

**QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (“3Q2019”)**

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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 a query from the SGX-ST regarding the unaudited financial statements of the Group for the financial period ended 30 September 2019 (“**3Q2019**”), which was announced on 14 November 2019 (the “**Previous Announcement**”):

*Unless otherwise stated, all capitalised terms used herein shall have the same meaning ascribed to them in the Previous Announcement.*

**SGX query 1**

We refer to China Jishan Holdings Limited’s / the Company’s results for the financial period ended 30 September 2019 (‘3Q2019’). Please provide clarification on the following

At para 1(b)(i), Statement of Financial Position, the Group recorded a 77% increase in “Other receivables and prepayments”, from RMB 4.5 million as at 31 Dec 2018 to RMB 19.6 million as at 30 Sep 2019.

- a. Please provide a breakdown of the “other receivables and prepayments”;
- b. Please disclose and explain the reason(s) leading to the significant increase of 77% in “Other receivables and prepayments” from RMB 4.5 million to RMB 19.6 million;
- c. To disclose the nature of the underlying transactions of these “other receivables and prepayments”.

**The Company’s response to query 1**

- a. The breakdown of “other receivables and prepayments” at the Company level is as follows:

	RMB’million
Dividend receivables from a subsidiary	16.9
Other receivables from a subsidiary	2.7
Total receivables and prepayments	<b>19.6</b>

- b. The reason for the significant increase in “Other receivables and prepayments” from RMB 4.5 million to RMB 19.6 million is due mainly to additional dividend receivables from a subsidiary, Zhejiang Jishan Printing & Dyeing Co. Ltd (“**Jishan P&D**”), during the period.
- c. “Dividend receivables from a subsidiary” of RMB 16.9 million are related to dividend receivables from Jishan P&D. “Other receivables from a subsidiary” are related to an advance made by the Company to Jishan P&D in prior year. The receivables and prepayments are non-trade, unsecured, interest-free and repayable on demand.

**SGX query 2**

At para 1(c), Statement of Cash Flow, “Other payables” increased by 90% in 3Q2019 to RMB 93.3million, as compared to the comparable financial period in 2018 (‘3Q2018’), where “Other payables” amounted to RMB 9.7 million.

- a. Please provide a breakdown of these “Other payables” and the transactions that they relate to;
- b. Disclose and explain the reason(s) for the substantial increase of 90% in “Other payables”.

**The Company's response to query 2**

The breakdown of “Other payables” in the balance sheets is as follows:

a.	RMB'million
Payable for land conversion fee and other related taxes	23.4
Lease deposits held from lessees	17.0
Advances collected from lessees	3.0
Accrued expenses	6.8
Payables for investment property	2.0
	52.2

- b. The cash outflow of “Other payables” of RMB 93.3 million was due to the decrease in “Other payables” of RMB 93.3 million. The decrease of RMB 93.3 million in “Other payables” is mainly due to the repayment of initial deposits of RMB 80.0 million to Shanghai Jintumu Real Estate Co., Ltd. in August 2019, repayment to certain contractor of RMB 3.3 million for the building of a new factory in the Binhai industrial zone, reduction in rental advances and other advances (related to utilities overhead) from lessees of RMB 8.0 million, and repayment for property, plant and equipment suppliers of RMB 2.0 million.

**SGX query 3**

The Group is highly geared with secured loans of RMB 495.4 million and unsecured loans of RMB 872k that are repayable on demand, as well as generating negative operating cash flows of RMB 143.9 million. Please provide the Board's views on the ability of the Company to operate as a going concern.

**The Company's response to query 3**

The Board concurs with the management that the ability of the Group to operate as a going concern will not be an issue after taking into account the following considerations:

- a. The management is of the view that the Group would be able to maintain its credit facilities with the financial institutions and other lenders as the fair value of the secured development properties held for sale is substantially higher than the outstanding bank and other short-term borrowings.
- b. The Group is considering to dispose of the Group's entire equity interest in Shaoxing Yuesheng Real Estate Development Co. Ltd (the Group's subsidiary which holds certain lands situated in Kebei) to potential buyer(s) or to seek potential partner(s) to jointly develop the said lands in Kebei. Upon successful completion of either of the foregoing, the Group will be able to repay the current borrowings.
- c. The Group has sufficient cash flows to satisfy the interest payment of bank and short-term borrowings as they fall due. The negative operating cash flows of RMB 143.9 million for the nine months to 30 September 2019 was due mainly to a non-recurring, one-off payment of deposits and interests amounted to RMB 116.7 million to Shanghai Jintumu Real Estate Co., Ltd.”

