

QUERIES FROM THE SINGAPORE EXCHANGE LIMITED ("SGX") ON THE UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 regarding the unaudited financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**"), which was announced on 29 February 2016:

SGX query 1

Please elaborate on why the Group's revenue has decreased by 50.9% from RMB370.296 million in FY2014 to RMB181.972 million in FY2015 as the demand for textile products remained soft following an overall slowdown in the Chinese economy.

The Company's response to query 1

The Group's revenue decreased by 50.9 from RMB370.296 million in FY2014 to RMB181.972 million in FY2015 due to the following reasons:

- i) Demand for textile products remained soft following an overall slowdown in the Chinese economy.
- ii) The products processed by the Group's printing and dyeing business, fabric processing segments falls into 2 general categories: "narrow width" and "extra width", which are classified in accordance with the width of the material. The "extra width" division has generally had higher gross profit margins than the "narrow width" division. In light of the current lacklustre economic environment, the Company has rented out part of its factory space and plant and equipment of the "narrow width" division as part of the Group's effort to reduce redundancy and increase production efficiency.

This has led to a decrease in revenue but an increase in the gross profit margin of the Group. The decrease in revenue was also offset by an increase of RMB19.0 million of lease income from the rental of the Group's factory space and plant and equipment of the "narrow width" division.

SGX query 2

We note on page 7 of the Results Announcement that the Company has rented out part of its factory space and plant and equipment of the "narrow width" division as part of the Group's effort to reduce redundancy and increase production efficiency. Please provide details on the land area of the factory space, rental fee, identities of persons rented out to.

The Company's response to query 2

The Company is currently renting out 52,768 sqm of its factory space, at an aggregate monthly rental fee of RMB 1,749,999, to 3 individuals who are in the printing and dyeing industry, Mr. Dai Yuefeng, Mr. Li Ji Ming and Mr. Shen Jiamin. All 3 individuals are unrelated to the directors and controlling shareholders of the Company.

SGX query 3

We note on page 7 of the Results Announcement that there is gain on disposal of subsidiary Zhejiang Jishan Extra Width Co., Ltd of RMB 85.2 million. Please provide the following details:-

- (a) Whether Rule 1010 announcement has been made
- (b) Whether shareholders' approval been obtained
- (c) What is the proceeds from the disposal

The Company's response to query 3

The "Gain on disposal of subsidiary" is in relation to the disposal of the entire equity interest in Zhejiang Jishan Extra Width Co., Ltd, which was only completed in January 2015.

The Rule 1010 announcement was made on 4 July 2013, and shareholders' approval has been obtained at an extraordinary general meeting convened on 25 October 2013.

The net proceeds from the disposal is approximately RMB62.3 million.

BY ORDER OF THE BOARD

Yu Ming Hai
Executive Director

17 March 2016