

QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

The Board of Directors (the “**Board**”) of China Jishan Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to provide the following information in response to the queries from the SGX-ST regarding the unaudited financial statements of the Group for the financial period ended 31 March 2019 (“**1Q 2019**”), which was announced on 15 May 2019 (the “**Previous Announcement**”):

Unless otherwise stated, all capitalised terms used herein shall have the same meaning ascribed to them in the Previous Announcement.

SGX query 1

We refer to China Jishan Holdings Limited’s (the “Company’s”) unaudited 1Q2019 financial statements filed on 15 May 2019. In 1Q2019, the Company recorded “other receivables and prepayments” of RMB 10.1million. Please disclose the reason(s) for the increase in other receivables and prepayments, despite the Company not having any operating activity other than passive rental income. Please also disclose the breakdown of these “other receivables and prepayments” and the nature of the underlying transactions which resulted in these outstanding balances. To disclose the aging schedule of these other receivables and prepayments in bands of 3 months (with upper limit of the longest due debt specified in bands of 3 months).

The Company's response to query 1

The increase of other receivables and prepayments of RMB 0.7 million was mainly due to the increase in recoverable expenses from lessees of RMB 0.5 million.

The breakdown of the “other receivables and prepayments” is as follows:

	RMB'000	< 3 month	4-6 month	7-9 month	10-12 month	> 1 year
Advance payments	631	613	15	3	-	-
Advances to staff	176	5	-	-	-	171
Due from related parties (N1)	3,335	-	-	-	-	3,335
Recoverable expenses from lessees(N2)	2,715	2,606	75	34	-	-
Loan to a third party(N3)	2,000	-	-	-	2,000	-
Others	1,286	739	-	22	-	525
Total	10,143	3,963	90	59	2,000	4,031

Note:

N1 – The related party is an entity which is controlled by a key management personnel of the Group. Amount due from a related party is non-trade, unsecured, interest free and repayable on demand in cash. The key management has undertaken to provide payment to the Group in the event that the amount is not recoverable from the related party.

N2 – The recoverable expenses from lessees mainly comprises overheads such as electricity, steam costs, water, sewages costs and other miscellaneous expenses chargeable to lessees during the period.

N3 – The loan to a third party is non-trade, unsecured, interest free and repayable on 5 August 2019, which is the maturity date.

SGX query 2

In 1Q2019, the Company disclosed “other payables” of RMB 126.1 million. Please provide details of this significant amount of “other payables”. To provide a breakdown and explain the material items.

The Company's response to query 2

The breakdown of the other payables of RMB 126.1 million as at 31 March 2019 is as follows:

	RMB' million
Deposits for Proposed Disposal(N1)	80.0
Lease deposits held from lessees(N2)	17.0
Payables for land conversion fee and other related taxes(N3)	23.4
Accrued expenses	3.0
Payable for property, plant and equipment	2.0
Interest payable	0.7
Total	<u>126.1</u>

Note:

N1 – The Group received the upfront deposit of RMB80 million when the Group entered into a conditional share transfer agreement with Shanghai Jintumu Real Estate Co., Ltd on 24 December 2016, for disposal of the entire equity interest of its wholly owned subsidiary, Shaoxing Yue Sheng Real Estate Property Development Co., Ltd.

N2 – These are related to security deposits held by the Group when the lessees entered into leasing agreements with the Group.

N3 – The payable for the land conversion fee and other related taxes mainly pertains to the outstanding balance payable to local government for the 3% deed tax and the land conversion fee incurred during the previous year when the Group converted the title of the Kebei land from industrial to commercial and residential land.

SGX query 3

The Company stated that the “other operating income” for 1Q2019 also comprises “fair value gain on held for trading investment of RMB 0.6million”. Please clarify whether these “trading investment(s)” refer to quoted securities. If so, please note the requirements under Listing Rule 704(17). If applicable, please disclose the necessary details pursuant to the said Rule.

The Company's response to query 3

The trading investment is disclosed as “other financial assets” in the balance sheet. The cost of the other financial assets as at 31 March 2019 was RMB3.3 million which is approximately 1.8% of the latest audited net tangible assets as at 31 December 2019 of RMB179.5 million. Therefore it does not exceed the 5% threshold of Listing Rule 704(17) and Rule 704(17) is hence not applicable.

SGX query 4

At paragraph 10 of the Company’s announcement, it was disclosed that the “prospects for the Group’s leasing business remain positive amidst continued growth in China’s print and dye market”. If this is so, to explain why the Company does not derive any revenue from this sector in its revenue.

The Company's response to query 4

Currently, the principal business activity of the Group is the leasing of factory space, plant and equipment to businesses involved in fabric processing, printing and dying, and sale of print and dye finished products and garments. The Group started to lease office space and plant and equipment to third parties in 2015, in view of the lacklustre general economic environment and also as part of our rationalization strategy to ensure a stream of stable and recurring income from the lease of part of our unutilized factory space, and

plant and equipment. This has enabled us to streamline our operations to more efficiently utilize our capacity, as well as diversify our income streams.

Despite continued growth in China's print and dye market, the Group remains cautious amidst continuing uncertainty in the U.S.-China trade talks and the consequential impact on the global and domestic Chinese economies. In the circumstances, the Group has not resumed its print and dye business. The Group will continue to monitor China's general economic environment before it makes any plans to resume the print and dye business.

BY ORDER OF THE BOARD

Xiao Ziliang
Executive Director/ Chief Executive Officer

23 May 2019