as part of the Group's efforts to manage cost and increase efficiency.

The revenue for 1Q2017 mainly consisted of rental income of RMB 8.1 million (1Q2016 : RMB5.5 million) from renting out the factory space mentioned above. There is no revenue generated from the Extra Width division as the Group has decided to cease all the production activities of its printing and dyeing business. Although revenue for 1Q2017 was impacted, the Group managed to increase its gross profit margin and narrow its net losses after tax year-on-year.

Gross Profit and Gross Profit Margin

The rental revenue in 1Q2016 has resulted in the increase in gross profit as well as gross profit margin of the Company even though the overall revenue has decreased due to reasons mentioned above.

Other Operating Income

Other operating income in 1Q2016 mainly comprises of government grant received of RMB1.3 million. There is no government grant received from local government during the period.

Selling and distribution expenses

The substantial decrease in selling and distribution expenses is mainly due to the cessation of the production activities of the Group's printing and dyeing business thus resulting in a minimum selling and distribution expenses incurred during the period.

Administrative expenses

The decrease in administrative expenses is fairly in line with the decrease in revenue during the period.

Finance costs

The decrease in finance costs corresponds with the decrease in bank borrowings during the period.

Income tax

An income tax credit was made on the operating losses based on the statutory tax rate as such losses were assessed to be recoverable in future.

Net loss for the period

The net loss for the period was mainly due to a decrease in revenue which resulted from the further slowdown and economic uncertainties in the PRC 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 at 31 March 2017, compared with those as at 31 December 2016.

Trade receivables decreased by RMB12.1million, mainly due to receipt of payment from trade debtor during the period.

Property, plant and equipment increased by RMB9.1 million, which was mainly due to the addition of property, plant and equipment of RMB14.3 million offset by depreciation charges of RMB5.0 million during the period.

Trade payables decreased by RMB7.2 million mainly due to repayment during the period.

Other payables decreased by RM4.9 million mainly due to repayment during the period.

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 operating cash flows were negative in 1Q 2016 mainly due to repayment of trade payables of RMB12.4 million and other payables of RMB4.9 million as well as payment of interest expenses during the period.

In addition, the addition of property, plant and equipment of RMB14.3 million and the repayment of bank borrowings of RMB38.0 million has resulted in an overall decrease in net cash and cash equivalents during the period ended 31 March 2017.

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 near-term business outlook of printing and dyeing business is expected to remain challenging as the growth in the textile manufacturing industry remains subdued amid weak economic sentiments in China. The Group also continues to face challenges arising from higher cost related to environmental protection as well as labour and energy costs. In this regard, the Company has decided to cease all the production activities of its printing and dyeing business. The Group will look to rent out more of its factory space and plant and equipment to increase recurring lease income.

We will provide updates when appropriate or when there are concrete business developments.

11. Dividend

(A) Current Financial Period 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

No dividend has been declared or recommended for the current financial period.

13. Interested Person Transactions (“IPT”)

The Group has not obtained a general mandate from its shareholders for Interested Person Transactions (“IPTs”). There is no IPT for the period ended 31 March 2017.

14. Undertakings

The Company confirms that it has procured undertakings from all its directors and executive officer in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Xiao Zi Liang

Executive Director

12 May 2017

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, XIAO ZI LIANG, 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 1st Quarter ended 31 March 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao Zi Liang
Chief Executive Officer

Yu Ming Hai
Executive Director

12 May 2017