

TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE EQUITY INTEREST OF SHAOXING NAKED VALLEY RESORT DEVELOPING CO., LTD (绍兴裸心谷度假村开发有限公司) AND SHAOXING NAKED LAKE PROPERTY DEVELOPING CO., LTD (绍兴裸心湖房地产开发有限公司)

1. INTRODUCTION

- 1.1 The board of Directors (the “**Board**”) of China Jishan Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”), wishes to announce that the Company has on 29 September 2016 entered into a non-binding term sheet (the “**Term Sheet**”) with Zhejiang Jishan Holding Group Co., Ltd (浙江稽山控股集团有限公司) (the “**Vendor**”) (collectively, the “**Parties**” and each a “**Party**”) pursuant to which the Vendor will sell and the Company or a wholly-owned subsidiary of the Company (the “**Purchaser**”) will purchase the entire equity interest of Shaoxing Naked Valley Resort Developing Co., Ltd (绍兴裸心谷度假村开发有限公司) (the “**Target A**”) and the entire equity interest of Shaoxing Naked Lake Property Developing Co., Ltd (绍兴裸心湖房地产开发有限公司) (the “**Target B**”) (collectively the “**Targets**”).
- 1.2 Save for the “Governing Law and Dispute Resolution” clause, “Exclusivity” clause, “Non-binding” clause and “Confidentiality” clause, the terms set out in the Term Sheet are non-binding and there is no legal obligation imposed on the Parties until the execution of the Definitive Agreements (as defined in paragraph 5.2(a)) in relation to the Proposed Acquisition.

2. INFORMATION ON THE VENDOR AND TARGETS

The information on the Vendor and the Targets was provided by the Vendor. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the sole responsibility of the Company and Directors is to ensure that such information has been accurately and correctly extracted and reproduced in this Announcement in its proper form and context.

- 2.1 The Vendor is a company duly incorporated and validly existing under the laws of the People’s Republic of China (the “**PRC**”) and the legal and beneficial owners of the entire equity interest of the Targets. The shareholders of the Vendor are Mr. Jin Guan Liang, Mr. Jin Rong Hai, and Ms. Jin Yao Yun, holding 80%, 10% and 10% of equity interest in the Vendor respectively. Mr. Jin Guan Liang is the Executive Chairman of the Company, while Ms. Jin Yao Yun is the spouse of Mr. Jin Guan Liang and the sister of Mr. Jin Rong Hai.
- 2.2 The Targets were incorporated in the PRC in 2014 and are principally involved in property development including but not limited to the development of eco-luxury resorts that aim to combine comfort, elegance and an active lifestyle, with minimal impact on the environment. The Targets have acquired five plots of land and are in the process of acquiring the sixth plot of land (collectively, the “**Land**”) for property development. The Land is located in Shaoxing City, Zhejiang Province.

3. INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION

- 3.1 Mr. Jin Guan Liang, being the Executive Chairman of the Company, owns 80% of the equity interest in the Vendor. Ms. Jin Yao Yun, being the spouse of Mr. Jin Guan Liang, owns 10% of the equity interest in the Vendor. Accordingly, Mr. Jin Guan Liang, Ms. Jin Yao Yun and the Vendor are interested persons and the Proposed Acquisition, if undertaken and completed, is expected to constitute an “interested person transaction” as defined under the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

- 3.2 As one or more of the relative figures under Rule 1006 of the Listing Manual are estimated to exceed 20%, the Proposed Acquisition, if undertaken and completed, is expected to constitute a “major transaction” under Rule 1014 of the Listing Manual.
- 3.3 Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened.

4. RATIONALE

As the Group’s current business and operations continue to face headwind in an increasingly challenging and competitive environment, the Proposed Acquisition represents a good opportunity for the Group to diversify into property development and hospitality business, which will offer new business opportunities, provide new revenue streams and reduce the Group’s reliance on the dyeing and printing business.

5. PRINCIPLE TERMS OF THE TERM SHEET

The principal terms of the Term Sheet are set out below:-

5.1. Consideration

The aggregate consideration for the Proposed Acquisition is approximately RMB60,000,000, which shall be satisfied by the Purchaser in cash payment to the Vendor on completion of the Proposed Acquisition by way of banker’s cheque, telegraphic transfer or such other method as may be mutually agreed between the Parties, subject to the Valuation (as defined in paragraph 5.2(g)) and the fulfillment of all of the conditions precedent to be set out in the Definitive Agreements (as defined in paragraph 5.2(a)), including but not limited to the approval of the Proposed Acquisition by the Shareholders at the EGM to be convened.

5.2. Conditions Precedent

The completion of Proposed Acquisition is subject to, but not limited to, the following conditions precedent:-

- a. satisfactory execution and completion of all legal documentation including but not limited to a sale and purchase agreement or other such agreements in respect of the Proposed Acquisition (the “**Definitive Agreements**”);
- b. all applicable governmental and regulatory approval for the Proposed Acquisition and clearance for the circular to be addressed to the Shareholders relating to the Proposed Acquisition from the SGX-ST, having been received;
- c. the obtaining of all necessary corporate and third party consents, including but not limited to the approval of the Shareholders for the Proposed Acquisition;
- d. satisfactory completion by the Company of financial and legal due diligence exercises on the Targets;
- e. there being no breach of any warranty, representation, undertaking or obligation by the Parties as set out in the Definitive Agreements;
- f. the obtaining of an opinion from an independent financial adviser advising that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders; and

- g. completion of an independent valuation (the “**Valuation**”) on the Targets by an independent valuer appointed by the Purchaser and the appraised value of Target A being not less than approximately RMB40,000,000 and the appraised value of Target B being not less than approximately RMB20,000,000.

5.3. Undertakings

The Vendor shall procure the key management (such persons to be identified in the Definitive Agreements) of the Targets to continue their employment with all of or any of the Targets upon/after completion of the Proposed Acquisition.

5.4. Definitive Agreements

The Parties shall negotiate in good faith to agree and sign the Definitive Agreements reflecting the terms and conditions set out in the Term Sheet.

5.5. Exclusivity

For a period of one year after the execution of the Term Sheet, or up to date of the termination of the Term Sheet (whichever is earlier), the Parties shall procure that its respective officers and directors shall:-

- (a) not solicit, initiate, encourage or engage in any other proposals from any other person; and
- (b) immediately cease and not negotiate, entertain any discussions or understandings with any other person,

in respect of any transaction that will affect the execution or successful consummation of the Proposed Acquisition.

5.6. Governing Law

The Term Sheet shall be governed in accordance with the laws of the PRC.

The Parties irrevocably agree to submit to the non-exclusive jurisdiction of the courts of the PRC in all matters arising in connection with the Term Sheet.

6. **INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

- 6.1. Mr. Jin Guan Liang, being the Executive Chairman of the Company, has an equity interest of 80% in the Vendor.
- 6.2. Save as disclosed above, none of the Directors and controlling Shareholders of the Company, other than in their respective capacity as Directors or Shareholders, has any interest, direct or indirect, in the Proposed Acquisition.

7. **FURTHER ANNOUNCEMENTS**

The Company will make further announcements in compliance with the requirements of the Listing Manual, upon the execution of the Definitive Agreements and/or when there are material developments in respect of the Proposed Acquisition.

8. **CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Definitive Agreements will be entered into, the terms and the conditions of the Proposed Acquisition will not differ from those set out in the Term

Sheet, or the Proposed Acquisition will be undertaken or completed at all. The Company will make the necessary announcements as and when there are further developments on the Proposed Acquisition.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Xiao ZiLiang
Chief Executive Officer and Executive Director

30 September 2016