

Financial Statement And Dividend Announcement for the Period Ended 30 June 2020

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

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		
	2020 RMB'000	2019 RMB'000	Changes %	2020 RMB'000	2019 RMB'000	Changes %
Revenue	8,631	9,431	(8.5)	17,461	18,861	(7.4)
Cost of sales	(448)	(410)	9.3	(868)	(825)	5.2
Gross profit	8,183	9,021	(9.3)	16,593	18,036	(8.0)
Other operating income	7,254	10,032	(27.7)	10,718	17,075	(37.2)
Sales and marketing expenses	(1,387)	-	NM	(1,387)	-	NM
Administrative expenses	(14,349)	(7,973)	97.4	(19,378)	(14,609)	42.1
Finance costs	(16,124)	(5,784)	178.8	(31,286)	(11,336)	176.0
(Loss)/Profit before income tax	(16,423)	5,296	NM	(24,679)	9,166	NM
Income tax	4,108	(1,552)	NM	5,326	(2,658)	NM
Net (loss)/profit for the period	(12,315)	3,744	NM	(19,353)	6,508	NM
Notes to the above statement of comprehensive income:						
Other operating income including						
Margin on sewage and utilities charged to lessees (N1)	6,309	8,178	(22.9)	10,613	14,557	(27.1)
Gain on disposal of held for trading investments	127	18	605.6	126	79	59.5
Fair value gain/(loss) on held for trading investment	338	(287)	NM	(2)	316	NM
Loss on disposal of plant and equipment	482	21	>100	482	56	>100
Interest on borrowings	(16,124)	(5,784)	178.8	(31,286)	(11,336)	176.0
Depreciation expense	(512)	(2,020)	(74.7)	(1,034)	(4,078)	(76.4)

NM : Not meaningful

(N1) – The margin on recovery of sewage and utilities costs from lessees was derived from the net charges to lessees by the Group after deducting the cost of the sewage processing and utilities costs paid to the local government.

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	
	30/06/2020 RMB'000	31/12/2019 RMB'000	30/06/2020 RMB'000	31/12/2019 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	15,706	7,961	616	1,447
Held-for-trading investments	3,138	2,652	-	-
Other receivables and prepayments	9,996	9,469	19,547	19,513
Inventories	480	483	-	-
Prepaid leases	234	234	-	-
Total current assets	29,554	20,799	20,163	20,960
Non-current assets:				
Investment in subsidiaries		-	144,587	144,587
Investment in associate	29,832	29,832	-	-
Property, plant and equipment	70,610	56,759	-	-
Investment property	203,515	203,515	-	-
Development properties held for sale	468,281	459,605	-	-
Prepaid leases	9,863	9,981	-	-
Deferred tax assets	73,940	68,933	-	-
Total non-current assets	856,041	828,625	144,587	144,587
Total assets	885,595	849,424	164,750	165,547
LIABILITIES AND EQUITY				
Current liabilities:				
Borrowings	486,791	503,790	-	-
Trade payables	9,071	10,036	-	-
Other payables	112,046	63,207	37,891	38,183
Loans from a related party	25,831	831	831	831
Tax payable	24,451	24,802	-	-
Total current liabilities	658,190	602,666	38,722	39,014
Non-current liabilities:				
Deferred tax liabilities	67,124	67,124	-	-
Total non-current liabilities	67,124	67,124	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings	12,795	32,148	220	725
Other reserves	21,678	21,678	-	-
Total equity	160,281	179,634	126,028	126,533
Total liabilities and equity	885,595	849,424	164,750	165,547

1(b)(ii) Aggregate amount of group's borrowings and debts securities**Amount repayable in one year or less, or on demand**

Amount repayable in one year or less, or on demand			
Group As at 30/06/2020		Group As at 31/12/2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
486,791	25,831	503,790	831

Details of any collateral

As at 30 June 2020, the Group secured facilities comprising bank loans of RMB 336.8 million (as at 31 December 2019, the figure was RMB293.8 million) and loans from unrelated third party of RMB150.0 million (as at 31 December 2019: RMB210.0 million). These borrowings were secured by equipment, prepaid leases, and the land use rights of the Group's development properties, and guarantees from related parties.

As at 30 June 2020, the unsecured facilities comprised loans of RMB25.8 million from related parties (as at 31 December 2019, the figure was RMB0.8 million).

