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STAYING FOCUSED REMAINING RESILIENT

CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED
ANNUAL REPORT 2013

Contents

Corporate Profile

China Taisan Technology Group Holdings Limited is one of the leading producers of knitted performance fabrics in the PRC. It is engaged in the knitting, dyeing and finishing of fabrics under its own "Lianjie" (连捷) brand as well as the provision of fabric-processing services.

It is one of the few approved suppliers of performance fabrics used in the manufacture of sportswear and casual wear for reputable international and domestic brands including the likes of Nike, Adidas, Umbro, CK, Li-Ning (李宁), Anta (安踏), Metersbonwe (美特斯邦威), 361 Qiaodan China (乔丹中国) and Semir (森马).

Our Chief Executive Officer and co-founder, Mr. Lin Wen Chang, is a Taiwanese and has more than 20 years' experience in the textile industry. Key positions in factory management and sales & marketing are also mostly occupied by Taiwanese. Our product R&D is staffed by a strong team of 12 R&D personnel, who are mostly Taiwanese with more than 10 over years of experience in textile industry. As Taiwan is a global leader in textile-manufacturing technology using synthetic fibre, China Taisan is able to leverage on this strong Taiwanese connection to maintain its technological edge over other PRC competitors.

The Group's production facility is strategically located in Jinjiang City, Fujian Province, otherwise known as the Sports Hub of the PRC – giving us access to the entire production chain for sports and leisure apparel in the PRC. It is therefore able to respond more quickly to customers' demands and develop long lasting relationships with many of its local customers such as Anta and 361.

The facility has a built-up area of about 37,586 sqm and is installed with equipment incorporating advanced technologies from France, Germany, Japan and Taiwan. The facility is fully integrated and is able to support the whole fabric production process from knitting and dyeing to finishing. With an annual production capacity of about 27,650 tonnes, China Taisan is one of the largest producers of performance fabrics in the PRC.

As a testament to our product quality, our products are able to conform to international standards such as AATTC, ASTM, DIN, BSI and JIS. We are also one of the few to become certified as Öko-Tex Standard 100 compliant since 2005. We are accredited by the CICC Conformity Assessment Services Co., Ltd (中国检验认证集团质量认证有限公司) with ISO9001:2000 and ISO14001:2004. In September 2008, our subsidiary, Jinjiang Lianjie, has been awarded the title of "Fabrics China Sportswear Fabrics Pioneer Plant" ("国家运动服装面料开发基地") under The Fabrics China Project, which was initiated by China Textiles Development Center (中国纺织工业协) and China Textile Information Center (国家纺织产品开发中心) in 1999.

Chairman & CEO Statement

Dear Shareholders.

On behalf of the Board, we are pleased to present to you the annual report of the Group for the financial year ended 31 December 2013 ("FY2013").

Year in Review

During FY2013, the global economic downturn and slow economy recovery have affected the consumers' consumption behaviors and the price competition among the manufacturing industries in the PRC. Therefore, the Group's sales volumes, average selling price and margins have been impacted.

Revenue increased by 23.1% to RMB729.3 million in FY2012 from RMB592.4 million in FY2012. Gross profit increased from negative RMB51.9 million in FY2012 to RMB49.4 million in FY2013 which is mainly due to the introduction of 4 new products which were released during FY2013 and the Group lowering the selling price for its performance fabrics in order to attract customers. Overall, the Group recorded a net profit attributable to shareholders of RMB1.8 million (FY2012: -91.0 million). Basic and diluted earning per share is RMB0.11 cents (FY2012: - RMB8.13 cents).

Forging Ahead

The Group's business performance for FY2013 showed an unsatisfactory result in the face of the economy downturn in the PRC and the intensified price competition among competitors. As one of the largest performance fabric manufacturers in China, we have enhanced our communication with our customers and continued to develop new and differentiated products. The newly delivered machineries would help us to improve our efficiency and quality in production as well as to produce newer type of products to meet the ever-changing demands of our clients.

For FY2014, the Group's operating environment will remain challenging. Notwithstanding the challenges faced, the Group would continue to develop and launch several new products and re-integrate the production line so as to further differentiate ourselves from our peers.

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Appreciation

On behalf of the Board, we would like to extend our utmost appreciation to our management and staff, shareholders, business partners and customers for their dedication and commitment. We will continue to put in our best efforts to deliver value to all our stakeholders.

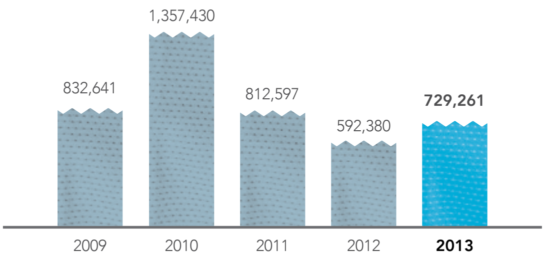
Choi Cheung Kong
Non-executive Chairman

Lin Wen Chang
Chief Executive Officer

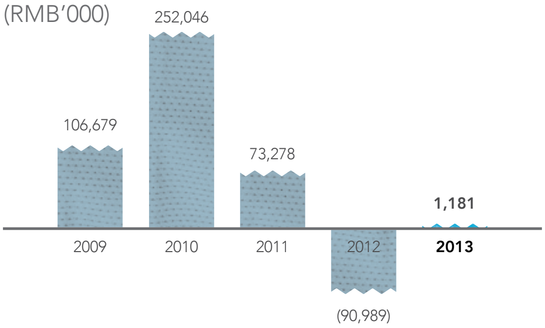
Chairman & CEO Statement (Cont'd)

Operations and Financial Review

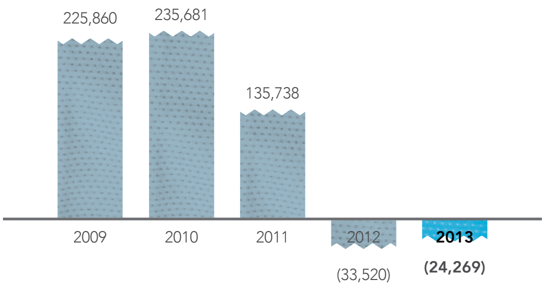
Revenue
(RMB'000)



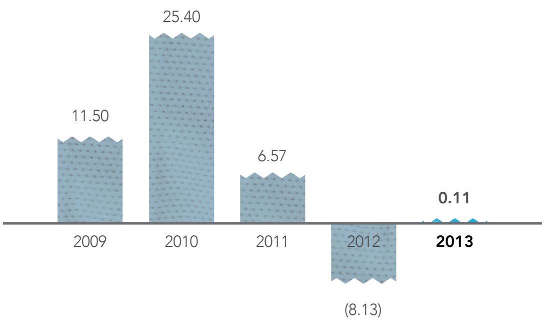
Net Profit/(Loss) attributable to shareholders
(RMB'000)



Operating Cash Flow
(RMB'000)



Earnings per Share
(RMB cents)



Financial Performance

For the full year ended 31 December 2013 ("FY2013"), the Group recorded revenue of about RMB729.3 million, increased by 23.1% from the RMB592.4 million in FY2012. The increase in revenue is mainly due to an increase in sales quantity of performance fabric, which was mainly due to the introduction of 4 new products which were released during FY2013 and the Group lowering the selling price for its performance fabrics in order to attract customers.

On a full year basis, profit margin increased to 6.8% in FY2013 from negative 8.8% in FY2012, which is due to lower direct material cost for 4 new products released in FY2013.

The other operating income increased by 6.1% to RMB7.8 million from RMB7.3 million in FY2012 which was due to reversal of over accrual of staff welfare and impairment of inventory by RMB1.8 million and RMB1.3 million respectively at end of FY2013.

The distribution cost decreased by 3.0% to RMB1.6 million from RMB1.7 million in FY2012 mainly due to lower entertainment expenses incurred in FY2013.

The administrative expenses decreased by 14.3% from RMB15.5 million in FY2012 to RMB 13.3 million in FY2013. The decrease is mainly due to accrual variable performance bonus during the last quarter of 2012.

The Group's other operating expenses for FY2013 increased by 38.9% compared with FY2012, which mainly due to the unallocated fixed overheads pertaining to the deprecation of plant and equipments increased by RMB 11 million in FY2013*.

*: The unallocated fixed overheads of plant and machinery from production cost is according to FRS 2 Inventories note 13 on "Cost of conversion".

The finance costs decreased by 5.6% from RMB2.4 million in FY2012 to RMB2.3 million in FY2013 due to lower average borrowing amount.

As a result of the industry downturn in FY2013, the Group recorded an attributable to shareholder of RMB1.2 million. Nevertheless, we were able to react decisively during the downturn to continue to roll out new products and lower our costs.

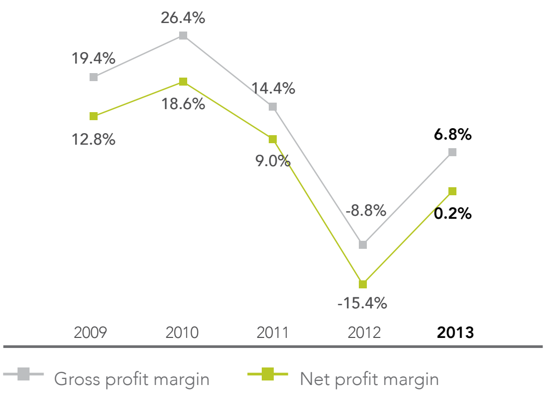
The Group's performance ratios were affected as a result of low profit. The Group's Return on Equity (ROE) and Return on Capital Employed (ROCE) is only 0.1% and 0.1% respectively, Return on Assets (ROA) also only about 0.1%.

Financial Results Highlight

(RMB'000)	2009	2010	2011	2012	2013
Revenue	832,641	1,357,430	812,597	592,380	729,261
Gross profit	161,667	358,891	117,146	(51,869)	49,399
Profit before income tax	144,780	340,196	99,974	(90,988)	1,181
Net profit attributable to equity holders	106,679	252,046	73,278	(90,989)	1,181
Dividend per share (RMB cents)	3.45	2.27	–	–	–

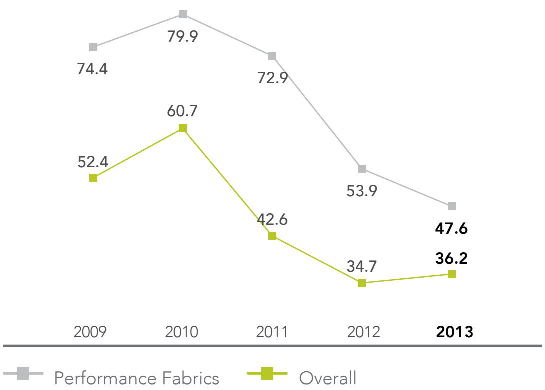
Overall Profit Margin

(%)



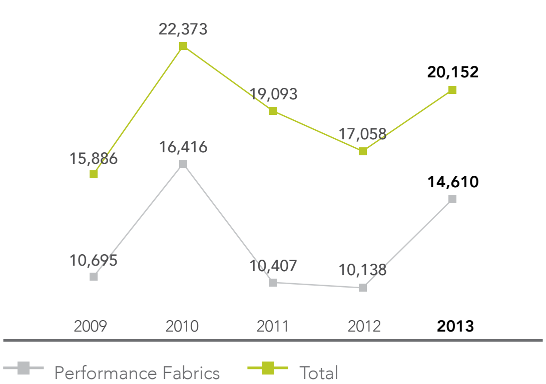
Average Selling Price per Tonne

(RMB'000)



Sales Quantity

(tonnes)



Measurements of Returns

(%)

Operations and Financial Review (Cont'd)

