

Financial Statement And Dividend Announcement for the Period Ended 30 September 2019

PART1 - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group 3 months ended 30 September			The Group 9 months ended 30 September		
	2019 RMB'000	2018 RMB'000	Changes %	2019 RMB'000	2018 RMB'000	Changes %
Revenue	9,430	9,430	-	28,291	28,291	-
Cost of sales	(412)	(239)	72.4	(1,237)	(718)	72.3
Gross profit	9,018	9,191	(1.9)	27,054	27,573	(1.9)
Other operating income	7,707	6,391	20.6	24,782	21,533	15.1
Administrative expenses	(31,643)	(7,138)	>100	(46,252)	(24,129)	91.7
Finance costs	(46,090)	(4,766)	>100	(57,426)	(13,746)	>100
(Loss)/profit before income tax	(61,008)	3,678	NM	(51,842)	11,231	NM
Income tax	12,447	(1,214)	NM	9,789	(3,443)	NM
Net (loss)/profit for the period	(48,561)	2,464	NM	(42,053)	7,788	NM
Notes to the above statement of comprehensive income:						
Other operating income including						
Margin on sewage and utilities charged to lessees (N1)	6,786	6,553	3.6	21,343	21,875	(2.4)
Gain on disposal of held for trading investments	25	31	(19.4)	104	43	>100
Fair value gain/(loss) on held for trading investment	23	(192)	NM	339	(389)	NM
Interest on bank borrowings	(5,770)	(4,766)	21.1	(17,106)	(13,746)	24.4
Interest on short-term borrowings	(3,627)	-	NM	(3,627)	-	NM
Interest on court settlement	(36,693)	-	NM	(36,693)	-	NM
Depreciation expense	(2,005)	(2,126)	(5.7)	(6,083)	(6,454)	(5.7)

NM : Not meaningful

(N1) – The margin on recovery of sewage and utilities costs from lessees was derived from the net charges to lessees by the Group after deducting the cost of the sewage processing and utilities costs paid to the local government.

1(a)(ii) Statement of other comprehensive income for the period ended 30 September 2019

There is no other comprehensive income other than those disclosed in the statement of comprehensive income for the period.

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

	The Group		The Company	
	30/09/2019 RMB'000	31/12/2018 RMB'000	30/09/2019 RMB'000	31/12/2018 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	32,293	25,415	3,163	253
Other financial assets	2,510	2,235	-	-
Other receivables and prepayments	9,318	9,394	19,598	4,471
Inventories	480	483	-	-
Prepaid leases	519	519	-	-
Total current assets	45,120	38,046	22,761	4,724
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	28,687	28,687	-	-
Property, plant and equipment	27,868	26,161	-	-
Investment property	87,245	87,245	-	-
Development properties held for sale	459,605	459,605	-	-
Prepaid leases	22,236	22,625	-	-
Deferred tax assets	52,572	45,662	-	-
Total non-current assets	678,213	669,985	144,587	144,587
Total assets	723,333	708,031	167,348	149,311
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	295,378	307,408	-	-
Other short term borrowings	200,000	-	--	-
Trade payables	9,017	9,931	-	-
Other payables	52,169	145,514	37,003	34,647
Loans from a related party	872	872	872	872
Tax payable	14,219	20,692	750	-
Total current liabilities	571,655	484,417	38,625	35,519
Non-current liabilities:				
Deferred tax liabilities	44,144	44,144	-	-
Total non-current liabilities	44,144	44,144	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
(Accumulated losses)/Retained earnings	(39,952)	31,984	2,915	(12,016)
Other reserves	21,678	21,678	-	-
Total equity	107,534	179,470	128,723	113,792
Total liabilities and equity	723,333	708,031	167,348	149,311

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

Amount repayable in one year or less, or on demand			
Group As at 30/09/2019		Group As at 31/12/2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
495,378	872	307,408	872

Details of any collateral

As at 30 September 2019, the Group's secured facilities comprise bank loans of RMB 295.4 million (as at 31 December 2018, the figure was RMB307.4 million) and other short-term borrowings of RMB 200.0 million (as at 31 December 2018: Nil).

The bank loans are either guaranteed by related parties and/or secured by factory buildings, pollution quota, prepaid leases and the land use rights of the Group's development properties. The Group has been unable to obtain renewal of bank loans totalling RMB 159.9 million as a result of the legal case brought by Shanghai Jintumu Real Estate Co., Ltd in connection with the proposed disposal of equity interest in Shao Xing Yue Sheng Real Estate Property Development Co., Ltd. which was disclosed in previous announcements. While these bank loans are currently subsisting, the banks are charging the Group higher interest rates on the said loans. The Company is still in the process of negotiating with the banks to renew the bank loans and to obtain lower interest rates. The Group has, on 30 September 2019, successfully negotiated and renewed bank loans of RMB 35.0 million with one of the banks, namely, Bank of Shaoxing Emerging Industries Branch (绍兴银行股份有限公司新兴产业支行).