**SGX query 4**

In para 8, the Company disclosed that the higher administrative expenses of RMB 31.6 million in the current period was “due mainly to additional PRC lawyer fees related to court cases with Shanghai Jintumu Real Estate of RMB 26.1 million paid in Q32019 as compared to RMB 2.5 million in Q32018. Please disclose what is the total legal fees paid for the court case to date and the basis how the amount was derived.

#### **The Company's response to query 4**

The total quantum of legal fees paid for to the PRC legal counsels in respect of the court case is based on the engagement contracts with the PRC legal counsels and is confidential.

#### **SGX query 5**

In para 8, the Company also disclosed that finance costs for Q32019 comprised an interest on the upfront deposit of RMB 80.0 million paid by Jintumu amounting to RMB 36.7million. The interest sum of RMB 36.7 million was paid to Jintumu in accordance with the Court judgment issued by the Zhejiang Higher People's Court and affirmed by the Supreme People's Court of the PRC.

- a. Please elaborate on how the amount of RMB 36.7million interest payable on the upfront deposit of RMB 80 million paid by Jintumu was derived;
- b. As the amount is significant, please advise whether this amount ordered by the Court had been previously disclosed and provide details accordingly.

#### **The Company's response to query 5**

- a. The amount of RMB 36.7 million interest on the upfront deposit of RMB 80.0 million paid to Shanghai Jintumu Real Estate Co., Ltd. is calculated based on an interest rate of 24% per annum for the period commencing October 2017 and ending August 2019, in accordance with the judgment issued by the Zhejiang Higher People's Court and as affirmed by the Supreme Court of the PRC.
- b. The Company had on 25 October 2018 announced that, pursuant to the first-instance judgment issued by the Zhejiang Higher People's Court, the Court had ordered, *inter alia*, that the Company return the sum of RMB 80,000,000 to Shanghai Jintumu Real Estate Co., Ltd. (the "**Purchaser**"), being the upfront deposit paid by the Purchaser to the Company, together with an interest of 24% per annum. On 31 July 2019, the Company announced that the Supreme People's Court of the PRC had dismissed the appeal that had been made by the Purchaser against the first-instance judgement, and affirmed the first-instance judgment issued in the Zhejiang Higher Court.

#### **SGX query 6**

At para 10, the Company disclosed that the Group "remains cautiously optimistic on the prospects of its leasing business" as "China's print and dye market remains stable, driven by increasing demand for apparel industries amid healthy global consumer data." Please elaborate on how 'China's print and dye market' is relevant to the Company's leasing business and how the Company will be affected by this.

#### **The Company's response to query 6**

The lessees' businesses are related to print and dye; therefore, China's print and dye market is relevant to the Company's leasing business and any changes in the China print and dye business environment would affect the Company as well.

#### **SGX query 7**

At para 11, the Company answered "no" to the question whether any dividends were declared for the current financial period reported on. Please confirm the response, given that the Company declared an interim dividend of S\$0.0193 per share on 13 Sep 2019.

**The Company's response to query 7**

A tax-exempt interim dividend of S\$0.0193 per share was declared on 23 August 2019 in respect of the financial quarter ended 30 June 2019. As announced on 13 September 2019, the books closure date was 23 September 2019 and the payment date was 30 September 2019. No dividend was declared for the corresponding period of the immediately preceding financial year, being the financial quarter ended 30 June 2018. The foregoing information was not previously disclosed in paragraph 11 of the financial results announcement in respect of the second quarter results (financial quarter ended 30 June 2019) dated 14 August 2019, as the decision to declare interim dividends in respect of the said financial period had not been made by the Board at the time of the announcement.

The Board confirms that no interim dividend is being declared in respect of the financial quarter ended 30 September 2019 and no dividend was declared for the corresponding period of the immediately preceding financial year, being the financial quarter ended 30 September 2018.

**BY ORDER OF THE BOARD**

Xiao Ziliang  
Executive Director/ Chief Executive Officer

25 November 2019