

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

Second Quarter Financial Statement

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

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

	The Group 3 months ended 30 June			The Group 6 months ended 30 June		
	2018 RMB'000	2017 RMB'000	Changes %	2018 RMB'000	2017 RMB'000	Changes %
Revenue	9,431	8,999	4.8	18,861	17,465	8.0
Cost of sales	-	(2,284)	N.M	-	(3,183)	N.M
Gross profit	9,431	6,715	40.4	18,861	14,282	32.1
Other operating income	8,869	6,003	47.7	15,142	9,645	57.0
Selling and distribution expenses	-	-	-	-	(1)	N.M
Administrative expenses	(10,049)	(8,231)	22.1	(17,470)	(15,646)	11.7
Finance costs	(4,358)	(4,619)	(5.7)	(8,980)	(9,488)	(5.4)
Profit/(loss) before income tax	3,893	(132)	N.M	7,553	(1,208)	N.M
Income tax	(1,159)	(58)	>100	(2,229)	95	N.M
Net profit/(loss) for the period	2,734	(190)	N.M	5,324	(1,113)	N.M
Notes to the above statement of comprehensive income:						
Other operating income including						
Interest income	2	5	(60.0)	4	17	(76.5)
(Loss)/Gain on disposal of held for trading investments	(348)	119	N.M	(197)	239	N.M
Fair value gain/(loss) on held for trading investment	29	(50)	N.M	12	(50)	N.M
Margin on sewage and utilities charged to lessees	9,187	5,929	55.0	15,322	9,439	62.3
Interest on borrowings	(4,358)	(4,619)	(5.7)	(8,980)	(9,488)	(5.4)
Depreciation expense	(2,163)	(4,920)	(56.0)	(4,328)	(9,889)	(56.2)

N.M : Not meaningful

1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 June 2018

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	
	30/06/2018 RMB'000	31/12/2017 RMB'000	30/06/2018 RMB'000	31/12/2017 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	6,498	38,994	2,086	1,084
Held-for-trading investments	2,286	1,709	-	-
Trade receivables	6,909	9,316	-	-
Other receivables and prepayments	9,341	9,386	4,394	4,349
Inventories	479	479	-	-
Prepaid leases	647	647	-	-
Assets held for sale	504,059	497,680	-	-
Total current assets	530,219	558,211	6,480	5,433
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	28,723	28,723	-	-
Property, plant and equipment	26,967	28,086	-	-
Investment properties	89,358	91,472	-	-
Prepaid leases	22,757	23,016	-	-
Deferred tax assets	842	842	-	-
Total non-current assets	168,647	172,139	144,587	144,587
Total assets	698,866	730,350	151,067	150,020
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	310,588	342,890	-	-
Trade payables	9,735	11,285	-	-
Other payables	141,395	152,881	33,991	31,793
Loans from a related party	878	896	878	896
Tax payable	41,261	32,713	-	-
Total current liabilities	503,857	540,665	34,869	32,689
Non-current liabilities:				
Deferred tax liabilities	20,817	20,817	-	-
Total non-current liabilities	20,817	20,817	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	26,706	21,382	(9,610)	(8,477)
Other reserves	21,678	21,678	-	-
Total equity	174,192	168,868	116,198	117,331
Total liabilities and equity	698,866	730,350	151,067	150,020

1(b)(ii) Aggregate amount of group's borrowings and debts securities

Amount repayable in one year or less, or on demand

Group As at 30/06/2018		Group As at 31/12/2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
310,588	878	342,890	896

Details of any collateral

As at 30 June 2018, the Group secured facilities comprising bank loan of RMB310.6 million (31 December 2017: RMB342.9million). These facilities were guaranteed by related parties and secured by pollution quota and development properties held for sale.

As at 30 June 2018, the unsecured facilities comprised loans of RMB0.9 million (31 December 2017: RMB1.0 million) from a related party.