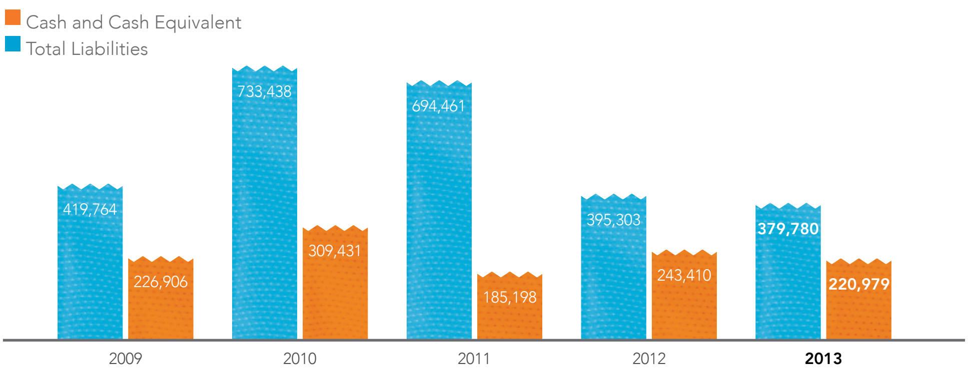
Stable Liquidity & Cash Flows	2009	2010	2011	2012	2013
Current Ratio (times)	3.18	4.03	5.47	3.16	**3.71**
Quick Ratio (times)	2.94	3.79	5.13	2.95	**3.54**
Cash Conversion Cycle (days)*	54	27	62	78	**80**
Average Inventory Turnover Days*	29	24	36	33	**25**
Average Trade Payables Days*	77	66	91	99	**98**
Average Trade Debtors Days*	103	69	118	143	**153**
Operating Cash Flow/Sales (in %)	25.9%	17.4%	16.7%	-5.7%	**-3.3%**

* Using average of relevant year-end balances for the calculation.

Healthy Financial Position (RMB'000)

Net Asset/Net Cash per Share

Total Liabilities as % of Total Assets



Operations and Financial Review (Cont'd)

Cash Flow Management

During FY2013, cash and bank balances decreased by 3.9% to RMB379.8 million as at 31 December 2013 from RMB395.3 million as at 31 December 2012. The Group's cash outflows were mainly due to operating activities as a result of slower collection in trade and other receivables, the debtors turnover day was deteriorated from 143 days in FY2012 to 153 days in FY2013.

The Group recorded a cash outflow from operating activities of RMB24.3 million in FY2013, versus approximately RMB33.5 million of cash outflow for FY2012. That is mainly due to the operating profit of RMB 2.7 million made by the Group in FY2013.

The Group experienced a net cash inflow of RMB8.7 million from financing activities in FY2013 mainly due to RMB40 million received from bank loans net off RMB30 million repayment of bank loan.

Financial Position

The Group's financial position affected by low profit in FY2013. Our shareholders' equity only increased by 0.1% to RMB1,191.8 million as at 31 December 2013 from RMB1,190.6 million as at 31 December 2012.

Net asset value per share and net cash per share decreased to RMB106.49 cents and RMB 30.17 cents as at 31 December 2013 as a result of low profit making in FY2013.

The Group's total liabilities are kept as low as 15.6% of our total assets as at 31 December 2013. Our cash and cash equivalents have also exceeded our total liabilities since FY2008. We believed that our healthy financial position would be advantageous in pursuing further opportunity.

Production Process

Through its fully integrated facilities, China Taisan engages in the knitting, dyeing and finishing of performance fabrics with multi-functionalities.

Fabric Production

Polyester yarns are combined with spandex yarns and knitted into premium performance fabrics, which are more elastic, using computerized multi-track electronic tubular knitting machines. The process of producing Spandex Performance Fabrics is generally more delicate and requires more advanced machines. Common unfinished fabrics that do not incorporate spandex are typically outsourced to third-party suppliers.

Fabric Processing

The fabric processing stage involves dyeing and incorporation of functionalities into knitted fabrics. Fabric passes through a dye solution and is then processed through overflow dye machines containing dye in coil form rotated at a constant speed. Using our proprietary knowhow, the dye solution is blended with certain formulated chemicals and additives under specified timing, temperature, pressure, sequence and duration to produce performance fabrics with the desired characteristics or functionalities. Close monitoring is required using automated and computerized systems to ensure material uniformity in the end-desired fabrics.

Fabric Finishing

The fabric finishing stage enhances and sets the physical characteristics of the fabrics after dyeing by going through the following processes:

- Heat-setting
- Brushing and napping (applicable to polar fleece performance fabrics only)
- Shearing (applicable to polar fleece performance fabrics only)
- Tumbling (applicable to polar fleece performance fabrics only)

Production Process (Cont'd)

Products Highlight

CHARACTERISTIC/ FUNCTION	DESCRIPTION
Integrated Breathable & Wind-Breaking	This fabric is made up of 2 layers of different fabrics with a "breathable" membrance in between. It has the function of shielding the body against wind and water, while allowing evaporation of sweat through the fabric, hence, keeping you warm in cold weather yet dry and comfortable.
Cooling Effect	This fabric provides cooling sensation upon contact and enables the skin covered by the fabric to feel at least 2° to 3° lower than the surrounding temperature.
Bamboo-Charcoal Negative Ion	This fabric has bamboo charcoal fibre which has natural anti-bacterial properties and is able to neutralize bad odour. At the same time, it emits negative ions that are beneficial to our body by improving blood circulation and body immunity.
UV-Protection	This fabric prevents penetration of harmful UV rays due to prolonged sun exposure.
Anti-Bacterial/ Anti-Odour	This fabric is resistant to or inhibits the growth of microorganisms.
Moisture Management/ Quick-Dry	This fabric allows the quick absorption of sweat and moisture from the skin surface and gives you an excellent dry touch with cool effect.
Anti-Static	This fabric inhibits the buildup of static electricity.

Products Highlight (Cont'd)

CHARACTERISTIC/ FUNCTION		DESCRIPTION
Anti-Wrinkle/ Crease-Resistant		This fabric is resistant to wrinkling and creasing and thus retains its original shape.
Far Infra-red		This fabric emits far infra-red rays which cause capillaries to dilate and increase blood flow and this increased flow is believed to flush away toxins and lactic acids which can cause stiffness and discomfort.
Anti-Mosquito		This fabric keeps away mosquitos and other insects.
Dust, Oil and Stain Resistant		This fabrics acts against or opposes the absorption of dust, oil and stain thus allowing for such fabric to be cleaned easily.
Recycled		This environmentally-friendly fabric is made from recycled materials and paves the way for a cleaner and better environment.
Stretchable		This fabric has strong elasticity and non-shrinking properties to allow greater ease of movement and to produce tight-fitting effect.

Risk Management Policies and Processes

The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The following sets out an overview of China Taisan's approach to risk management and business control with a brief discussion of the nature and the extent of its exposure to these risks. The risk overview, however, is not exhaustive:

Market Risk

The Group's principal business is focused in a single geographical market which is the People's Republic of China. All our direct customers, the apparel manufacturers and/or fabric traders, are distributed in various regions of the mainland China, mainly in Fujian Province, Guangdong Province and Jiangsu Province. Though we supply to our direct customers within mainland China, our products could be indirectly exported out of China in the forms of their finished products, i.e. the apparels, as instructed by respective end customers, the apparel brands. Such indirect diversification implies that our market risk may not necessarily be concentrated in mainland China.

However, majority of our products are still consumed in the mainland China, which is in line with the China Taisan's strategy. The management is of the view that the presence of political stability, government's policies in broad terms and strong economic growth are favourable factors to the market development. The Group also carries its business with a well diversified group of direct customers and end customers in this market.

Nevertheless, the Group will be susceptible to any unforeseen changes in the government policies, industry regulations and market conditions. The management consistently keeps updated in order to anticipate or respond to any adverse changes in an efficient and timely manner.

Business Risk

The manufacture of textile products would result in water pollution by nature. Therefore, the Group has to consistently keep up with industry regulations on environmental protection. Our factory is equipped with a reliable waste water treatment system which is constantly monitored and upgraded in accordance with local authority's requirement.

Our main raw materials are synthetic yarns like polyester and spandex which are by-products from crude oils. The costs of the raw materials are therefore indirectly affected by the fluctuation in crude oil prices. However, we manufacture our products on an "order-to-produce" business model, where our products pricing accepted by customers has taken into account of the current raw material costs. Most of our raw materials are acquired only, when orders are received, at the prices incorporated in our costings for agreed selling prices.

Operational Risk

Operational risk is the potential loss caused by a breakdown in internal process, deficiencies in people and management, or operational failure arising from external events. The operational risk management process is to mitigate unexpected losses and manage expected loss.

The Group is presently operating in a single principal business location at Jinjiang City of Fujian Province, where almost all of the Group's assets are located. While the Group is growing organically, its operational processes are constantly reviewed through ISO audits and internal audit exercises so as to ensure proper internal controls are in place and business is operated efficiently. The Group also develops its people constantly to ensure that the right people are in place for the operation.

Product Risk

Our Group's success is dependent on the acceptability of its products by its customers. The management is of the view that apparel products are part of the necessity for living and commonly demanded products regardless of the economic conditions. China Taisan sells more than 20 types of broadly-categorised performance fabrics, branded under "Lianjie"（连捷）and is not reliant on the sale of any particular type of performance fabrics.

Risk Management Policies and Processes (Cont'd)

One of our key strategies is to develop new products continuously to meet the ever-changing market demands. China Taisan emphasises and invests adequately in its product R&D. We have tie up with Wuhan Textile University recently to co-develop new products as a move to strengthen our product development capabilities. The Group targets to launch at least 3 to 5 new products each year as one of the key drivers for our growth and competitiveness.

Investment Risk

The Group grows its businesses through organic growth of its existing activities, development of new products and capabilities and through potential acquisitions of operating business entities. Investment activities are evaluated through performing due diligence exercise and are supported by external professional advices. All business proposals are reviewed by the Company's Board of Directors and its senior management before obtaining final Board approval.

Foreign Exchange Risk

The foreign exchange risk of the Group arises from the Company's transactions and the translation of cash deposits denominated in currencies other than Chinese Renminbi. The currencies giving rise to this risk are primarily Singapore dollars, U.S. dollars and New Taiwan dollars.

The Group does not have any formal hedging policy against foreign exchange fluctuations. However, it continuously monitors the exchange rates of major currencies and enters into currency hedging contracts with banks from time to time whenever the management detects any movements in the respective exchange rates which may impact the Group's profitability.

The Group's exposure to foreign exchange risk is minimal as the cash and bank balances kept in foreign currencies accounts are insignificant as at 31 December 2013. These cash and bank balances are converted to the respective presentation currencies of the Group's companies on a need-to basis only.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Credit risk is managed through the application of credit approvals, setting credit limits, background search and monitoring procedures. Cash terms and advance payments are required for customers with lower credit standing. For customers exceeding their credit terms, we would meet these customers to resolve the payment. In deciding whether an extension in credit terms would be granted. The management takes into consideration of factors such as long-term relationships, payment history, creditworthiness and financial position of the customers. As we practice strict credit control policies, the Group does not expect to incur material credit losses on its receivables or other financial instrument, if any.

Interest Rate Risk

The Group aims to manage the extent to which the Group's results could be affected by the movement in interest rate.

As at 31 December 2013, the Group's cash and cash equivalents stood at RMB379.8 million. The Group's cash balances are placed with reputable banks and financial institutions. Additional financing, if required, can be obtained through banking facilities and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Liquidity Risk

The Group manages its liquidity of funds available in order to meet the contractual and financial obligations as and when they fall due.

The Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effect of fluctuations in cash flows. The Group has minimal liquidity risk as it maintains adequate working capital to meet its obligations as and when they fall due.

Derivative Financial Instrument Risk

The Group does not hold or issue derivative financial instruments for trading purposes.

Board of Directors

1 2
3 4 5

Board of Directors (Cont'd)

1 **Choi Cheung Kong (蔡长江)** is our co-founder and Non-Executive Chairman and was appointed to our Board on 8 October 2007. Since the establishment of our subsidiary, Jinjiang Lianjie Textile Printing & Dyeing Industrial Co., Ltd ("Lianjie"), he only acted in a non-executive role within Lianjie and is not involved in the daily operations of Lianjie. Prior to the founding of our Group, Mr. Choi was involved in various businesses, including the manufacturing of umbrella, property development and running of restaurants, for which he founded several companies and assumed an executive role. Since 2003 to date, Mr. Choi has been engaged in the business of granite quarrying through Ganzhou Leijie Stone Co., Ltd, a company founded by him. Mr. Choi is the vice chairman of Hong Kong Dong Shi Town Fraternal Association (香港东石镇同乡联谊会) and the Honorary Chairman of the Dongshi Chamber of Commerce (晋江东石商会).

2 **Lin Wen Chang (林文章)** is our co-founder and CEO, overseeing the daily operations of Lianjie as well as helming the production, R&D, procurement, administration and HR departments. He was appointed to our Board on 14 January 2008. Mr. Lin has more than 20 years of experience in the textile industry. He graduated from Oriental Academy of Industry, Taiwan (亚东工业专科学校) (presently known as Oriental Institute of Technology, Taiwan (亚东技术学院)) in 1983 with a certificate in dyeing and finishing for fabrics. Prior to the founding, Mr. Lin had worked in various fabric manufacturing and dyeing companies in Taiwan: from 1992 to 1996, he served as a senior engineer in Jiewen Dyeing Company (捷稳染整公司); from 1988 to 1991, he served as a senior engineer in Nan Yang Dyeing & Finishing Co., Ltd (南洋染整公司); and from 1986 to 1988, he was the team leader of the technical department of Far East Textile Co., Ltd (远东纺织印染公司). Mr. Lin is the Chairman of Taiwan Fund Enterprises Institution, Jinjiang City, Fujian Province (福建省晋江市台资企业协会) and the vice chairman of Taiwan Fund Enterprises Institution, Quanzhou City, Fujian Province (福建省泉州市台资企业协会).

3 **Chen Jia Ji (陈家籍)** is our executive director and was appointed to our Board on 17 August 2011. He has been with us since the establishment of Lianjie in 1996. He is the Vice General Manager of our subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd and is responsible for assisting our CEO and General Manager in the daily operations. Mr Chen is also a director of Liangjie.

4 **Tsang Siu For Thomas (曾兆科)** is our Independent Director and was appointed to our Board on 14 April 2008. He is also the Chairman of our Audit Committee. He has more than 15 years of audit experience with professional accounting firms such as KPMG, Ernst & Young, PricewaterhouseCoopers in Hong Kong, Beijing and Singapore. He has managed various portfolios of clients comprising multinational corporations and was responsible for the entire management of audit of clients from planning, directing and complete handling of administrative matters. He is currently a partner in charge of initial public offering assignments, audit of listed companies and financial due diligence with RT LLP in Singapore. Mr Tsang is currently a practicing member of the Institute of Singapore Chartered Accountants, and a fellow member of Association of Chartered Certified Accountants (ACCA). He has also been an associate member of Hong Kong Institute of Certified Public Accountants since 1997. Mr Tsang graduated with a Diploma in Accountancy from Chai Wan Technical Institute in Hong Kong in 1990 and thereafter, in 2003, he completed his MBA degree from the University of Warwick, England. Mr Tsang also obtained a Diploma in International Financial reporting from ACCA in 2005.

5 **John Ngan See Juan (严世远)** is our Independent Director and was appointed to our Board on 29 February 2012. He is also the member of Audit and Nominating committees. He is currently the managing Audit Partner of One Assurance LLP and Audit Partner of Audit Alliance LLP. From 2010 to 2011, Mr Ngan worked as the Chief Financial Officer in several international companies. He has more than 10 years of audit experience with professional accounting firms such as Foo Kon Tan Grant Thornton, KPMG and PricewaterhouseCoopers in Singapore. He is currently a member of the Institute of Singapore Chartered Accountants, and a fellow member of Association of Chartered Certified Accountants (ACCA).

Key Management

Cai Bing Huang (蔡炳煌) is our General Manager and has been with us since the establishment of Lianjie in 1996. He is responsible to oversee the operations of administration, human resources and procurement departments. Prior to August 2010, he was the sales and marketing manager and assisted in the running of the sales & marketing department.

Cai Jin Ding (蔡金頂) is our Sales & Marketing Manager and has been with us since the establishment of Lianjie in 1996. He currently runs the sales & marketing department. He is responsible for developing sales and marketing strategies, recommending products to existing customers, maintaining customer relationships and providing our customers with after sales services, securing new customers and monitoring and analysing market and industry trends.

Yang Shun Fu (杨顺福) is our Senior Accounting Manager and has been with us since October 2004, overseeing our accounting and finance departments of our sudbsidiary. Mr. Yang graduated with a diploma in 1993 from Quanzhou City Li-ming Vocational College (泉州市黎明职业大学). From1997 to 2004, he worked as an accounting manager in Jinjiang City Jin-fang Spinning and Dyeing Co., Ltd (晋江市晋纺印染织造有限公司). From 1993 to 1997, Mr. Yang provided freelance accounting services.

Guo Linzhen (郭林镇) is our Technical Engineer and Deputy General Manager from March 2014, he is responsible for product development and production and operation department coordination. From 2003 – 2005, Mr Guo was Factory manager of Sanshen textile Co. Ltd in Taoyuan,Twiwan. From 2006 – 2013, He was Factory manager of Best Dyeing Co., Ltdin Shishi Fujian. Mr Guo join us during Nov 2013.

Zhou Jiawei (周家伟) is our Technical Engineer and Sale Manager from March 2014, he is Responsible for new product research and development. From 1997 – 2001, Mr Zhou was Technical director and manger of Rihua Hongkong Chemical Industry Co., Ltd in Guangzhou. From 2005 – 2013, Mr Zhou was Technical Engineer and Marketing manager of Guangdong Office of Taiwan Yihe Co. Ltd. He join us during Nov 2013.

Dr. Felix Ong Kim Huat (王金发博士) is our Chief Advisor and was appointed since the Company incorporated. He is currently the Executive Chairman & CEO of Focus-Tech Holding Pte Ltd. Dr Ong is a very successful entrepreneur and he is also well-known for his deep interest and support of the local entertainment industry, which stems from his work in his younger days as a story writer, scriptwriter, and, a movie star. He has put his musical and artistic talents to a positive cause by participating in many community fund-raising activities. Dr. Ong was conferred the Doctorate of Philosophy in Business Administration from the American University in the State of Hawaii, USA, in 2000.

Liu Yi (刘毅) is our Group Financial Controller and has been with our Group since September 2011. He is responsible for the financial and accounting, corporate finance and investor relations functions of our Group. Prior to joining our Group, Mr. Liu was the Audit Supervisor in Mazars LLP, where he managed various portfolios of clients, comprising international corporations and was responsible for the entire supervision of audit of clients, from planning to finalisation. Mr. Liu has obtained his qualification from Association of Chartered Certified Accountants and graduated with a Bachelor of Applied Accounting Degree from Oxford Brookes University in 2006. Mr. Liu is presently a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Singapore Chartered Accountants.

CORPORATE GOVERNANCE

The Board of Directors and management of China Taisan Technology Group Holdings Limited (the "Company") are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the new Code of Corporate Governance 2012 (the "**Code**") issued by the Corporate Governance Committee. Good corporate governance is an integral element of a sound corporation as it promotes corporate transparency and protects and enhances shareholders' interest. This statement outlines the main corporate governance practices and processes that were in place since the financial year beginning on 1 January 2013.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with management to achieve this and the management remains accountable to the Board.

For FY2013, the Board of Directors (the "**Board**") comprises two executive directors, a non-executive director, and two independent directors, all having the right core competencies and diversity of experience which enable them to effectively contribute to the Company. Dr Fu xiaobin has ceased to be a director with effect from 1 November 2013. Pursuant to the aforesaid resignation, the Board now comprises five directors as at the date of this Annual Report.

The Board's primary role is to provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives, to conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resource allocation as well as to protect and enhance long-term shareholder value.

Key matters which the Board oversees include:

(i) approving board policies, strategies and long-term objectives of the Group;

(ii) ensuring management performance is regularly monitored;

(iii) overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance (please refer to Principle 11 on risk management and internal controls);

(iv) reviewing and approving annual financial budgets, material acquisitions of assets, major funding proposals, investment and divestment proposals; and

(v) assuming responsibility for corporate governance (all directors are obliged to act in good faith and consider the interest of the Company at all times);

(vi) identifying the key stakeholder groups of the Group and recognizing that their perceptions affect the Company's recognition;

(vii) setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met; and

(viii) considering sustainability issues.

To fulfill its role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls which enables risks to be identified, assessed and managed, safeguarding shareholders' interests and the Group's assets, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee, a Remuneration Committee and an Audit Committee. The effectiveness of each committee is also constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control.

The Board currently holds at least four scheduled meetings each year. In addition, it holds additional meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in consultation with the Chief Executive Officer ("**CEO**"). Standing items include the management report, financial reports, strategic matters, governance, business risk issues and compliance. Executives are regularly invited to attend Board meetings to provide updates on operational matters.

Board and Board Committee Meetings

From 1 January 2013 to the date of this report, the Board held five meetings and the attendance of each Director at every Board and Board Committee meeting is as follows:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Choi Cheung Kong[(1)] (Non-executive Director & Chairman)	5	5	5	5	2	2	2	2
Mr Lin Wen Chang (Executive Director & CEO)	5	5	5	5*	2	2*	2	2*
Mr Chen Jia Ji (Executive Director)	5	3	5	3*	2	2*	2	2*
Mr Tsang Siu For Thomas[(2)] (Lead Independent Director)	5	5	5	5	2	2	2	2
Dr Fu Xiao Bin[(3)] (Independent Director)	5	3	5	3	2	1	2	1
Mr Ngan See Juan (Independent Director)	5	5	5	5	2	2	2	2

Notes:

(1) Mr. Choi Cheung Kong has been appointed as a member of Audit Committee with effect from 1 November 2013;

(2) Mr. Tsang Siu For Thomas has been appointed as a member of Remuneration Committee and Nominating Committee with effect from 1 November 2013; and

(3) Dr Fu xiaobin has ceased to be a director with effect from 1 November 2013.

* Attendance by invitation.

Matters Requiring Board Approval

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. All other matters are delegated to committees whose actions are reported to and monitored by the Board.

Training of Directors

Directors receive appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations.

The Company does not have a formal training program for new directors. However, to assist the Board in discharging its duties, a newly appointed director will be briefed on the business operations and regulatory issues relating to the Group. Directors are also informed of regulatory changes affecting the Group. The company secretary conducts briefings and presentations to update the Board. In this regard, the most recent briefing being conducted at the Board meeting of the Company held on 26 February 2014 in relation to the SGX & MAS's proposed changes. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as directors and the company secretary assists the Board to search for new training courses and notifies the directors of the same.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

For FY2013, the Board comprises five directors of which two are independent directors. The independent directors are Mr Tsang Siu For Thomas and Mr Ngan See Juan. The criterion of independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment of the conduct of the Group's affairs. As at the date of this Annual Report, there are no independent directors of the Company who sit on the board of the Company's principal subsidiaries.