The short-term borrowings comprise borrowings from Shaoxing County Keqiao Huijin Small Loan Co., Ltd.(绍兴柯桥汇金小额贷款股份有限公司) of RMB 60.0 million (as at 31 December 2018: Nil) and from an unrelated individual, Mr Shen Zi Ping (沈子平), of RMB140.0 million (as at 31 December 2018: Nil). The short-term borrowings are secured by land use rights of the Group's development properties and guaranteed by related parties.

As at 30 September 2019, the unsecured facilities comprise loans of RMB0.9 million from a related party (as at 31 December 2018, the figure was RMB0.9 million).

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group 3 months ended 30 September		The Group 9 months ended 30 September	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Operating activities				
(Loss) /Profit before income tax	(61,008)	3,678	(51,842)	11,231
Adjustment for:				
Depreciation expense	1,936	2,126	6,084	6,454
Fair value (gain) loss on held for trading investments	(23)	193	(339)	389
(Gain) on disposal of held for trading investments	(25)	(31)	(104)	(43)
Loss on disposal of property, plant and equipment	-	-	56	-
Interest expense	46,090	4,766	57,426	13,746
Interest income	(2)	(1)	(3)	(5)
Operating cash flows before movements in working	(13,032)	10,731	11,278	31,772
Trade receivables	-	1,087	-	3,494
Other receivables and prepayments	(1,477)	(935)	75	(890)
Inventories	1	-	3	-
Trade payables	(684)	(714)	(914)	(2,264)
Other payables	(72,854)	1,820	(93,344)	(9,664)
Cash (used in)/generated from operations	(88,046)	11,989	(82,902)	22,448
Interest received	2	1	3	5
Interest paid	(46,090)	(4,766)	(57,426)	(13,746)
Income tax paid	(3,074)	(1)	(3,594)	(61)
Net cash (used in)/generated from operating activities	(137,208)	7,223	(143,919)	8,646
Prepaid lease	129	130	389	389
Proceed from disposal of investments held for trading	957	30	2,951	1,987
Proceed from disposal of property, plant and equipment	-	-	9	-
Purchase of property, plant and equipment	(1,270)	(1,030)	(7,856)	(2,126)
Purchase of investments held for trading	(366)	(246)	(2,783)	(2,965)
Net cash used in investing activities	(550)	(1,116)	(7,290)	(2,715)
Financing activities				
Bank borrowings	(9,530)	(3,010)	(12,030)	(35,312)
Short term borrowings	200,000	-	200,000	-
Loan from related party	-	(18)	-	(18)
Dividend paid	(29,883)	-	(29,883)	-
Net cash from financing activities	160,587	(2,975)	158,087	(35,295)
Net increase (decrease) in cash and cash equivalents	22,829	3,132	6,878	(29,364)
Cash and cash equivalents at beginning of the period	9,464	6,498	25,415	38,994
Cash and cash equivalents at end of the period (Note)	32,293	6,498	32,293	6,498

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	2019			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	21,678	31,984	179,470
Dividend	-	-	(29,883)	(29,883)
Net loss for the period	-	-	(42,053)	(42,053)
Balance as at 30 Sept	125,808	21,678	(39,952)	107,534

The Group	2018			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
Balance as at 1 January	125,808	21,678	21,382	168,868
Net profit for the period	-	-	7,788	7,788
Balance as at 30 Sept	125,808	21,678	29,170	176,656

The Company	2019		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(12,016)	113,792
Net profit for the period	-	44,814	44,814
Dividend	-	(29,883)	(29,883)
Balance as at 30 Sept	125,808	2,915	128,723

The Company	2018		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(8,477)	117,331
Net loss for the period	-	(2,308)	(2,308)
Balance as at 30 Sept	125,808	(10,785)	115,023

The Group's subsidiaries in the PRC Republic of China (the "PRC"), are required to allocate 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations applicable to the PRC subsidiaries, to the statutory surplus reserve ("SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of such PRC subsidiaries.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The number of issued shares excluding treasury shares of the Company was 301,500,000 as at 30 September 2019 and 31 December 2018. There was no change in the issued capital and paid-up capital of the Company since end of June 2019. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 September 2019 and 30 September 2018. There are no treasury shares or no subsidiary holdings as at 30 September 2019 and 30 September 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year,

	30 September 2019	31 December 2018
Number of issued shares excluding treasury shares	301,500,000	301,500,000
Number of treasury shares held	NIL	NIL

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period consistent with those of the audited financial statements for the year ended 31 December 2018.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3 months ended 30 Sept		9 months ended 30 Sept	
	2019	2018	2019	2018
Net (loss)/profit after income tax (RMB'000)	(48,561)	2,464	(42,053)	7,788
Basic basis (RMB cents)	(16.11)	0.82	(13.95)	2.58
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A	N.A	N.A	N.A
Number of shares in calculating EPS ('000)	301,500	301,500	301,500	301,500

⁽¹⁾ Diluted earnings per share have not been calculated, as no dilution events existed during these periods. No share options were granted to any employees during these periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30 Sept 2019	31 Dec 2018	30 Sept 2019	31 Dec 2018
Net assets (RMB'000)	107,534	179,470	128,723	113,792
Net asset value per ordinary share (RMB cents)	35.67	59.53	42.69	37.74
Number of shares calculating NAV ('000)	301,500	301,500	301,500	301,500

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

COMMENTARY ON THE CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD

Revenue

Group revenue for Q3 2019 consist of rental income of RMB9.4 million (Q3 2018: RMB9.4 million) for renting out part of the factory space and certain plant and equipment. The revenue is consistent with the prior period as there is no change in the lessees' composition during the period.