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

	The Group 3 months ended 30 June		The Group 6 months ended 30 June	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Operating activities				
Profit/(Loss) before income tax	3,893	(132)	7,553	(1,208)
Adjustment for:				
Depreciation expense	2,163	4,920	4,328	9,889
Fair value (gain)loss on held for trading investments	347	(119)	196	(239)
Loss/(gain) on disposal of held for trading investments	(29)	50	(12)	50
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-
Interest expense	4,358	4,619	8,980	9,488
Interest income	(1)	(5)	(4)	(17)
Operating cash flows before movements in working capital	10,731	9,333	21,041	17,963
Trade receivables	1,858	2,585	2,407	9,727
Other receivables and prepayments	323	(136)	45	70
Inventories	-	1,697	-	2,555
Trade payables	1,596	(152)	(1,550)	(12,550)
Other payables	(6,893)	(10,427)	(11,484)	(15,322)
Cash generated from operations	7,615	2,900	10,459	2,443
Interest received	1	5	4	17
Interest paid	(4,358)	(4,619)	(8,980)	(9,488)
Income tax paid	(60)	(12)	(60)	-
Net cash generated from/(used in) operating activities	3,198	(1,726)	1,423	(7,028)
Investing activities				
Prepaid lease	129	160	259	160
Proceed from disposal of investments held for trading	1,049	1,646	1,957	1,646
Purchase of property, plant and equipment	(104)	2,115	(1,096)	(12,217)
Purchase of investments held for trading	(1,114)	(918)	(2,719)	(918)
Net cash generated from (used in) investing activities	(40)	3,003	(1,599)	(11,329)
Financing activities				
Bank borrowings	(1,412)	-	(32,302)	(38,000)
Loan from related party	(18)	-	(18)	-
Decrease in pledged fixed deposits	-	-	-	2,854
Net cash from financing activities	(1,430)	-	(32,320)	(35,146)
Net (decrease) increase in cash and cash equivalents	1,728	1,277	(32,496)	(53,503)
Cash and cash equivalents at beginning of the period	4,770	36,501	38,994	91,281
Cash and cash equivalents at end of the period (Note)	6,498	37,778	6,498	37,778
Note:				
Cash and cash equivalents comprise the following:				
Fixed deposits	-	-	-	-
Cash and bank balances	6,498	37,778	6,498	37,778
Less: Pledged fixed deposits	-	-	-	--
	6,498	37,778	6,498	37,778

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

The Group	2018			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	21,382	168,868
Net profit for the period	-	-	5,324	5,324
Balance at 30 June	125,808	21,678	26,706	174,192

The Group	2017			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	(1,382)	146,104
Net loss for the period	-	-	(1,113)	(1,113)
Balance at 30 June	125,808	21,678	(2,495)	144,991

The Company	2018		
	Issued Capital	Accumulated Loss	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(8,477)	117,331
Net loss for the period	-	(1,133)	(1,133)
Balance at 30 June	125,808	(9,610)	116,198

The Company	2017		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	(5,595)	120,213
Net loss for the period	-	(1,426)	(1,426)
Balance at 30 June	125,808	(7,021)	118,787

Note:

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

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. States also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There was no change in the issued capital and paid-up capital of the Company since the Company's previous announcement. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 June 2018 and 30 June 2017.

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 June 2018	31 December 2017
Number of issued shares excluding treasury shares	301,500,000	301,500,000
Number of treasury shares held	NIL	NIL

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

Not applicable.

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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed.

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

Not applicable.

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

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financials year ended 31 December 2017 have been applied in the preparation for the financial statements as at 30 June 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

Not applicable.

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

	3 months ended 30 June		6 months ended 30 June	
	2018	2017	2018	2017
Net profit/(loss) after income tax (RMB'000)	2,734	(190)	5,324	(1,113)
Basic basis (RMB cents)	0.91	(0.06)	1.77	(0.37)
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A	N.A	N.A	N.A
Number of shares in calculating EPS ('000)	301,500	301,500	301,500	301,500

Note:

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

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

	Group		Company	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Net Assets (RMB'000)	174,192	168,868	116,198	117,331
Net asset value per ordinary share (RMB cents)	57.78	56.01	38.54	38.92
Number of shares calculating NAV('000)	301,500	301,500	301,500	301,500

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

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

COMMENTARY ON THE CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD

Revenue

The Group's revenue increased by 8.0% to RMB18.9 million as compared with the corresponding period in FY2017 ("2Q 2017"). The revenue for 2Q 2018 consists solely of rental income and the revenue of RMB17.5 million for 2Q 2017 consisted of mainly rental income of RMB16.2 million for renting out part of the factory space and from the disposal of some old products. The increase in rental revenue is mainly due to additional factory space was rented out to a lessee in 2nd half of FY2017, the additional rental income is approximately RMB1.3 million per quarter.

Based on the consistent flow of rental revenue, the Group managed to increase its gross profit margin and made a net profit on year to year basis as a result of renting out the factory spaces.

Gross Profit and Gross Profit Margin

The rental revenue in 2Q 2018 has resulted in the increase in gross profit as well as gross profit margin of the Company due to the reasons mentioned above.

