

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		
	2017 RMB'000	2016 RMB'000	Changes %	2017 RMB'000	2016 RMB'000	Changes %
Revenue	9,429	12,278	(23.2)	26,894	54,314	(50.5)
Cost of sales	(496)	(10,065)	(95.1)	(3,679)	(40,724)	(91.0)
Gross profit	8,933	2,213	>100	23,215	13,590	70.8
Other operating income	40,670	502	>100	50,315	1,805	>100
Selling and distribution expenses	-	(251)	N/A	(1)	(1,490)	(99.9)
Administrative expenses	(5,760)	(6,364)	(9.5)	(21,405)	(14,556)	47.1
Finance costs	(4,620)	(5,020)	(8.0)	(14,108)	(15,451)	(8.7)
Profit/(loss) before income tax	39,223	(8,920)	N.M	38,016	(16,102)	N.M
Income tax	(9,951)	2,571	N.M	(9,857)	4,126	N.M
Net profit/(loss) for the period	29,272	(6,349)	N.M	28,159	(11,976)	N.M
Notes to the above statement of comprehensive income:						
Other operating income including:						
Interest income	3	100	(97.0)	20	472	(95.8)
Government grants	-	-	-	-	1,300	N.M
Realisation of deferred income (N1)	54,032	-	N.M	54,032	-	N.M
Written off of property, plant and equipment (N2)	(21,487)	-	N.M	(21,487)	-	N.M
Gain on disposal of held for trading investments	79	24	>100	29	27	7.4
Fair value gain/(loss) on held for trading investment	133	4	>100	372	(489)	N.M
Gain/(loss) on disposal of plant and equipment	(15)	365	N.M	(15)	421	N.M
Margin on sewage charged to lessees	7,896	-	N.M	17,335	-	N.M
Interest on borrowings	(4,620)	(5,020)	(7.9)	(14,108)	(15,451)	(8.7)
Depreciation expense	(4,310)	(6,089)	(29.1)	(14,199)	(18,524)	(23.3)

N.M – not meaningful

N1 – The deferred income 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. The deferred income is recognized in the profit and loss as the old factory in Keqiao has been demolished during the period.

N2 – This represents the related property, plant and equipment written off due to the demolition of the old factory in Keqiao during the period.

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 September 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	
	30/09/2017 RMB'000	31/12/2016 RMB'000	30/09/2017 RMB'000	31/12/2016 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	26,244	94,135	1,594	204
Held-for-trading investments	1,844	2,898	-	-
Trade receivables	14,595	29,386	-	-
Other receivables and prepayments	11,560	11,136	4,387	4,498
Inventories	1,423	3,978	-	-
Prepaid leases	519	647	-	-
Development properties held for sale	497,680	497,680	-	-
Total current assets	553,865	639,860	5,981	4,702
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	27,666	27,666	-	-
Property, plant and equipment	59,633	78,446	-	-
Investment properties	71,158	71,158	-	-
Prepaid leases	23,444	23,535	-	-
Deferred tax assets	3,471	3,274	-	-
Total non-current assets	185,372	204,079	144,587	144,587
Total assets	739,237	843,939	150,568	149,289
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	333,000	379,000	-	-
Trade payables	11,044	23,789	-	-
Other payables	167,364	197,500	31,394	28,108
Loans from a related party	968	968	968	968
Deferred income	-	54,032	-	-
Tax payable	21,729	21,729	-	-
Total current liabilities	534,105	677,018	32,362	29,076
Non-current liabilities:				
Deferred tax liabilities	30,869	20,817	-	-
Total non-current liabilities	30,869	20,817	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	26,777	(1,382)	(7,602)	(5,595)
Other reserves	21,678	21,678	-	-
Total equity	174,263	146,104	118,206	120,213
Total liabilities and equity	739,237	843,939	150,568	149,289

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 30/09/2017		Group As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
333,000	968	381,854	968

Details of any collateral

As at 30 September 2017, the Group secured facilities comprising notes payable of RMB Nil million and bank loan of RMB333.0 million (31 December 2016: notes payable: RMB2.8 million and bank loans: RMB379.0 million). These facilities were guaranteed by related parties and secured by pollution quota and development properties held for sale.