Gross Profit and Gross Profit Margin

The cost of sales of RMB0.4 million (Q3 2018: RMB0.2 million) mainly comprises of taxes such as property tax and land use tax related to the lands.

The slight decrease in gross profit and gross profit margin of the Group were due to lower cost of sales in Q3 2018 as compared to the current period.

Other Operating Income

Other operating income for Q3 2019 mainly comprises of margin recovery of sewage and utilities costs from lessees of RMB6.8 million (Q3 2018: RMB6.6 million) for the period.

Administrative expenses

The higher administrative expenses of RMB31.6 million in current period was due mainly to additional PRC lawyer fees related to court cases with Shanghai Jintumu Real Estate Co., Ltd ("Jintumu") of RMB26.1 million paid in Q3 2019 as compared to RMB2.5 million in Q3 2018.

Finance costs

The finance costs for Q3 2019 comprise an interest of RMB 36.7 million paid to Jintumu (being the interest payable for the period from October 2017 to August 2019 on the upfront deposit of RMB 80.0 million paid by Jintumu in accordance with the judgment issued by the Zhejiang Higher People's Court and affirmed by the Supreme People's Court of the PRC), interest on bank borrowings of RMB5.8 million, and interest on short-term borrowings of RMB 3.6 million. Whereas the finance costs for Q3 2018 only comprised interest on bank borrowings of RMB 4.8 million, thus resulted in higher finance costs for the period.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key balance sheet items as at 30 September 2019, as compared to 31 December 2018

Property, plant and equipment increased by RMB1.8 million mainly due to addition of property, plant and equipment of RMB7.9 million offset with the depreciation expenses of RMB6.1 million during the period.

Development properties held for sale represents leasehold lands for commercial and residential development which are located at Anchang Town, Shaoxing County, Zhejiang China.

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

Bank borrowings decreased by RMB9.5 million mainly due to repayment during the period.

Trade payables decreased by RMB0.9 million mainly due to repayment during the period.

Other payables decreased by RM93.3 million, mainly due to repayment of initial deposits of RMB 80.0 million to Jintumu in August 2019, and repayment to some contractors of RMB3.3 million for the building of new factory in Binhai industrial zone, reduction in rentals advances and other advances (related to utilities overhead) from lessees of RMB8.0 million and repayment for property, plant and equipment suppliers of RMB 2.0 million.

Deferred tax liabilities mainly included the income tax effect of RMB43.6 million resulting from the temporary difference between the carrying value and the tax written down value of the investment property and property, plant and equipment, which was fully claimed against taxable profit when the government grant was finalised in financial year ended 31 December 2018.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities were negative during the period of RMB137.2 million mainly due to higher loss and repayment of other payables of RMB72.9 million and interest payment of RMB 46.1 million during the period.

Net cash used in investing activities was RMB0.5 million due mainly to the purchase of property, plant and equipment of RMB1.3 million and purchase of financial assets at fair value of RMB0.4 million, partially offset by proceeds from disposal of financial assets at fair value of RMB1.0 million.

Net cash generated from financing activities of RMB160.6 million was mainly due to addition of short-term borrowings of RMB200.0 million offset with the repayment of bank loans of RMB 9.3 million and dividend payment of 29.9 million during the period.

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

The current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarter results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

China reported a gross domestic product growth rate of 6% year-on-year for 3Q 2019, which marks the lowest quarterly growth rate in 27 years.

Against this backdrop, the Group remains cautiously optimistic on the prospects of its leasing business as China's print and dye market remains stable, driven by increasing demand for apparel industries amid healthy global consumer data. While trade talks between the United States and China have recently resumed on a positive note, there is no assurance on how the situation will develop. The Board will continue to monitor the situation closely and remain vigilant on the possible impact on the Group's leasing business.

Going forward, the Board intends to continue exploring possible options on how to utilise the retained land asset in ways that will add value to our shareholders, and will provide updates when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividends declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date Payable

Not applicable

(d) Book Closure Date

Not applicable

12. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the current period in view of losses incurred by the Group and the Group's operational and financial cash needs.

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

The Group did not obtain any general mandate from its shareholders for IPTs.

Interested Person Transactions ("IPT")

There is no IPT during the period ended 30 September 2019.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

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

BY ORDER OF THE BOARD

Xiao Zi Liang
Chief Executive Officer/Executive Director
14 November 2019

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, XIAO ZI LIANG, and YU MING HAI being two Directors of China Jishan Holdings Limited (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group’s unaudited financial statements for the 3rd Quarter ended 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao Zi Liang
Chief Executive Officer

Yu Ming Hai
Executive Director