Other Operating Income

Other operating income in 2Q2018 mainly comprises of sewage cost and utilities overhead recharged to lessees of RMB15.3 million (2Q2017: RMB9.4 million).

The higher of margin on sewage cost and utilities overhead charged to lessees was mainly due to

- The lessees have just completed their relocation from the old factory in Keqiao to the new factory in Binhai at the end of FY2016, hence there were times spent by lessees on the testing and adjustments on the relocated plant and equipment, resulted in a reduction in the usage of the sewage and utilities facilities during first half of 2017,
- In 1Q2018, the lessees have fully resumed their operations and hence increase in the usage of the sewage and utilities facilities of the Group,
- Additional lessee from 2nd half of 2017 as mentioned above, thus increase in additional usage of sewage and utilities of the Group in 2Q2018 as compared to 2Q2017.

Operating Cost

Administrative expenses

The increase in administrative expenses was mainly due to the additional legal fees of approximately RMB2.0 million incurred for hiring PRC lawyers for the ongoing litigation dispute with the third party (the "Purchaser") on the disposal of Shaoxing Yue Sheng Real Estate Property Development Co., Ltd. ("Yue Sheng").

Finance costs

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

Income tax

Income tax expense / credit was computed at 25% of each major subsidiary's profit / loss before taxation.

Net profit for the period

The net profit for the period was mainly due to the increase in rental revenues as mentioned above.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key balance sheet items as of 30 June 2018, compared with 31 December 2017.

Trade receivables decreased by RMB2.4 million mainly due to receipt of payment during the period.

Assets held for sale represents leasehold lands for commercial and residential development which is located at Anchang Town, Shaoxing County, Zhejiang China. It consists of

- i) Land use rights with carrying amount of RMB4.6 million (FY2017 :RMB4.6 million); and
- ii) Deferred tax assets of RMB44.4 million (FY2017: RMB38.1 million)

The increase in RMB6.3 million was due to the increase in deferred tax assets arising from the losses incurred for the Subsidiary during the period.

Investment properties, decrease of RMB2.1 million was mainly due to depreciation for the period.

Property, plant and equipment decreased by RMB1.1 million, mainly due to addition of property, plant and equipment of RMB1.1 million during the period offset by the depreciation charge of RMB2.2 million for the period..

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

Bank borrowings decreased by RMB32.3 million mainly due to repayment during the period.

Trade payables decreased by RMB1.6 million, mainly due to repayment during the period.

Other payables decreased by RM11.5 million, mainly due to repayments for some contractors for the building of new factory in Binhai industrial zone.

Deferred tax liabilities mainly included the income tax effect of RMB20.8 million resulting from the gain from disposal of the industrial land, which may be payable in future.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's generated a positive cash flow from operating activities in 2Q 2018 which was mainly due to the increase in profit before income tax as compared 2Q2017.

The negative net cash used in financing activities of RMB1.4 million is mainly due to repayment of bank borrowings during the period.

As a result of the above cash flows activities, the Group maintains a net increase in cash and cash equivalents of RMB1.7 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 competitive conditions of the industry in which the group operates and known factors or events that may affect the group in the next reporting period and the next 12 months

The print and dye business is expected to remain stable during the year. The ongoing trade tensions between China and the United States are not expected to have any material effect on the operations of the Group.

In connection with the Proposed Disposal of the entire equity interest in Shao Xing Yue Sheng Real Estate Property Development Co., Ltd (as referred to in the announcement dated 5 June 2018), (1) Zhejiang Jishan Printing and Dyeing Co., Ltd (“**Jishan P&D**”) has attended the first court hearing in the PRC regarding the legal claim by the purchaser; (2) Jishan P&D has filed a counter-claim against the purchaser to terminate the agreement and the supplemental agreement and has furnished the relevant documentary evidence in support of its counter-claim to the PRC courts; and (3) the next hearing date will be fixed by the PRC courts. The Proposed Disposal of the entire equity interest in Shao Xing Yue Sheng Real Estate Property Development Co., Ltd is not prejudicial to the interests of the Shareholders, and it satisfies the requirements of SGX. We will provide updates when appropriate or when there are concrete new developments.

11. Dividend

(A) Current Financial Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect

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

13. Interested Person Transactions (“IPT”)

There is no IPT during the period under review.

14. Undertakings

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

BY ORDER OF THE BOARD

Xiao Zi Liang
Chief Executive Officer

14 August 2018

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 2nd Quarter ended 30 June 2018 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

14 August 2018