The composition of the Board is determined in accordance with the following principles:

- The Board should comprise a sufficient number of directors to fulfill its responsibilities and who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

- There should be a strong and independent element on the Board, with at least one-third of the Board made up of independent directors.

- At least half of the Board should be comprised of independent directors where:

  (i) the chairman of the Board ("Chairman") and the CEO (or equivalent) is the same person;

  (ii) the Chairman and the CEO are immediate family members;

  (iii) the Chairman is part of the management team; or

  (iv) the Chairman is not an independent director.

- The Board should have enough directors to serve on various committees of the Board without over-burdening the directors or making it difficult for them to fully discharge their responsibilities.

As the Chairman is a non-executive director, the Board is of the view that two out of five deemed to be independent will be sufficient to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board will be able to interact and work with the management team through a robust exchange of ideas and views to help shaping the Company's strategic direction.

The composition of the Board is reviewed on an annual basis by a Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Committee, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

The Board examines its size and considers that the current Board size and number of Board Committees are appropriate for effective decision-making, taking into account and scope and nature of the operations of the Group and skills and experiences of the directors.

The role of the non-executive and independent directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Board considers its non-executive and independent directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The non-executive and independent directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors.

Chairman and Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Choi Cheung Kong, who is the Non-executive Chairman and Mr Lin Wen Chang, the CEO of the Company, are not related to each other. Mr Lin is responsible for the day-to-day management of the affairs of the Company and the Group. He leads in business development and expansion of the Group and ensures that the Board is kept updated and informed of the Group's business.

The Chairman's responsibilities include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- ensuring effective communication with shareholders;

- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive Directors in particular; and
- promoting high standards of corporate governance.

Board Membership
Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Pursuant to the cessation of Dr Fu Xiaobin, the Nominating Committee ("**NC**") as at the date of this Annual Report comprises non-executive directors Mr Choi Cheung Kong as the chairman, and Mr Ngan See Juan and Mr Tsang Siu For Thomas as members, the majority of whom are independent.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

(a) reviewing of Board succession plans for directors, in particular, the Chairman and the CEO;

(b) developing a process for evaluation of the performance of the Board, its committees and directors;

(c) reviewing training programs for the Board;

(d) making recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board;

(e) regularly reviewing the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(f) determining the process for search, nomination, selection and appointment of new board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;

(g) determining, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the Code is in fact independent, the Company should disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. The NC may at its discretion determine a Director as non-independent even if he has no business or, other relationships with the Company, its related companies or its officers;

(h) making recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years, where appropriate.;

(i) recommending Directors who are retiring by rotation to be put forward for re-election;

(j) deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations (the NC shall, inter alia, recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards); and

(k) assessing the effectiveness of the Board as a whole and assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be disclosed annually.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Articles and Association provides that one third of the Board, or the number nearest to one third is to retire by rotation at every Annual General Meeting ("AGM"). In addition, the Company's Articles of Association also provides that newly appointed directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

The dates of appointment and last re-election of each director are set out below:

Name of Director	**Date of Appointment**	**Date of Last Re-election**	**Directorship in Listed Company**	
			Present	**Past Preceding 3 years**
Choi Cheung Kong	8 Oct 2007	26 Apr 2013	China Taisan Technology Group Holdings Limited	NIL
Lin Wen Chang	14 Jan 2008	Not Applicable [1]	China Taisan Technology Group Holdings Limited	NIL
Chen Jia Ji	17 Aug 2011	27 Apr 2012	China Taisan Technology Group Holdings Limited	NIL
Tsang Siu For Thomas	14 Apr 2008	27 Apr 2012	China Taisan Technology Group Holdings Limited W Corporation Limited Yong Xin International Holdings Ltd	NIL
Dr Fu Xiao Bin[2]	14 Apr 2008	26 Apr 2013	China Taisan Technology Group Holdings Limited Greater China Precision Components Limited JES International Holdings Limited	NIL
Ngan See Juan	29 Feb 2012	27 Apr 2012	China Taisan Technology Group Holdings Limited	NIL

[1] In accordance with the Company's Articles of Association, our Chief Executive Officer, Mr Lin Wen Chang, is not subject to retirement by rotation while he is the managing director of the Company and continues to hold that position, and he shall not be taken into account in determining the rotation of retirement of directors; and

[2] Dr. Fu Xiao Bin has ceased to be a director of the Company with effect from 1 November 2013.

The current board members generally have not more than 2 directorships in other listed companies, which means they have sufficient energy and time to focus on the management of the Company. The Company will set limits on its directors' directorships if the directors subsequently have more directorships.

According to the Company's Articles of Associates, Mr Chen Jiaji and Mr Tsang Siu For Thomas shall retire and will each submit themselves for re-election at the Company's forthcoming AGM. The NC had recommended to the Board that the retiring Directors be nominated for re-election at the forthcoming AGM.

Other key information on the individual directors of the Company is set out in page 15 of this Annual Report. Their shareholdings in the Company are also disclosed in the Report of the Directors. None of the directors hold shares in the subsidiary of the Company.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has established a process for assessing the effectiveness of the Board as a whole and its committees and for assessing the contribution by Chairman and each individual director to the effectiveness of the Board. At the end of each financial year, a Board evaluation is conducted. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities as directors.

Directors receive a regular supply of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements.

All directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All directors have separate and independent access to the company secretary. The company secretary administers, attends and prepares minutes of all Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's memorandum and articles and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange Securities Trading Limited (SGX-ST), are complied with.

The Company does not have a formal training program for new directors. However, to assist the Board in discharging its duties, a newly appointed director will be briefed on the business operations and regulatory issues relating to the Group. Directors are also informed of regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as directors. The company secretary also assist the Board to search for training courses and notifies directors of the courses when necessary and provide updates on any regulatory changes affecting the Group. The external auditors also briefed the AC members on development of accounting standards during AC meeting. Should directors, whether as a group or individually, need independent professional advice in the furtherance of their duties the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("**RC**") comprises non-executive directors. Pursuant to the cessation of Dr Fu Xiaobin, the NC and the Board appointed Mr Ngan See Juan as the Chairman of the Remuneration Committee and Mr Tsang Siu For Thomas and Mr Choi Cheung Kong as members, the majority of whom, including the chairman, are independent.

The Board has approved the written terms of reference of the RC. The RC performs the following functions:

(a) reviewing and recommending to the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for:

- each Director;
- the CEO (or executive of equivalent rank), if the CEO is not a Director;
- senior management of the Group; and
- employees related to directors or substantial shareholders of the Group.

(b) convening RC meetings as the RC deems appropriate. The RC should meet at least once a year and meetings should be organized such that attendance is maximised. A meeting may be called, at any other time, by the Chairman or any member of the RC. Director or Management may be invited to the meetings.

(c) the Secretary of the RC shall be the Company Secretary for the time being or, such other person as may be nominated by the RC.

(d) the Secretary shall attend all meetings and minute the proceedings thereof.

(e) minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all members of the RC.

(f) if the Chairman of the RC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with approval by the Chairman, obtain copies of the minutes of RC meetings.

(g) the notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.

(h) recommending to the Board, the Share Option Schemes or any other performance bonus schemes which may be set up from time to time and to do all acts necessary in connection therewith.

(i) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

(j) as part of its review, the RC shall ensure that:

  i. all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

  ii. the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element; and

  iii. the remuneration package of employees related to directors or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The members of the RC do not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration
Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more for this purpose.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

The remuneration of the Chief Executive Officer Lin Wen Chang, is based on the service agreement entered into between Mr Lin Wen Chang and the Company on 1 January 2008. The service agreement will be for an initial period of 3 years, effective from 1 January 2008 and renewable thereafter. The terms of the service agreement are reviewed by the Remuneration Committee on an annual basis.

In determining the remuneration of the non-executive Directors, the RC ensures that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the non-executive Directors.

The RC ensures that non-executive Directors are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of non-executive Directors. The Board will recommend the remuneration of the non-executive Directors for approval at the AGM.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Details of remuneration paid to the Directors and top 4 key management personnels are set out below:

Remuneration band and Name	Fees	Salary	Bonus	Others	Total
Directors					
Between S$200,000-250,000					
Mr Lin Wen Chang	–	100%	–	–	100%
Between S$50,000-S$100,000					
Mr Chen Jia Ji	–	97%	–	3%	100%
Below S$ 50,000					
Mr Choi Cheung Kong	–	–	–	–	–
Mr Tsang Siu For Thomas	100%	–	–	–	100%
Dr Fu Xiao Bin(1)	100%	–	–	–	100%
Mr Ngan See Juan	100%	–	–	–	100%
Key Management Personnels					
Between S$50,000-S$100,000					
Mr Cai Bing Huang	–	97%	–	3%	100%
Mr Liu Yi	–	83%	7%	10%	100%
Below S$ 50,000					
Mr Yang Shun Fu	–	96%	–	4%	100%
Mr Cai Jin Ding	–	93%	–	7%	100%

The Company does not have any employees who are immediate family members of a Director or the CEO, whose remuneration exceeded S$150,000 during the financial year ended 31 December 2013.

The Company does not have any employee share schemes.

Notes:

(1) Dr Fu Xiao Bin ceased to be a Director on 1 November 2013.

The breakdown of the remuneration of the top executives of the Group is not disclosed in the Annual Report due to the confidentiality and avoidance of poaching of the Company's staff.

The Company is not disclosing the remuneration of the Directors and the top executives of the Group in bands of S$50,000 as it believes that detailed disclosure is not necessary for good corporate governance and wishes to keep it confidential for commercial reasons.

(C) ACCOUNTABILITY AND AUDIT

Accountability
Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Our Company announces its financial results on a quarterly basis and other information via SGXNET in accordance with the requirement of SGX-ST. The Company aims to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

Risk Management and Internal Controls
Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board reviews regularly the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls and risk management systems are adequate and effective.

Mr Liu Yi, as the Financial Controller of the Group, is responsible for the accounting and financial function as well as the financial reporting of the Group.

The Board has also received assurance from the CEO and the Finance Controller:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the effectiveness of the Company's risk management and internal controls system.

The AC reviews the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks. The Audit Committee has commissioned an internal audit department, led by Mr Stanley Lee, to review the Company and its subsidiary's internal controls function for its assurance and receive periodic internal audit reports on the same.

As required by the relevant laws applicable to the Company and/or any of its principal subsidiaries, the following legal representatives have been appointed with sole powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of the Company or the relevant subsidiary.

Name of subsidiary of the Company	Name of legal representative
Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd ("**Jinjiang Lianjie**")	Lin Wen Chang

Generally, the powers and responsibilities of Mr Lin Wen Chang includes, inter alia, the authority to enter into contracts and/or agreements in the ordinary course of business on behalf of Jinjiang Lianjie and the general power to bind Jinjiang Lianjie to business transactions which he enters into on behalf of Jinjiang Lianjie.

In the opinion of the Board, the Audit Committee and Group's management, the possible risks in relation to the abovementioned appointment of Jinjiang Lianjie's legal representative includes, inter alia, the concentration of authority in the hands of Mr Lin and impediments to his removal.

The following are the processes and procedures put in place to mitigate the risks in relation to the appointment of the abovementioned legal representative:

(a) Mr Lin is required to provide periodic updates on the Group's business plan and inform the Board of any impending large capital outlay by Jinjiang Lianjie and he is required to obtain the Board's prior approval before he can enter into any transaction amounting to more than RMB 30 million on Jinjiang Lianjie's behalf;

(b) the Group's internal audit department, led by Mr Stanley Lee, conducts ongoing review of Jinjiang Lianjie's internal controls function and presents its findings to the Audit Committee on a regular basis; and

(c) the Company will have the power to unilaterally change the legal representative of Jinjiang Lianjie at any point of time.