As at 30 September 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 30 September		The Group 9 months ended 30 September	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Operating activities				
Profit (loss) before income tax	39,223	(8,920)	38,016	(16,102)
Adjustment for:				
Depreciation expense	4,310	6,089	14,199	18,524
Fair value (gain) loss on held for trading investments	(133)	(4)	(372)	489
(Gain) loss on disposal of held for trading investments	(79)	(23)	(29)	(26)
Loss/(Gain) on disposal of property, plant and equipment	15	(374)	15	(421)
Realisation of deferred income	(54,032)	-	(54,032)	-
Property, plant and equipment written off	21,487		21,487	
Interest expense	4,620	5,020	14,108	15,451
Interest income	(3)	(100)	(20)	(472)
Operating cash flows before movements in working capital	15,408	1,688	33,372	17,443
Trade receivables	5,064	4,880	14,791	21,600
Other receivables and prepayments	(494)	4,717	(424)	427
Inventories	-	7,715	2,555	4,186
Trade payables	(195)	(19,398)	(12,745)	(44,017)
Other payables	(14,816)	7,455	(30,139)	10,463
Cash generated from/(used in) operations	4,967	7,057	7,410	10,102
Interest received	3	100	20	472
Interest paid	(4,620)	(5,020)	(14,108)	(15,451)
Income tax paid	-	3	-	-
Net cash used in operating activities	350	2,140	(6,678)	(4,877)
Investing activities				
Prepaid leases	59	(684)	219	(684)
Proceed from disposal of investments held for trading	3,253	401	4,899	842
Proceed from disposal of property, plant and equipment	6	2,429	6	2,917
Purchase of property, plant and equipment	(4,676)	(14,982)	(16,893)	(37,342)
Purchase of investments held for trading	(2,526)	(342)	(3,444)	(978)
Net cash from /(used in) investing activities	(3,884)	(13,178)	(15,213)	(35,245)
Financing activities				
Bank borrowings	(8,000)	-	(46,000)	-
Decrease (increase) in pledged fixed deposits	-	10,252	2,854	31,651
Advance from related party	-	-	-	19
Net cash from financing activities	(8,000)	10,252	(43,146)	31,670
Net (decrease) increase in cash and cash equivalents	(11,534)	(786)	(65,037)	(8,452)
Cash and cash equivalents at beginning of the period	37,778	3,573	91,281	11,239
Cash and cash equivalents at end of the period (Note)	26,244	2,787	26,244	2,787
Note: Cash and cash equivalents comprise the following:				
Fixed deposits	-	15,916	-	15,916
Cash and bank balances	26,244	2,787	26,244	2,787
Less: Pledged fixed deposits	-	(15,916)	-	(15,916)
	26,244	2,787	26,244	2,787

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 year

The Group	2017			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	(1,382)	146,104
Net loss for the period	-	-	28,159	28,159
Balance at 30 September	125,808	21,678	26,777	174,263

The Group	2016			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	9,000	156,486
Net profit for the period	-	-	(11,976)	(11,976)
Balance at 30 September	125,808	21,678	(2,976)	144,510

The Company	2017		
	Issued Capital	Accumulated Loss	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(5,595)	120,213
Net loss for the period	-	(2,007)	(2,007)
Balance at 30 September	125,808	(7,602)	118,206

The Company	2016		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(2,210)	123,598
Net loss for the period	-	(2,559)	(2,559)
Balance at 30 September	125,808	(4,769)	121,039

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 2017 and 30 September 2016.

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 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 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 2016 have been applied in the preparation for the financial statements as at 30 September 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 30 September		9 months ended 30 September	
	2017	2016	2017	2016
Net profit/(loss) after income tax (RMB'000)	29,272	(6,349)	28,159	(11,976)
Basic basis (RMB cents)	9.71	(2.11)	9.33	(3.97)
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 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
Net Assets (RMB'000)	174,263	146,104	118,206	120,213
Net asset value per ordinary share (RMB cents)	57.80	48.46	39.21	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 50.5% to RMB26.9 million as compared with the corresponding quarter in FY2016 ("3Q 2016"). In prior year, the products processed by the Group's printing and dyeing business and fabric processing segments consist of 2 general categories: "narrow width" and "extra width", which are classified in accordance with the width of the material. In light of the lacklustre PRC economic environment, the Company has rented out its factory space and plant and equipment of the "narrow width" division as part of the Group's effort to reduce redundancy.

