

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

**Third 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 September			The Group 9 months ended 30 September		
	2018 RMB'000	2017 RMB'000	Changes %	2018 RMB'000	2017 RMB'000	Changes %
Revenue	9,430	9,429	0.0	28,291	26,894	5.2
Cost of sales	-	(496)	N.M	-	(3,679)	N.M
<b>Gross profit</b>	<b>9,430</b>	<b>8,933</b>	5.6	<b>28,291</b>	<b>23,215</b>	21.9
Other operating income	6,391	40,670	(84.3)	21,533	50,315	(57.2)
Selling and distribution expenses	-	-	-	-	(1)	-
Administrative expenses	(7,377)	(5,760)	28.1	(24,847)	(21,405)	16.1
Finance costs	(4,766)	(4,620)	3.2	(13,746)	(14,108)	(2.6)
<b>Profit before income tax</b>	<b>3,678</b>	<b>39,223</b>	(90.6)	<b>11,231</b>	<b>38,016</b>	(70.5)
Income tax	(1,214)	(9,951)	(87.8)	(3,443)	(9,857)	(65.1)
<b>Net profit for the period</b>	<b>2,464</b>	<b>29,272</b>	(91.6)	<b>7,788</b>	<b>28,159</b>	(72.3)
<b>Notes to the above statement of comprehensive income:</b>						
Other operating income including:						
Interest income	1	3	(66.7)	5	20	(75.0)
Realisation of deferred income (N1)	-	54,032	N.M	-	54,032	N.M
Written off of property, plant and equipment (N2)	-	(21,487)	N.M	-	(21,487)	N.M
Gain on disposal of held for trading investments	31	79	(60.8)	43	29	48.3
Fair value gain/(loss) on held for trading investment	(192)	133	N.M	(389)	372	N.M
(Loss) on disposal of plant and equipment	-	(15)	N.M	-	(15)	N.M
Margin on sewage charged to lessees	6,553	7,896	(17.0)	21,875	21,821	0.2
Interest on borrowings	(4,766)	(4,620)	3.2	(13,746)	(14,108)	(2.6)
Depreciation expense	(2,126)	(4,310)	(50.7)	(6,454)	(14,199)	(54.5)

*N.M – not meaningful*

N1 – The deferred income represented the received-but-not-utilised compensations from local government, which is the compensation for assets for the planned relocation and other losses to be incurred. The deferred income is recognized in the profit and loss as the old factory in Keqiao has been demolished in financial year 2017.

N2 – This represents the related property, plant and equipment written off due to the demolishment of the old factory in Keqiao in financial year 2017.

**1(a)(ii) Statement of other comprehensive income for the 3-month Period Ended 30 September 2017**

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	
	30/09/2018 RMB'000	31/12/2017 RMB'000	30/09/2018 RMB'000	31/12/2017 RMB'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	9,630	38,994	617	1,084
Held-for-trading investments	2,341	1,709	-	-
Trade receivables	5,822	9,316	-	-
Other receivables and prepayments	10,276	9,386	4,491	4,349
Inventories	479	479	-	-
Prepaid leases	647	647	-	-
Assets held for sale	504,568	497,680	-	-
Total current assets	533,763	558,211	5,108	5,433
<b>Non-current assets:</b>				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	28,723	28,723	-	-
Property, plant and equipment	26,928	28,086	-	-
Investment properties	88,302	91,472	-	-
Prepaid leases	22,627	23,016	-	-
Deferred tax assets	842	842	-	-
Total non-current assets	167,422	172,139	144,587	144,587
<b>Total assets</b>	<b>701,185</b>	<b>730,350</b>	<b>149,695</b>	<b>150,020</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank borrowings	307,578	342,890	-	-
Trade payables	9,021	11,285	-	-
Other payables	143,217	152,881	33,759	31,793
Loans from a related party	913	896	913	896
Tax payable	42,983	32,713	-	-
Total current liabilities	503,712	540,665	34,672	32,689
<b>Non-current liabilities:</b>				
Deferred tax liabilities	20,817	20,817	-	-
Total non-current liabilities	20,817	20,817	-	-
<b>Capital and Reserves:</b>				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	29,170	21,382	(10,785)	(8,477)
Other reserves	21,678	21,678	-	-
Total equity	176,656	168,868	115,023	117,331
<b>Total liabilities and equity</b>	<b>701,185</b>	<b>730,350</b>	<b>149,695</b>	<b>150,020</b>

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

**Amount repayable in one year or less, or on demand**

<b>Group As at 30/09/2018</b>		<b>Group As at 31/12/2017</b>	
<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>	<b>Secured RMB'000</b>	<b>Unsecured RMB'000</b>
307,578	913	342,890	896

**Details of any collateral**

As at 30 September 2018, the Group secured facilities comprising bank loan of RMB307.6 million (31 December 2017: RMB342.9 million). These facilities were guaranteed by related parties and secured by pollution quota and development properties held for sale.