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	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Operating activities				
(Loss) Profit before income tax	(16,423)	5,296	(24,679)	9,166
Adjustment for:				
Depreciation expense	512	2,020	1,034	4,148
Fair value (gain) loss on held for trading investments	(338)	287	2	(316)
Gain disposal of held for trading investments	(127)	(18)	(126)	(79)
Loss on disposal of property, plant and equipment	482	21	482	56
Interest expense	16,124	5,784	31,286	11,336
Interest income	-	-	-	(1)
Operating cash flows before movements in working	230	13,390	7,999	24,310
Development properties held for sale	(8,676)	-	(8,676)	-
Other receivables and prepayments	(246)	2,301	(527)	1,553
Inventories	5	-	3	2
Trade payables	(1,663)	372	(965)	(230)
Other payables	30,500	(1,100)	48,839	(20,490)
Cash generated from operations	20,150	14,963	46,673	5,145
Interest paid	(16,119)	(5,784)	(31,286)	(11,336)
Income tax paid	(32)	(12)	(32)	(520)
Net cash generated from (used in) operating activities	3,999	9,167	15,355	(6,711)
Prepaid lease	-	130	-	260
Proceed from disposal of investments held for trading	877	182	1,833	1,994
Proceed from disposal of property, plant and equipment	525	8	525	9
Purchase of property, plant and equipment	(3,388)	(445)	(15,774)	(6,586)
Purchase of investments held for trading	(802)	(233)	(2,195)	(2,417)
Net cash used in investing activities	(2,788)	(358)	(15,611)	(6,740)
Financing activities				
Bank borrowings	(16,009)	(2,000)	(16,999)	(2,500)
Loans from related parties	25,000	-	25,000	-
Net cash used in financing activities	8,991	(2,000)	8,991	(2,500)
Net increase (decrease) in cash and cash equivalents	10,202	6,809	7,745	(15,951)
Cash and cash equivalents at beginning of the period	5,504	2,655	7,961	24,415
Cash and cash equivalents at end of the period	15,706	9,464	15,706	9,464

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 financial year

The Group	2020			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	21,678	32,148	179,634
Net loss for the period	-	-	(19,353)	(19,353)
Balance as at 30 June	125,808	21,678	12,795	160,281

The Group	2019			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
Balance as at 1 January	125,808	21,678	31,984	179,470
Net profit for the period	-	-	6,508	6,508
Balance as at 30 June	125,808	21,678	38,492	185,978

The Company	2020		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	725	126,533
Net loss for the period	-	(505)	(505)
Balance as at 30 June	125,808	220	126,028

The Company	2019		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(12,016)	113,792
Net loss for the period	-	(1,466)	(1,466)
Balance as at 30 June	125,808	(13,482)	112,326

Note:

The Group's subsidiaries in the PRC Republic of China (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 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, provided that the remaining balance 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, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

The number of issued shares of the Company was 301,500,000 as at 30 June 2020 and 31 December 2019. There was no change in the issued capital and paid-up capital of the Company since end of March 2020. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 June 2020 and 30 June 2019. There are no treasury shares or no subsidiary holdings as at 30 June 2020 and 30 June 2019.

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 2020	31 December 2019
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, 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 auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the latest financial statements for the financial year ended 31 December 2019 was not subject to any adverse opinion, qualified opinion or disclaimer of opinion other than a material uncertainty relating to going concern.

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 Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2019.

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

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial year consistent with those of the audited financial statements for the year ended 31 December 2019.

6. Earnings per ordinary share of the group for the current financial 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	
	2020	2019	2020	2019
Net (loss)/profit after income tax (RMB'000)	(12,315)	3,744	(19,353)	6,508
Basic basis (RMB cents)	(4.09)	1.24	(6.42)	2.16
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

⁽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 the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net assets (RMB'000)	160,281	179,634	126,028	126,533
Net asset value per ordinary share (RMB cents)	53.2	59.6	41.8	41.9
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

Group revenue for the second quarter ended 30 June 2020 ("Q2 2020") consists of rental income of RMB8.6 million (Q2 2019: RMB9.4 million) for renting out part of the factory space and certain plant and equipment. The Group's revenue for the Q2 2020 decreased by 8.5% mainly due to renewal of new lease agreements with certain lessees which no longer required to lease the older plant and equipment, thus resulted in the lower rental income.

Gross Profit and Gross Profit Margin

The cost of sales of RMB0.4 million (Q2 2019: RMB0.4 million) mainly comprises of taxes such as property tax and land use tax related to the lands.

The decrease in gross profit and gross profit margin of the Group were due to lower rental revenue in Q2 2020 as compared to the prior corresponding period.

Other Operating Income

The other operating income for Q2 2020 comprises mainly of margin recovery of sewage and utilities costs from lessees of RMB6.3 million (Q2 2019: RMB8.2 million), the lower margin recovery of sewage and utilities costs from lessees was largely the result of the significant decline in lessees' business operation arising from the COVID-19 situation during the period.

Sales and marketing expenses

The sales and marketing expenses of RMB1.4 million are related to expenses incurred for the preparation of the launch of the pre-sale of the property units of the development of the land assets located in Kebei Industrial Area, Shaoxing City, such as, rental and renovation for the showrooms of RMB1.1 million and other miscellaneous expenses related to sales activities of RMB0.3 million.