In the opinion of the Board, processes and procedures put in place to mitigate the risks in relation to the appointment of the legal representative are reasonably adequate.

The Board and management recognise the need for a robust and effective system of internal controls, addressing financial, operational and compliance risks in relation to the Company and the Group. The Audit Committee may commission an independent audit on internal controls for its assurance, or where it is not satisfied with the systems of internal control.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, Audit Committee and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2013.

Audit Committee
Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("**AC**") as at the date of this Annual Report comprises non-executive directors, Mr Tsang Siu For Thomas as the chairman, and Mr Ngan See Juan and Mr Choi Cheung Kang as members, the majority of whom, including the chairman, are independent. The AC will assist the Board of Directors in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that management creates and maintains an effective control environment in the Company. The AC will provide a channel of communication between the Board of Directors, the management, the internal and external auditors of the Company on matters relating to audit.

The Board has approved the written terms of reference of the AC. The AC's duties include, inter alia, the following:

(a) reviewing the audit plans of the external auditors and our internal auditors, including the results of external and our internal auditors' review and evaluation of our system of internal controls;

(b) reviewing the annual consolidated financial information and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board of Directors for approval;

(c) reviewing the periodic consolidated financial statements comprising the income statement and the balance sheets and such other information required by the Listing Manual, before submission to our Board of Directors for approval;

(d) reviewing and discussing with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;

(e) reviewing the co-operation given by our Company's management and officers to the external auditors;

(f) undertaking such other reviews and projects as may be requested by our Board of Directors, and reporting to our Board its findings from time to time on matters arising and requiring the attention of our AC;

(g) reviewing and evaluating our administrative, operating and internal accounting controls and procedures;

(h) reviewing the procedures by which employees of our Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(i) reviewing and establishing procedures for receipt, retention and treatment of complaints received by our Group regarding inter alia, criminal offences involving our Group or our employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on our Group;

(j) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(k) reviewing any potential conflicts of interests;

(l) considering and recommending the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;

(m) (On an annual basis) reviewing the terms of the consultancy agreement between Mr Cai Chang Jing and our Group;

(n) reviewing the appointments of and (on an annual basis) review the remuneration of persons occupying managerial positions who are related to a director, CEO or a substantial shareholder of our Company;

(o) generally undertaking such other functions and duties which may be required by statute or the rules of the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

(p) reviewing all transactions (if any) between our Group and Mr Cai Chang Jing and/or his associate;

(q) (On a regular basis) reviewing the adequacy and quality of the Company's financial reporting function, internal controls and processes; the aforesaid review shall cover, inter alia, the adequacy of the Company's accounts and financial reporting resources and the performance of the Financial Controller and other senior management in the Finance Department and the results of such review shall be disclosed in the Company's annual report;

(r) ensuring that all material internal control weaknesses are satisfactorily and properly rectified;

(s) evaluating the independence of the external auditors; and

(t) reviewing the adequacy of the internal audit function and ensuring that a clear reporting structure is in place between the AC and the internal auditors.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive management to attend its meetings.

The AC has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the Company's accounts and financial reporting resources and the performance of the Financial Controller and other senior management in the Finance Department.

The AC has also reviewed the arrangements by which the employees of the Company may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are put in place for independent investigation of such matters and for appropriate follow-up action as and when the need arise. The Group has put in place the Whistle-blowing Policy for this purpose.

The Group's existing auditors, Mazars LLP, have been the auditors of the Group since 17 December 2007 and Mr Dominique Tan is the current audit partner in charge since his appointment on 31 December 2013. During FY2013, non-audit related work was carried out by the external auditors amounted to a fee of S$2,140 (inclusive of GST) and the AC is satisfied that their independence has not been impaired. The audit fees paid to the external auditors amounted to S$90,000 for FY2013.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

The AC recommends to the Board the nomination of Mazars LLP as external auditors at the forthcoming AGM of the Company.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

From 1 March 2011, the Company has set up its own internal audit department, which would report directly to AC and would provide reports to AC on a timely basis. The internal audit department has unfettered access to all the Company's documents, records, properties and personal. The AC is of the view that the Company has an adequate internal audit function.

The AC approves the appointment, removal, evaluation and compensation of the internal auditor. The internal auditor carries out its function according to the standards set by nationally or internationally recognized professional bodies.

(D) COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such government arrangements.

The Company facilitates the exercise of ownership rights by all shareholders. Shareholders are sufficiently informed of changes in the Company or the Company's business which may materially affect the value of the Company's shares.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, the Board has devised an effective investor relations policy to regularly convey pertinent information to shareholders in a timely manner, of material events and all major developments that impact the Group.

Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for annual general meetings and extraordinary general meetings;
- analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's websites at http://www.china-taisan.com at which shareholders can access information on the Group. The website provides, inter alia, products information and profile of the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Conduct of Shareholders Meeting
Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders. All Directors will attend general meetings of shareholders and the chairman of the Board and the respective chairman of the AC, NC and RC are required to be present and available to address shareholders 'queries at these meetings.

The Company's external auditors will be present at the AGMs to assist the Directors in addressing queries by shareholders.

The Company will be putting all resolutions to be decided in the forthcoming AGM to vote by poll in accordance with the recommendation made by the Code.

(E) DEALING IN SECURITIES

The Company adopts the following policies in relation to dealings in its securities:

- Officers are not to deal in its securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the year and one month before the announcement of the Company's financial statements for the full year, and ending on the date of the announcement of the relevant results;

- The Company's internal compliance code requires that its officers should not deal in his company's securities on short term considerations; and

- In addition, the Company reminds its officers to observe the laws on insider trading at all times, even during the window periods for them to deal in its securities.

The Company has also issued written policies and procedures regarding whistle-blowing to its Directors and employees, identifying and illustrating actions or observations which may constitute matters which should be raised, and the various avenues through which they may be raised. The Company has also set up a dedicated email address for reporting purposes to which access is restricted to the Chairman of the AC and his designate.

(F) MATERIAL CONTRACTS

Save for the service agreements between the executive directors and the Company, there were no material contracts of the Company or its subsidiary involving the interest of any director or controlling shareholders subsisting at the end of the financial year ended 31 December 2013.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. In order to achieve this objective, the Board and AC meets quarterly to review whether the Company or the member in the Group is entering or intended to enter into any potential interested person transactions so as to ensure the Company complies with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions.

Save as the on-going interested person transactions disclosed below, no interested person transaction was entered into during the financial year under review:

Name of interested person and nature of transactions	Aggregate value of all interested person transaction during the financial year under review (in RMB)
Corporate guarantee provided by Jinjiang Suisheng Spinning Industrial Co., Ltd in favour of China Construction Bank, Jinjiang Sub-Branch to secure bank loans provided to subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd	Nil [1]
Personal guarantee provided by Mr Lin Wen Chang in favour of China Construction Bank, Jinjiang Sub-Branch to secure bank loans provided to subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd	Nil [2]
Payment of management consultancy fee to Mr Cai Chang Jing	180,000

Notes:

(1) The value of the amount at risk to the Company is nil as the corporate guarantee provided by Jinjiang Suisheng Spinning Industrial Co., Ltd is free of charge and the value of the bank loans guaranteed by this corporate guarantee is RMB 27.0 million.

(2) The value of the amount at risk to the Company is nil as the personal guarantee provided by Mr Lin Wen Chang is free of charge and the value of the bank loans guaranteed by this personal guarantee is RMB 40.0 million. The bank loans of RMB27.0 million secured by the corporate guarantee provided by Jinjiang Suisheng Spinning Industrial Co., Ltd are also secured by the personal guarantee provided by Mr Lin Wen Chang.

CONTENTS

REPORT OF THE DIRECTORS

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2013 and the statement of financial position of the Company as at 31 December 2013.

1. Directors

The directors of the Company in office at the date of this report are:

Choi Cheung Kong
Lin Wen Chang
Tsang Siu For Thomas
Chen Jia Ji
Ngan See Juan

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), the directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Name of directors and respective companies in which interests are held	**Direct interest**		**Deemed interest**	
	At beginning of year	**At end of year**	**At beginning of year**	**At end of year**
China Taisan Technology Group Holdings Limited				
(No. of ordinary shares)				
Choi Cheung Kong	–	–	385,452,765	385,452,765
Lin Wen Chang	–	–	105,388,605	105,388,605

By virtue of Section 7 of the Act, Choi Cheung Kong and Lin Wen Chang are deemed to have interests in the wholly-own subsidiary of the Company. The directors' interests as at 21 January 2014 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2013.

4. Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. Share options

There were no share options granted by the Company or its subsidiary during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary.

There were no unissued shares under option in the Company or its subsidiary as at the end of the financial year.

6. Audit Committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report are:

Tsang Siu For Thomas (Chairman)
Ngan See Juan
Choi Cheung Kong

The Audit Committee has convened four meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Audit Committee review:

(i) the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;
(ii) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
(iii) Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
(iv) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(v) the adequacy of the Group's risk management processes;
(vi) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
(vii) interested person transactions in accordance with SGX listing rules;
(viii) Nomination of external auditors and approval of their compensation; and
(ix) Submission of report of actions and minutes of the Audit Committee to the board of directors with any recommendations as the Audit Committee deems appropriate.

6. Audit Committee (Continued)

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7. Auditors

Mazars LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors

Choi Cheung Kong
Director

Lin Wen Chang
Director

Singapore

26 March 2014

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors

Choi Cheung Kong
Director

Lin Wen Chang
Director

Singapore

26 March 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED (the "Company") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants

Tan Chin Soon
Partner-in-charge

Singapore
26 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Revenue	4	729,261	592,380
Cost of sales		(679,862)	(644,249)
Gross profit/(loss)		49,399	(51,869)
Other income	5	7,774	7,326
Distribution costs		(1,663)	(1,715)
Administrative expenses		(13,301)	(15,526)
Other operating expenses		(37,231)	(26,795)
Finance costs	6	(2,276)	(2,409)
Profit /(Loss) before income tax	7	2,702	(90,988)
Income tax expense	9	(1,521)	(1)
Profit /(Loss) for the year representing total comprehensive income/(loss) attributable to equity holders of the Company		1,181	(90,989)
Earnings/(Loss) per share from continuing operations attributable to owners of the parent (RMB cents)			
- Basic and diluted	10	0.11	(8.13)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Assets					
Non-current assets					
Property, plant and equipment	11	588,823	656,376	–	3
Intangible assets	12	104	107	–	–
Investment in a subsidiary	13	–	–	88,268	88,268
Other asset	14	3,200	7,200	–	–
Total non-current assets		592,127	663,683	88,268	88,271
Current assets					
Inventories	15	39,299	54,768	–	–
Trade and other receivables	16	401,542	320,244	37	617
Amounts due from a subsidiary	17	–	–	472,658	473,785
Cash and cash equivalents	18	379,780	395,303	720	2,959
Total current assets		820,621	770,315	473,415	477,361
Total assets		1,412,748	1,433,998	561,683	565,632
Equity and liabilities					
Equity					
Share capital	19	562,103	562,103	562,103	562,103
Treasury shares	20	(4,709)	(4,709)	(4,709)	(4,709)
Merger reserve	21	11,491	11,491	–	–
Statutory reserve	22	97,012	97,012	–	–
Retained earnings		525,872	524,691	3,095	6,716
Equity attributable to owners of the Company		1,191,769	1,190,588	560,489	564,110
Current liabilities					
Trade and other payables	23	174,353	208,596	1,194	1,522
Amount due to a related party	24	2,103	1,081	–	–
Bank borrowings	25	40,000	30,000	–	–
Provision for income taxes		4,523	3,733	–	–
Total current liabilities		220,979	243,410	1,194	1,522
Total liabilities		220,979	243,410	1,194	1,522
Total equity and liabilities		1,412,748	1,433,998	561,683	565,632