As at 30 September 2018, the unsecured facilities comprised loans of RMB0.9 million (31 December 2017: RMB0.9 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 September		The Group 9 months ended 30 September	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
<b>Operating activities</b>				
Profit before income tax	3,678	39,223	11,231	38,016
Adjustment for:				
Depreciation expense	2,126	4,310	6,454	14,199
Fair value (gain) loss on held for trading investments	193	(133)	389	(372)
(Gain) on disposal of held for trading investments	(31)	(79)	(43)	(29)
Loss on disposal of property, plant and equipment	-	15	-	15
Realisation of deferred income	-	(54,032)	-	(54,032)
Property, plant and equipment written off	-	21,487	-	21,487
Interest expense	4,766	4,620	13,746	14,108
Interest income	(1)	(3)	(5)	(20)
<b>Operating cash flows before movements in working capital</b>	<b>10,731</b>	<b>15,408</b>	<b>31,772</b>	<b>33,372</b>
Trade receivables	1,087	5,064	3,494	14,791
Other receivables and prepayments	(935)	(494)	(890)	(424)
Inventories	-	-	-	2,555
Trade payables	(714)	(195)	(2,264)	(12,745)
Other payables	1,820	(14,816)	(9,664)	(30,139)
<b>Cash generated from operations</b>	<b>11,989</b>	<b>4,967</b>	<b>22,448</b>	<b>7,410</b>
Interest received	1	3	5	20
Interest paid	(4,766)	(4,620)	(13,746)	(14,108)
Income tax paid	(1)	-	(61)	-
<b>Net cash generated from operating activities</b>	<b>7,223</b>	<b>350</b>	<b>8,646</b>	<b>(6,678)</b>
<b>Investing activities</b>				
Prepaid leases	130	59	389	219
Proceed from disposal of investments held for trading	30	3,253	1,987	4,899
Proceed from disposal of property, plant and equipment	-	6	-	6
Purchase of property, plant and equipment	(1,030)	(4,676)	(2,126)	(16,893)
Purchase of investments held for trading	(246)	(2,526)	(2,965)	(3,444)
<b>Net cash used in investing activities</b>	<b>(1,116)</b>	<b>(3,884)</b>	<b>(2,715)</b>	<b>(15,213)</b>
<b>Financing activities</b>				
Bank borrowings	(3,010)	(8,000)	(35,312)	(46,000)
Decrease in pledged fixed deposits	-	-	-	2,854
Advance from related party	35	-	17	-
<b>Net cash used in financing activities</b>	<b>(2,975)</b>	<b>(8,000)</b>	<b>(35,295)</b>	<b>(43,146)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>3,132</b>	<b>(11,534)</b>	<b>(29,364)</b>	<b>(65,037)</b>
Cash and cash equivalents at beginning of the period	6,498	37,778	38,994	91,281
<b>Cash and cash equivalents at end of the period (Note)</b>	<b>9,630</b>	<b>26,244</b>	<b>9,630</b>	<b>26,244</b>
<b>Note:</b> Cash and cash equivalents comprise the following:				
Fixed deposits	-	-	-	-
Cash and bank balances	9,630	26,244	9,630	26,244
Less: Pledged fixed deposits	-	-	-	-
	<b>9,630</b>	<b>26,244</b>	<b>9,630</b>	<b>26,244</b>

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 <sup>(a)</sup>	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	-	-	7,788	7,788
<b>Balance at 30 September</b>	<b>125,808</b>	<b>21,678</b>	<b>29,170</b>	<b>176,656</b>

The Group	2017			
	Issued Capital	Other Reserves <sup>(a)</sup>	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	125,808	21,678	(1,382)	146,104
Net profit for the period	-	-	28,159	28,159
<b>Balance at 30 September</b>	<b>125,808</b>	<b>21,678</b>	<b>26,777</b>	<b>174,263</b>

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	-	(2,308)	(2,308)
<b>Balance at 30 September</b>	<b>125,808</b>	<b>(10,785)</b>	<b>115,023</b>

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	-	(2,007)	(2,007)
<b>Balance at 30 September</b>	<b>125,808</b>	<b>(7,602)</b>	<b>118,206</b>

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 September 2018 and 30 September 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 September 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.