Administrative expenses

The higher administrative costs of RMB 6.4 million are mainly attributable to the administrative costs from Shaoxing Yuesheng Real Estate Property Development Co., Ltd ("Yuesheng") as Yuesheng has started its initial stage of the development activities during the period. The increase is mainly due to increase in staff salaries of RMB2.1 million, consultancy fees of RMB2.0 million payable to professional team hired from one of the Top 5 developers in PRC, entertainment expenses of RMB0.4 million, and miscellaneous office expenses of RMB1.9 million which are related to Yuesheng.

Finance costs

Higher finance costs in Q2 2020 mainly due to higher interest costs for the period as explained in para 1 (b)(ii).

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key balance sheet items as at 30 June 2020, as compared to 31 December 2019

Property, plant and equipment ("PPE") increased by RMB13.8 million mainly due to addition of factory building of RMB15.4 million off set with the disposal of PPE of RMB1.0 million and depreciation charge of RMB1.0 million during the period.

Development properties held for sale represents leasehold lands for commercial and residential development which is located at Kebei Industrial Area, Shaoxing City. The increase of RMB8.6 million is mainly due to the capitalisation of certain planning and design fees of RMB3.2 million, initial construction works for the lands and electricity cabling at the construction of RMB3.8 million and other miscellaneous costs of RMB1.6 million.

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

Borrowings decreased by RMB17.0 million mainly due to repayment of the Keqiao Huijin's loan of RMB60.0 million and addition of bank borrowings of RMB44.0 million during the period.

Other payables increased by RM49.0 million, mainly due to deposits received from contractors of RMB40.9 million (for construction of residential and commercial properties of Yuesheng) and , increase in rentals advances and other margin recovery on sewage and utilities costs from lessees of RMB8.0 million during the period.

Loans from related parties increased by RMB25,000, mainly due to a short-term advance of RMB25.0 million from a related party, Zhejiang Jishan Group Holdings Co., Ltd, which is controlled by Mr Jin Guan Liang, the major shareholder and director of the Company. The said advance is interest free and repayable on demand.

Deferred tax liabilities mainly included the income tax effect of RMB43.6 million resulting from the temporary difference between the carrying value and the tax written down value of the investment property and property, plant and equipment, which was fully claimed against taxable profit when the government grant was finalised in financial year ended 31 December 2018.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities were positive during the period of RMB29.0 million mainly due to increase in other payable during the period.

Net cash used in investing activities was RMB3.0 million due mainly to the purchase of property, plant and equipment of RMB3.0 during the period.

Net cash used in financing activities of RMB16.0 million was mainly due to the repayment of Keqiao Huijin's borrowings of RMB60.0 million offset with the addition of bank borrowings of RMB44.0 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 and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

China's economy grew 3.2% in the second quarter of 2020 as it rebounded from the historic contraction in the previous quarter, making it the first major economy to show signs of recovery since the coronavirus outbreak. While there is renewed optimism of a sustained uptrend in the second half of the year, global uncertainties including prolonged and intensifying US-China tensions continue to pose risks to China's economic growth in the longer term.

Going forward, the Group will remain vigilant in monitoring the impact of the pandemic on China's print and dye market, and in turn on the Group's leasing operations.

As disclosed in the Company's announcement dated 1 July 2020, the Group has obtained a Construction Work Planning Permit (建设工程规划许可证) ("Construction Planning Permit") dated 1 July 2020 issued by Shaoxing Bureau of Natural Resources and Planning (绍兴市自然资源和规划局). The Group has commenced development of the land assets located in Kebei Industrial Area, Shaoxing City into residential and commercial properties ("Proposed Development of Land Assets"), following the receipt of the Construction Planning Permit. As disclosed in the Company's announcement dated 31 July 2020, the Group has also obtained a pre-sale permit (商品房预售证) (the "Pre-Sale Permit") dated 30 July 2020 issued by the Bureau of Housing and Urban-Rural Development of Keqiao District, Shaoxing City (绍兴市柯桥区住房与城乡建设局), and intends to launch a pre-sale of property units following receipt of the Pre-sale Permit on or around 1 August 2020.

As at the date of this announcement, the trading of Company's shares is still suspended pursuant to Rule 1303(3), and the Group has not entered into any supplementary loan agreement(s) with its existing third-party lender (i.e., the individual lender) and/or obtain fresh fundings. As disclosed above under "Commentary on the Consolidated Statement of Financial Position – Borrowings", the Group has repaid the loan from Keqiao Huijin of RMB60.0 million during the period.

The Company will make further announcements to keep Shareholders updated on any material developments as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividends 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) Book Closure Date

Not applicable

12. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision

No dividend is declared for the current period as the Group's priority is to achieve long term growth for the future benefit of its shareholders

13. If the Group has obtained a general mandate from Shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain any general mandate from its shareholders for IPTs.

Interested Person Transactions ("IPT")

There is no IPT during the period ended 30 June 2020.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

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/Executive Director

31 July 2020

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 2020 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