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company					
Group	**Note**	**Share capital RMB'000**	**Treasury shares RMB'000**	**Merger reserve RMB'000**	**Statutory reserve RMB'000**	**Retained earnings RMB'000**	**Total equity RMB'000**
Balance at 1 January 2012		562,103	(4,478)	11,491	97,012	615,680	1,281,808
Loss for the year representing total comprehensive loss		–	–	–	–	(90,989)	(90,989)
Purchase of treasury shares	20	–	(231)	–	–	–	(231)
Balance at 31 December 2012		562,103	(4,709)	11,491	97,012	524,691	1,190,588
Balance at 1 January 2013		562,103	(4,709)	11,491	97,012	524,691	1,190,588
Profit for the year representing total comprehensive income		–	–	–	–	1,181	1,181
Balance at 31 December 2013		562,103	(4,709)	11,491	97,012	525,872	1,191,769

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Company	Note	Share capital RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2012		562,103	(4,478)	9,028	566,653
Loss for the year representing total comprehensive loss		–	–	(2,312)	(2,312)
Purchase of treasury shares	20	–	(231)	–	(231)
Balance at 31 December 2012		562,103	(4,709)	6,716	564,110
Balance at 1 January 2013		562,103	(4,709)	6,716	564,110
Loss for the year representing total comprehensive loss		–	–	(3,621)	(3,621)
Balance at 31 December 2013		562,103	(4,709)	3,095	560,489

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Operating activities			
Profit/(Loss) before income tax		2,702	(90,988)
Adjustments for:			
Depreciation of property, plant and equipment	11	67,553	46,512
Amortisation of land use rights	12	3	2
Amortisation of other asset	14	4,000	4,800
(Reversal of impairment)/Impairment loss of inventory	7	(1,346)	2,600
Bad debts written off	7	532	317
Reversal of over accrual of staff welfare	5	(1,767)	–
Interest expense	6	2,276	2,409
Interest income	5	(4,085)	(7,128)
Operating profit/(loss) before working capital changes		69,868	(41,476)
Changes in working capital:			
Inventories		16,816	5,674
Trade and other receivables		(81,830)	(71,810)
Trade and other payables		(32,477)	66,472
Cash used in operations		(27,623)	(41,140)
Interest received		4,085	13,381
Income taxes paid		(731)	(5,761)
Net cash flows used in operating activities		(24,269)	(33,520)
Investing activities			
Purchases of property, plant and equipment		–	(260,498)
Net cash flows used in investing activities		–	(260,498)
Financing activities			
Repayment of bank loans		(30,000)	(30,000)
Proceeds from bank loans		40,000	27,500
Receipt of amount due to a related party		1,022	–
Purchase of treasury shares		–	(231)
Interest paid		(2,276)	(2,409)
Net cash flows generated from/(used in) financing activities		8,746	(5,140)
Net decrease in cash and cash equivalents		(15,523)	(299,158)
Cash and cash equivalents at beginning of year		395,303	694,461
Cash and cash equivalents at end of year	18	379,780	395,303

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

China Taisan Technology Group Holdings Limited (the "Company") (Registration Number 200711863D) is incorporated and domiciled in Singapore with its principal place of business and registered office at 80 Robinson Road, #17-02, Singapore 068898.

The principal activity of the Company is that of investment holding. The principal activity of its subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd (晋江连捷纺织印染实业有限公司), is disclosed in Note 13 to the financial statements. The principal place of business of the subsidiary is at Zhendong Development Area, Dongcheng, Dongshi Town, Jinjiang City, Fujian Province, People's Republic of China ("PRC") (福建省晋江市东石镇东埕振东开发区).

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2013 were authorised for issue by the Board of Directors on 26 March 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

The Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year in the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 27	Separate financial statements	1 January 2014
FRS 28	Investments in associates and joint ventures	1 January 2014
FRS 32	Amendments to FRS 32 – Offsetting of financial assets and financial liabilities	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 39	Amendments to FRS 39: Novation of derivatives and continuation of hedge accounting	1 January 2014
FRS 110	Consolidated financial statements	1 January 2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28	Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory effective date	1 January 2014
FRS 110, FRS 111 & FRS 112	Amendments to FRS 110, FRS 111 and FRS 112: Transition guidance	1 January 2014
FRS 111	Joint arrangements	1 January 2014
FRS 110, FRS 112 and FRS 27	Amendments to FRS 110, FRS 112 and FRS 27: Investment entities	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014
INT FRS 121	Levies	1 January 2014

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements, and in particular, to the financial position and financial performance, of the Group and the Company in the period of their initial adoption.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiary. The subsidiary is entity which the Group has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than one half of the voting rights.

The subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances, transactions, income and expenses are eliminated on consolidation.

The financial statements of the subsidiary used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiary has been changed to ensure consistency with the policies adopted by the Group.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investment in subsidiary is carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

<u>Business combinations from 1 January 2010</u>

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Common Control Business Combination Outside the Scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, is outside the scope of FRS 103. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Common Control Business Combination Outside the Scope of FRS 103 (Continued)

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

The consolidated financial statements were prepared based on the audited financial statements of subsidiary which were prepared in accordance with FRS for the purpose of consolidation. The PRC subsidiary maintains its accounting records and prepares the relevant statutory financial statement in accordance with the accounting standards and legislations of the PRC Generally Accepted Accounting Principle ("GAAP").

Business combinations for the acquisition of Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd was accounted for using the merger accounting as described above.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue from provision of dyeing and post-processing treatment services is recognised when the services are rendered to customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2. Summary of significant accounting policies (Continued)

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are organised by local municipal government as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and social security of the PRC, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave will be forfeited.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiary operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (Continued)

2.7 Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.9 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2. Summary of significant accounting policies (Continued)

2.10 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their costs less accumulated depreciation, and where applicable, accumulated impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, other than leasehold buildings and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

- Leasehold buildings — 20 years
- Plant and machinery — 5 -10 years
- Office equipment — 5 years
- Motor vehicles — 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

Land use right

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 50 years.

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, amounts due from a subsidiary, bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group accounting policy for borrowing costs (Note 2.5).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.13 Merger reserve

In applying the pooling-of-interest method, the financial statements of the entities under common control are consolidated as if the current structure of the Group has been in existence since date of incorporation of the Company. The statement of profit or loss and other comprehensive income and statement of cash flows include the results of operations and cash flows of the entities under common control. The assets and liabilities are brought into the statements of financial position at their existing carrying amounts. Any difference between the paid-up capital of the Company and the amount of share capital acquired is adjusted against equity as a merger reserve.

2.14 Statutory reserve

The statutory reserves of the Group comprise the following:

(a) *Statutory common reserve*

In accordance with relevant PRC regulations, the subsidiary is required to transfer a portion of its net profit to the statutory common reserve until the reserve reaches 50% of its registered capital. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory common reserve can only be used to set off against losses or to increase the capital of the subsidiary. The subsidiary may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the registered capital of the subsidiary.

(b) *Statutory welfare reserve*

In accordance with relevant PRC regulations, the subsidiary is encouraged to transfer a portion of its net profit to the statutory welfare reserve.

2. Summary of significant accounting policies (Continued)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.17 Leases

<u>Operating Leases</u>

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.19 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

2. Summary of significant accounting policies (Continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2013 were RMB 401,542,000 (2012: RMB 320,244,000) and RMB 37,000 (2012: RMB 617,000) respectively (Note 16).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2013 were RMB 588,823,000 (2012: RMB 656,376,000) and Nil (2012: RMB 3,000) respectively (Note 11).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory level in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price, being the merchandise's selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories was approximately RMB 39,299,000 (2012: RMB 54,768,000) (Note 15).

In 2013, the reversal of impairment loss of inventories recognised in other operating income was approximately RMB 1,346,353. In 2012, the impairment loss of inventories recognised in other operating expenses was approximately RMB 2,600,000 to write down the inventories to its estimated net realisable value.

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current tax payable as at 31 December 2013 was RMB 4,523,000 (2012: RMB 3,733,000).

4. Revenue

	Group	
	2013	2012
	RMB'000	RMB'000
Manufacturing and sale of performance fabrics	694,896	546,081
Fabric processing services	34,365	46,299
	729,261	592,380

5. Other income

	Group	
	2013	2012
	RMB'000	RMB'000
Interest income from cash at banks	4,085	7,128
Government grants *	521	182
Sales of scrap	28	16
Gain on disposal of raw material	27	–
Reversal of impairment of Inventory	1,346	–
Over accrual of staff welfare	1,767	–
	7,774	7,326

* Government grants relate to (i) monetary incentives received from governmental agencies in the PRC as incentives for pollution prevention and control measures and, (ii) small-medium enterprise tax rebate.

6. Finance costs

	Group	
	2013	2012
	RMB'000	RMB'000
Interest expense on bank loans at amortised cost	2,276	2,409

The effective interest rate of the bank loans was 6.39% (2012: 7.71%) per annum.

7. Profit/(Loss) before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the statement of profit or loss and other comprehensive income, the following charges/(credit) were included in the determination of profit/(loss) before tax:

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Amortisation of land use right		3	2
Bad debts written off		532	317
Cost of inventories recognised as expense		611,748	555,470
Depreciation of property, plant and equipment		67,553	46,512
Directors' fee - directors of the Company		497	584
Directors' remuneration		1,438	1,486
Exchange loss, net		2,699	153
(Reversal of over impairment)/Impairment loss of inventories		(1,346)	2,600
Operating lease payments		107	109
Research and development expenses		4,000	4,800
Staff costs	8	18,268	19,327
Auditors' remuneration - Audit		452	463
- Non audit		10	10

8. Staff costs

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Salaries and bonus (excluding directors' remuneration)		18,255	19,314
Staff welfare		13	13
	7	18,268	19,327

Salaries and bonus include payment to defined contribution plan (national pension schemes) amounting to approximately RMB 1,339,000 (2012: RMB 2,315,000).

9. Income tax expense

	Group 2013 RMB'000	Group 2012 RMB'000
Current income tax		
- Current year	1,790	–
- (Over)/Under provision in prior years	(269)	1
Total income tax expense	1,521	1

The income tax expense on the results for the financial years varied from the amount of income tax expense determined by applying statutory income tax rates of the respective countries to profit /(loss) before income tax as a result of the following:

	Group 2013 RMB'000	Group 2012 RMB'000
Profit/(Loss) before income tax	2,702	(90,988)
Income tax at the domestic rates applicable to profits/(losses) in the countries where the Group operates:	676	(22,559)
Add/(less):		
- Effect of non-allowable items	1,114	952
- Effect of income not subject to tax	–	(412)
- (Over)/Under provision in prior years	(269)	1
- Unrecognised deferred tax benefits	–	22,019
Total income tax expense	1,521	1

Deferred tax asset is not recognised in the statement of financial position as it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits.

The unutilised tax losses carried forward by the Company and subsidiary are RMB 3,450,068 (2012: RMB 1,956,698) and RMB 88,078,092 (2012: RMB 88,078,092) respectively.

10. Earnings/(Loss) per share

The calculation of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2013 RMB'000	**2012 RMB'000**
Earnings/(Loss)		
Earnings/(loss) for the purposes of basic and diluted earnings per share (profit for the year attributable to the Company)	1,181	(90,989)

	Group	
	2013 No. of shares '000	**2012 No. of shares '000**
Number of shares		
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,119,099	1,119,123

Basic earnings/(loss) per share (cents)

	2013 RMB'000	**2012 RMB'000**
Earnings/(Loss) for the purposes of basic earnings per share	0.11	(8.13)

No diluted earnings per share are presented as there is no dilutive instrument issued as at the financial years ended 31 December 2013 and 2012.