**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 September 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 September		9 months ended 30 September	
	2018	2017	2017	2016
Net profit after income tax (RMB'000)	2,464	29,272	7,788	28,159
Basic basis (RMB cents)	0.82	9.71	2.58	9.33
On a fully diluted basis (RMB cents) <sup>(1)</sup>	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 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Net Assets (RMB'000)	176,656	168,868	115,023	117,331
<b>Net asset value per ordinary share (RMB cents)</b>	<b>58.59</b>	<b>56.01</b>	<b>38.15</b>	<b>38.92</b>
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 5.2% to RMB28.3 million as compared with the corresponding period in FY2017 ("3Q 2017"). The revenue for 3Q 2018 consists solely of rental income and the revenue of RMB26.9 million for 3Q 2017 consisted of mainly rental income of RMB25.6 million from renting out part of the factory space and from the disposal of some old products. The increase in rental revenue in 3Q 2018 as compared to 3Q 2017 were mainly due to additional factory space rented out to a lessee in 2<sup>nd</sup> half of FY2017 (with additional rental income of approximately RMB1.3 million per quarter), hence the total rental income as at 3Q 2018 is higher as compared to 3Q2017.

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

**Gross Profit and Gross Profit Margin**

The increase in rental revenue in 3Q 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 3Q2018 mainly comprises of sewage cost and utilities overhead recharged to lessees of RMB21.8 million (3Q2017: RMB21.8 million). The margin on sewage cost and utilities recharged to lessees are fairly consistent for the period of 3Q 2018 as compared to the corresponding period of 3Q 2017. The higher operating income in prior period of 3Q 2017 were mainly due to the realization of deferred income of RMB 54.0 million offset with the Property, plant and equipment ("PPE") written off of 21.5 million, where there is no realization of deferred income and PPE written off in 3Q 2018.

**Operating Cost**

**Administrative expenses**

The increase in administrative expenses was mainly due to the additional legal fees of approximately RMB2.5 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 overall bank borrowings during the period.

## Income tax

Income tax expense / credit was computed at 25% of each major subsidiary's profit / loss before taxation. The higher income tax in 3Q 2017 was mainly due to higher profit in 3Q2017 as compared to 3Q 2018.

## Net profit for the period

The net profit for the period was mainly derived from 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 September 2018, compared with 31 December 2017.

**Trade receivables** decreased by RMB3.5 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 RMB459.6 million (FY2017 :RMB459.6 million); and
- ii) Deferred tax assets of RMB45.0 million (FY2017: RMB38.1 million)

The increase in RMB6.9 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 RMB3.1 million was mainly due to depreciation for the period.

**Property, plant and equipment** decreased by RMB1.2 million, mainly due to addition of property, plant and equipment of RMB2.1 million during the period offset by the depreciation charge of RMB3.3 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 RMB35.3 million mainly due to repayment during the period.

**Trade payables** decreased by RMB2.3 million, mainly due to repayment during the period.

**Other payables** decreased by RM9.7 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 generated positive cash flow from operating activities in 3Q 2018 which was mainly due to the receipt of trade receivables and positive profit before tax.

The net cash used in investing activities was mainly due to the addition of property, plant and equipment for the period.

The net cash used in financing activities is mainly due to repayment of bank borrowings of RM3.0 million during the period.

As a result of the above cash flow activities, the Group recorded a net increase in cash and cash equivalents of RMB3.1 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 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 Group continues to face challenges from the weak economic sentiments in China amidst the ongoing trade tension between China and the United States.

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 6 April 2017) and the subsequent claim and counter-claim heard in the Higher People's Court of Zhejiang Province (as referred to in the announcements dated 1 November 2017 and 5 June 2018), the Court has issued a first-instance judgment whereby, *inter alia*, (1) the Agreement and the Supplemental Agreement between, *inter alia*, Zhejiang Jishan Printing and Dyeing Co., Ltd ("**Jishan P&D**") and the Purchaser have since been terminated (2) Jishan P&D shall repay to the Purchaser the initial deposit amounting to RMB 80,000,000 together with an interest of 24% per annum; and (3) the Purchaser's claim has been dismissed. The Company has since received from the Zhejiang Higher Court a written appeal (上诉状) against the first-instance judgment issued in the Zhejiang Higher Court which was filed by the Purchaser to the Supreme People's Court of the PRC on 12 November 2018.

The Company is in the process of seeking legal advice on this matter. The Board will provide updates once there are material developments relating to the appeal.

**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**

Not applicable.

**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 Ziliang  
Executive Director/ Chief Executive Officer

14 November 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 3<sup>rd</sup> Quarter ended 30 September 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao Ziliang  
Executive Director/ Chief Executive Officer

Yu Ming Hai  
Executive Director

14 November 2018