Revenue for period ended 3Q 2017 consist of mainly rental income of RMB25.6 million (3Q 2016 ; RMB13.7 million) for renting out part of the factory space mentioned above and some revenues generated from disposing some of old products.

The decrease in revenue of RMB2.9 million (23.2%) from RMB12.3 million in 3Q2016 to RMB9.4 million for the period was mainly due to in 3Q2016, there were revenue generated from printing and dyeing operations of RMB10.7 million and rental revenue of RMB2.7 million whereas the revenue for 3 months period ended 3Q2017 was contributed solely from rental income. There was no revenue generated from the printing and dyeing business in 3Q2017, as the Group has temporarily ceased its printing and dyeing business due to the relocation of the plant and machineries from old factory in Kebei Industrial area to the new factory in Binhai Industrial Zone.

Although the total revenue for 3Q2017 was impacted, the Group managed to increase its gross profit margin and narrow its net losses on year to year basis as a result of renting out the factory spaces.

Gross Profit and Gross Profit Margin

The decrease in cost of sales of RMB9.5 million (95.1%) from RMB10.0 million in 3Q2016 to RMB0.5 million in 3Q2017 was mainly due to the decrease in revenue generated from printing and dyeing business due to the reason explained above. On top of that, as a result of the temporary cessation of printing and dyeing business, the depreciation charges related to the plant and equipment of RMB4.7 million were allocated to administrative expenses during the period under review.

The rental revenue in 3Q 2017 has resulted in the increase in gross profit as well as gross profit margin of the Company due to reasons mentioned above.

Operating Cost

Selling and distribution expenses

The substantial decrease in selling and distribution expenses was mainly due to the temporarily 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 increase in administrative expenses was mainly due to the allocation of depreciation of RMB14.3 million for the plant and equipment from cost of sales to administrative expenses due to cessation of the print and dye production activities for the period under review (In prior years all the depreciation were allocated to cost of sales).

Finance costs

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

Other operating income

The other operating income for 3Q 2017 mainly comprises of recognition of deferred income of RMB 54.0 million due to the demolition of the old factory in Keqiao offset with the property, plant and equipment written off of RMB 21.5 million due to demolition of the old factory and margin of RMB7.9 million obtained from the sewage charges to the lessees in the new factory.

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 the recognition of deferred revenue of RMB54.0 million 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 September 2017, compared with 31 December 2016.

Held for trading investments decreased by RMB1.1 million was mainly due to disposal of trading investment during the period.

Trade receivables decreased by RMB14.8 million mainly due to receipt of payment during the period.

Inventories decreased by RMB2.5 million mainly due to disposal of existing inventories carried forward from previous periods..

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 RMB18.8 million, mainly due to addition of property, plant and equipment during the period of RMB16.9 million mainly on the new factory building in Binhai industry zone offset with the property, plant and equipment written off of RMB21.5 million and depreciation charge of RMB 14.2 million for the period..

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

Bank borrowings decreased by RMB46.0 million mainly due to repayment during the period.

Trade payables decreased by RMB12.8 million, mainly due to repayment during the period.

Other payables decreased by RM30.1 million, mainly due to repayments for some contractors for the building of new factory in Binhai industrial zone.

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. The deferred income is recognised in the profit and loss as the old factory in Keqiao has been demolished during the period.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's generated a positive cash flow from operating activities in 3Q 2017 which was mainly due to the receipt of trade receivables and positive profit before tax.

The net cash used in investing activities was mainly due to the addition of property, plant and equipment for the period.

The net cash used in financing activities is mainly due to repayment of bank borrowings of RM8.0 million during the period.

As a result of the above cash flows activities, the Group recorded a net decrease in cash and cash equivalents of RMB11.5 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 continues to face challenges from the weak economic sentiments in China. We will provide updates when appropriate or 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.

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 Ziliang
Executive Director/ Chief Executive Officer

14 November 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 3rd Quarter ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao Ziliang
Executive Director/ Chief Executive Officer

Yu Ming Hai
Executive Director

14 November 2017