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

11. Property, plant and equipment

Group 2013	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
Balance at 1 January and 31 December 2013	31,925	839,178	1,039	3,724	875,866
Accumulated depreciation					
Balance at 1 January 2013	20,036	193,660	874	2,336	216,906
Depreciation for the year	2,046	65,097	3	407	67,553
Balance at 31 December 2013	22,082	258,757	877	2,743	284,459
Impairment					
Impairment loss as at 31 December 2013*	–	(2,472)	(112)	–	(2,584)
Carrying amount					
Balance at 31 December 2013	9,843	577,949	50	981	588,823

Group 2012	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
Balance at 1 January 2012	31,925	579,130	1,039	3,274	615,368
Additions	–	260,048	–	450	260,498
Balance at 31 December 2012	31,925	839,178	1,039	3,724	875,866
Accumulated depreciation					
Balance at 1 January 2012	17,990	149,820	865	1,719	170,394
Depreciation for the year	2,046	43,840	9	617	46,512
Balance at 31 December 2012	20,036	193,660	874	2,336	216,906
Impairment					
Impairment loss and as at 31 December 2012*	–	(2,472)	(112)	–	(2,584)
Carrying amount					
Balance at 31 December 2012	11,889	643,046	53	1,388	656,376

* During the financial year 2011, the subsidiary of the Group carried out a review of the recoverable amount of its plant and machinery. An impairment loss of RMB 2,584,000, representing the write down of some old machinery to its recoverable amount was recognised in other operating expenses line item of profit or loss for the financial year ended 31 December 2011.

11. Property, plant and equipment (Continued)

Company 2013	**Office equipment RMB'000**
Cost	
Balance at 1 January and 31 December 2013	38
Accumulated depreciation	
Balance at 1 January 2013	35
Depreciation for the year	3
Balance at 31 December 2013	38
Carrying amount	
Balance at 31 December 2013	–

Company 2012	**Office equipment RMB'000**
Cost	
Balance at 1 January and 31 December 2012	38
Accumulated depreciation	
Balance at 1 January 2012	29
Depreciation for the year	6
Balance at 31 December 2012	35
Carrying amount	
Balance at 31 December 2012	3

The carrying amounts of property, plant and equipment of the Group which were pledged as security for banking facilities are as follows:

	2013 RMB'000	**2012 RMB'000**
Leasehold buildings	3,709	4,503

11. Property, plant and equipment (Continued)

Other than office equipment held by the Company, all items of property, plant and equipment held by the Group are located at Zhendong Development Area, Dongcheng, Dongshi Town, Jinjiang City, Fujian Province, PRC (福建省晋江东石镇东埕振东开发区).

The Group has pledged property, plant and equipment having net carrying value of approximately RMB 3,708,663 (2012: RMB 4,502,751) to secure borrowings granted to the Group (Note 25).

The Group is in the process of applying for the property ownership certificate in respect of certain leasehold buildings of the subsidiary from the relevant PRC authorities with an aggregated carrying amount of approximately RMB 9,823,772 (2012: RMB 11,344,264).

As at 31 December 2013, the estimated costs of applying for the property ownership certificate and land use rights from the PRC authorities is RMB 5,000 (2012: RMB 5,000) and RMB 124,000 (2012: RMB 124,000), respectively.

12. Intangible assets

2013	Group Land use rights RMB'000
Cost	
Balance at 1 January and 31 December 2013	125
Accumulated amortis ation	
Balance at 1 January 2013	18
Amortisation for the year	3
Balance at 31 December 2013	21
Carrying amount	
Balance at 31 December 2013	104

2012	Group Land use rights RMB'000
Cost	
Balance at 1 January and 31 December 2012	125
Accumulated amortisation	
Balance at 1 January 2012	16
Amortisation for the year	2
Balance at 31 December 2012	18
Carrying amount	
Balance at 31 December 2012	107

The land use rights represent medium-term land use rights situated in the PRC. The Group has pledged its land use rights to secure borrowings granted to the Group (Note 25). Amortisation is provided to write off the land use rights over a period of 50 years.

13. Investment in a subsidiary

	Company 2013 RMB'000	Company 2012 RMB'000
Unquoted equity shares, at cost	88,268	88,268

The details of the subsidiary are as follows:

Name of Company	Principal activities	Place of business/ Country of Incorporation	Percentage of equity held 2013 %	Percentage of equity held 2012 %	Cost of investment 2013 RMB'000	Cost of investment 2012 RMB'000
Jinjang Lianjie Textile & Printing Dyeing Industrial Co., Ltd * (晋江连捷纺织印染实业有限公司)	Manufacture of knitted textile, printing and dyeing of fabrics and engaged in the knitting and weaving of high quality fabrics	PRC	100	100	88,268	88,268

* Audited by Mazars LLP, Singapore for inclusion in the consolidated financial statements of the Group.

14. Other asset

	Group 2013 RMB'000	Group 2012 RMB'000
Prepayment for research and development collaboration fee		
Balance at 1 January	20,000	20,000
Accumulated amortisation	(16,800)	(12,800)
Balance at 31 December	3,200	7,200

14. Other asset (Continued)

Movement of amortisation:

	2013 RMB'000	2012 RMB'000
Balance at 1 January	12,800	8,000
Amortisation for the year	4,000	4,800
Amortisation at 31 December	16,800	12,800

The subsidiary has entered into an agreement with a PRC university to embark on a research and development collaboration from 2010 onwards whereby the university would deliver 25 product research and development results over a period of at least 5 years for a total fee of RMB 20,000,000. (Refer to Note 2.11).

In financial year ended 31 December 2013, the Group recognised research and development collaboration fee amounting to RMB 4,000,000 (2012: RMB 4,800,000) for 5 products (2012: 6 products) delivered by the PRC university.

15. Inventories

	Group	
	2013 RMB'000	2012 RMB'000
Finished goods	15,753	23,390
Work-in-progress	1,130	1,512
Raw materials	22,416	29,866
	39,299	54,768

In 2013, the Group has recognised a reversal of impairment loss of inventories of RMB 1,346,353 in other operating income being part of an inventory write-down made in 2012, as the inventories were sold above the carrying amounts in 2013. In 2012, the impairment loss of inventories recognised in other operating expenses was approximately RMB 2,600,000 to write down the inventories to its estimated net realisable value.

16. Trade and other receivables

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade receivables – third parties	353,815	257,492	–	–
Other receivables	19,355	19,935	37	617
VAT receivables	28,372	22,239	–	–
Deposits	–	20,578	–	–
	401,542	320,244	37	617

16. Trade and other receivables (Continued)

The currency profiles of the Group's and Company's trade and other receivables as at 31 December are as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Renminbi	401,505	299,049	–	–
Singapore dollar	37	86	37	86
United States dollar	–	21,109	–	531
	401,542	320,244	37	617

The average credit period on sale of goods is 90 to 120 days (2012: 90 to 120 days).

Other receivables consist of a refundable payment to obtain land use rights for land occupied by the subsidiary amounting to approximately RMB 19,318,400 (2012: RMB 19,318,400). The Group is in the process of obtaining the land use rights from the relevant PRC authorities.

Deposits relate to amounts placed by the Group to acquire new plant and machinery amounting to RMB Nil (2012: RMB 20,578,000) (Note 27). In financial year 31 December 2013, the Group has received the deposits amounting to RMB 17,888,000 and RMB2,690,000 was charged to foreign exchange losses.

17. Amounts due from a subsidiary

	Company	
	2013 RMB'000	2012 RMB'000
Advances	356,002	357,129
Dividend receivable	116,656	116,656
	472,658	473,785

The amounts due from a subsidiary are unsecured, interest-free and repayable on demand.

The currency profiles of the Company's amounts due from a subsidiary as at 31 December are as follows:

	Company	
	2013 RMB'000	2012 RMB'000
Renminbi	455,708	435,131
Singapore dollar	16,950	18,076
United States dollar	–	20,578
	472,658	473,785

18. Cash and cash equivalents

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Cash on hand	97	72	-*	-*
Bank balances	379,683	395,231	720	2,959
	379,780	395,303	720	2,959

* The amount is less than RMB 1,000.

The effective interest rate bank balances is 1.06% (2012: 2.83%) per annum.

The currency profiles of the Group's and Company's cash and cash equivalents as at 31 December are as follows:

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
New Taiwan dollar	2	201	2	201
Renminbi	379,117	392,397	57	53
United States dollar	56	2,236	56	2,236
Singapore dollar	605	469	605	469
	379,780	395,303	720	2,959

19. Share capital

	Group and Company			
	2013 Number of ordinary shares with no par value	2012 Number of ordinary shares with no par value	2013 RMB'000	2012 RMB'000
Issued and paid up: ordinary share with no par value:				
Balance at 1 January and 31 December	1,126,598,518	1,126,598,518	562,103	562,103

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

20. Treasury shares

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares with no par value		RMB'000	RMB'000
Balance at 1 January	7,500,000	7,000,000	4,709	4,478
Purchase during the year	–	500,000	–	231
Balance at 31 December	7,500,000	7,500,000	4,709	4,709

The Company acquired Nil (2012: 500,000) of its own shares through purchases on SGX during the year. The total amount paid to acquire the shares was RMB Nil (2012: RMB 231,000).

21. Merger reserve

The merger reserve represents the difference between the paid-up share capital of the Company and the share capital of the subsidiary acquired in financial year 2007 under the pooling-of-interests method of accounting.

22. Statutory reserve

The statutory reserve represents amounts transferred from profit after income tax of the subsidiary established in the PRC under the PRC laws and regulations.

23. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	165,117	199,004	–	–
Accrued operating expenses	9,236	9,592	1,194	1,522
	174,353	208,596	1,194	1,522

The average credit period on purchase of goods is 90 to 120 days (2012: 90 to 120 days)

23. Trade and other payables (Continued)

The currency profiles of the Group's and Company's trade and other payables as at 31 December are as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Renminbi	173,159	207,074	–	–
Singapore dollar	1,194	1,522	1,194	1,522
	174,353	208,596	1,194	1,522

24. Amount due to a related party

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Amount owing to:				
- A director – non-trade	2,103	1,081	–	–

The non-trade amount owing to the director is denominated in RMB, unsecured, interest-free and is repayable on demand.

25. Bank borrowings

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Secured bank loans	40,000	30,000	–	–

The Group's bank loans are secured as follows:

(i) legal mortgage over certain leasehold buildings and land use rights of subsidiary; and
(ii) guaranteed by a company owned by a relative of the non-executive Chairman and a director

The average effective borrowing rates are 6.39% (2012: 7.71%) per annum.

The carrying amounts of the Group's and Company's borrowings approximate their fair values and are denominated in RMB.

26. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Payment of consultancy fee to related party	180	180	–	–

In financial years 2012 and 2013, the Group engaged Mr. Cai Chang Jing, brother of non-executive Chairman, as a management consultant and paid him consultancy fee of RMB 180,000 annually.

Key management personnel remuneration

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Short-term benefits	3,375	2,800	522	494

Included in the key management personnel's remuneration are costs of defined contribution plans of RMB 97,000 (2012: RMB 69,000).

27. Capital commitments

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Capital expenditure contracted but not provided for:				
- Commitments in respect of the purchase of property, plant and equipment	–	5,963	–	–
- Commitments in respect of the purchase of land-use right	43,750	43,750	–	–
	43,750	49,713	–	–

28. Operating lease arrangement

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office premises are as follows:

	Group and Company	
	2013 RMB'000	2012 RMB'000
Future minimum lease payments payable:		
Within one year	65	96

Operating lease payments represent rental payable by the Group and Company for its Singapore office. Lease is negotiable for term of 1 year and rental is fixed for the same period.

29. Segment information

The Group is essentially a single operating segment by itself under FRS 108 *Operating Segments*, and no separate segment information is presented. As there is only one single operating segment, information on the reconciliation of the reportable segment as required under FRS 108 does not apply.

The entity-wide disclosures applicable to a single operating segment are as follows:

(i) All the revenue of the Group are from external customers who are domiciled in the PRC.
(ii) The majority of the assets of the Group are employed in PRC.
(iii) Segment assets employed by the Group in a country other than the PRC as at 31 December 2013 was approximately RMB 700,000 (2012: RMB 3,472,000). There are no non-current assets deployed outside of the PRC.
(iv) No single external customer accounted for 10% or more of the Group's revenue for the financial years ended 31 December 2013 and 2012.

30. Financial instruments and financial risks

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables is as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Not past due	322,789	228,105	–	–
Past due for 1 to 90 days	31,026	29,387	–	–
	353,815	257,492	–	–

30. Financial risk management objectives and policies (Continued)

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risks

The Group transacts business in various foreign currencies, including United States dollar and Singapore dollar, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risks.

At present, the Group does not have any formal policy for hedging against exchange exposure.

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency of PRC is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group					
	2013			2012		
	Singapore dollar	US dollar	New Taiwan dollar	Singapore dollar	US dollar	New Taiwan dollar
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables	37	–	–	86	21,109	–
Cash and cash equivalents	605	56	2	469	2,236	201
Trade and other payables	(1,194)	–	–	(1,522)	–	–
	(552)	56	2	(967)	23,345	201

30. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

	Company					
	2013			2012		
	Singapore dollar	US dollar	New Taiwan dollar	Singapore dollar	US dollar	New Taiwan dollar
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables	37	–	–	86	531	–
Amounts due from a subsidiary	16,950	–	–	18,076	20,578	–
Cash and cash equivalents	605	56	2	469	2,236	201
Trade and other payables	(1,194)	–	–	(1,522)	–	–
	16,398	56	2	17,109	23,345	201

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar (USD) and Singapore dollar (SGD).

The following table details the Group's sensitivity to a 10% change in USD and SGD against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

30. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit/(Loss) before tax				Equity			
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
USD								
Strengthens against RMB	6	2,335	6	277	6	2,335	6	277
Weakens against RMB	(6)	(2,335)	(6)	(277)	(6)	(2,335)	(6)	(277)
SGD								
Strengthens against RMB	(55)	(97)	1,640	1,711	(55)	(97)	1,640	1,711
Weakens against RMB	55	97	(1,640)	(1,711)	55	97	(1,640)	(1,711)

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to bank borrowings.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's and Company's exposure to interest rate risks is set out in a table below under liquidity risks.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for bank borrowings with fixed rates at the end of the financial year. The sensitivity analysis assumes an instantaneous 1% change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease)			
	Profit/(loss) before tax		Equity	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Group				
Bank borrowings	(300)	(225)	(300)	(225)

30. Financial risk management objectives and policies (Continued)

Liquidity risk

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

Group	**Less than 1 year RMB'000**
Financial liabilities	
Trade and other payables	174,353
Amount due to a related party - current	2,103
Bank borrowings	40,000
As at 31 December 2013	216,456
Financial liabilities	
Trade and other payables	208,596
Amount due to a related party - current	1,081
Bank borrowings	30,000
As at 31 December 2012	239,677

Company	**Less than 1 year RMB'000**
Financial liabilities	
As at 31 December 2013	
Trade and other payables	1,194
Financial liabilities	
As at 31 December 2012	
Trade and other payables	1,522

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

31. Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Fair value hierarchy

The Group does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under FRS 107 Financial Instruments: Disclosures does not apply.

32. Capital management policies and objectives

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, treasury shares, merger reserves and statutory reserves as disclosed in Notes 19, 20, 21 and 22.

Management monitors capital based on gearing ratio. The Group subsidiary is also required by the banks to maintain a gearing ratio of not exceeding 55% (2012: 55%). The Group subsidiary's strategies, which are unchanged from 2012.

As disclosed in Note 22, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group and the Company are in compliance with externally imposed capital requirements for the financial years ended 31 December 2012 and 2013.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Net debt	(165,427)	(156,707)	474	(1,437)
Total equity	1,191,769	1,190,588	560,489	564,110
Gearing ratio	(13.9%)	(13.2%)	0.08%	(0.25%)

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2014

Issued and fully paid-up capital	:	S$114,355,850
Total number of issued shares excluding treasury shares	:	1,119,098,518
Total number of treasury shares	:	7,500,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 - 999	70	2.21	31,728	0.00
1,000 - 10,000	684	21.58	4,435,818	0.40
10,001 - 1,000,000	2,354	74.28	275,273,281	24.43
1,000,001 AND ABOVE	61	1.93	846,898,691	75.17
TOTAL	**3,169**	**100.00**	**1,126,598,518**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Shareholder	No. No. of Shares	% of Issued Name of Share Capital*
1	UNITED OVERSEAS BANK NOMINEES PTE LTD	247,369,463	22.10
2	HSBC (SINGAPORE) NOMINEES PTE LTD	193,613,014	17.30
3	CIMB SECURITIES (SINGAPORE) PTE LTD	60,765,128	5.43
4	CITIBANK NOMINEES SINGAPORE PTE LTD	40,969,429	3.66
5	PHILLIP SECURITIES PTE LTD	30,061,662	2.69
6	MAYBANK KIM ENG SECURITIES PTE LTD	28,773,878	2.57
7	OCBC SECURITIES PRIVATE LTD	21,280,984	1.90
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	18,243,122	1.63
9	RAFFLES NOMINEES (PTE) LTD	18,099,772	1.62
10	CAI WENZE	17,432,000	1.56
11	NANYANG GUM BENJAMIN MANUFACTURING (PTE) LTD	14,863,381	1.33
12	ONG KIM HUAT FELIX	14,507,076	1.30
13	ONG TECK BENG (WANG DEMING)	13,740,000	1.23
14	DBS NOMINEES PTE LTD	8,179,207	0.73
15	UOB KAY HIAN PTE LTD	8,000,000	0.71
16	CHOI PO KUM CHRISTINA @ CHUA POO KEEN	5,500,000	0.49
17	HONG LEONG FINANCE NOMINEES PTE LTD	5,200,000	0.46
18	NG BOON GUAT	5,100,000	0.46
19	MAYBANK NOMINEES (SINGAPORE) PTE LTD	5,100,000	0.46
20	TAN BOY TEE	4,765,994	0.42
	TOTAL	**761,564,110**	**68.05**

* The shareholding percentage is based on the number of issued shares of the Company excluding treasury shares under China Taisan Technology Group Holdings Limited – Share Buy Back Account of 7,500,000 shares.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2014 (CONT'D)

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 17 March 2014)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Choi Cheung Kong	–	–	385,452,766	34.44
Lin Wen Chang	–	–	105,388,605	9.42

SHAREHOLDERS HELD IN HANDS OF PUBLIC

Based on information available to the Company as of 17 March 2014, approximately 56.14% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual of SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Taisan Technology Group Holdings Limited will be held at Eagle's View, 2nd level of Seletar main club lobby, Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 29 April 2014 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors of the Company. [See Explanatory Note (i)] **(Resolution 1)**

2. To re-elect the following directors retiring pursuant to Article 90 of the Articles of Association of the Company:

   a. Mr Tsang Siu For Thomas

      Mr Tsang Siu For Thomas will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, the Chairman of the Audit Committee and member of Nominating committee and Remuneration committee. **(Resolution 2)**

   b. Mr Chen Jia ji

      Mr Chen Jia Ji will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. **(Resolution 3)**

3. To approve the payment of Directors' fees of S$103,875 to the Directors of the Company for the financial year ended 31 December 2013. **(Resolution 4)**

4. To re-appoint Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

   "Resolved that

   (a) pursuant to Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares and convertibles securities to be issued pursuant to this Resolution does not exceed more than 50% of the total number of issued shares (excluding treasury shares), of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares);

(b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of issued share capital is based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares; and

(c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (ii)] **(Resolution 6)**

By Order of the Board

Tan Swee Gek
Company Secretary

7 April 2014

Explanatory Notes:

(i) The Audited Accounts for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors of the Company will be published in the Company's Annual Report for FY2013 which will be issued to shareholders some time on or around 14 April 2014.

(ii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% of the issued share capital of the Company (excluding treasury shares); at the time of passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares which may be issued, the percentage of share capital shall be based on the Company's issued share capital (excluding treasury shares) at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and (c) any subsequent consolidation or subdivision of shares.

Notes:

1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road, #17-02, Singapore 068898 at least 48 hours before the time of the Annual General Meeting.

PROXY FORM

CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 200711863D)

I/We ____ (Name)
of ____ (Address)
being a member/members of China Taisan Technology Group Holdings Limited (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding	
			No. of shares	%

failing which, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Eagle's View, 2nd level of Seletar main club lobby, Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 29 April 2014 at 10.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Reports and Audited Accounts for the financial year ended 31 December 2013		
2.	Re-appointment of Mr Thomas Siu For		
3.	Re-appointment of Mr Chen Jia Ji		
4.	Approval of Directors' Fees for the financial year ended 31 December 2013		
5.	Re-appointment of Mazars LLP as Auditors		
	Special Business		
6.	Authority to allot and issue new shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this __________ day of __________ 2014.
Total number of Shares held

Total number of Shares held

Signature of Member(s) or Common Seal
Important: Please read notes overleaf

PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road, #17-02, Singapore 068898 at least 48 hours before the time of the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

BOARD OF DIRECTORS

Choi Cheung Kong
Non-Executive Chairman

Lin Wen Chang
CEO and Executive Director

Chen Jiaji
Executive Director

Tsang Siu For Thomas
Independent Director

Ngan See Juan
Independent Director

AUDIT COMMITTEE

Tsang Siu For Thomas (Chairman)
Ngan See Juan
Choi Cheung Kong

NOMINATING COMMITTEE

Choi Cheung Kong (Chairman)
Ngan See Juan
Choi Cheung Kong

REMUNERATION COMMITTEE

Ngan See Juan (Chairman)
Choi Cheung Kong
Tsang Siu For Thomas

SINGAPORE REGISTERED ADDRESS

80 Robinson Road #17-02
Singapore 068898
Email: enquiry@china-taisan.com

PRINCIPAL PLACE OF BUSINESS

Zhengdong Development Area 362271
Dongcheng, Dongshi Town
Jinjiang City, Fujian Province
People's Republic of China
Tel: (86) 595 8550 7565
Fax: (86) 595 8558 7422
Email: lianjie@china-taisan.com

COMPANY SECRETARIES

Tan Swee Gek (LLB Hons)

EXTERNAL AUDITORS

Mazars LLP
133 Cecil Street
#15-02 Keck Seng Tower
Singapore 069535
Partner-in-charge: Dominique Tan Chin Soon
(Appointed on 17 December 2007 with effect from financial year ended 31 December 2007)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

PRINCIPAL BANKERS

China Construction Bank
Jinjiang Branch
Qingyang, Zengjing Sub-district
Jinjiang, Fujian Province
People's Republic of China

Overseas Chinese Bank Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

INVESTOR RELATIONS

Investor Relations Consultants
Liu Yi: equiry@china-taisan.com
Tel : (65) 6492 1152

China Taisan Technology Group
Co. Reg. No.: 200711836D

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Singapore 068898

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