CHINA JISHAN HOLDINGS LIMITED
(Company Registration No. 200310591E)
(Incorporated in the Republic of Singapore)

QUERIES FROM THE SINGAPORE EXCHANGE LIMITED ("SGX") ON THE UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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 period ended 31 March 2017("**1Q2017**"), which was announced on 12 May 2017:

SGX query 1

In the Company's Financial Results, the Company had disclosed that the revenue for 1Q FY2017 mainly consisted of rental income of RMB8.1 million from renting out of the "Narrow Width" factory space and that there was no revenue generated from the "Extra Width" division as the Group has decided to cease all the production activities of its printing and dying business in light of the lacklustre PRC economy. In addition, the Company recently announced via SGXNET on 6 April 2017 of the proposed disposal of the Company's entire equity interest in Shao Xing Yue Sheng Real Estate Property Development Co. Ltd.

In view of the above, please disclose whether the Company has any ongoing businesses or has become a cash company pursuant to Rule 1018 of the Listing Manual; and the bases of the Board's assessment. In the event that the Company is considered to be a cash company, the Company is to disclose this information via SGXNET immediately and comply with Listing Rule 1018(1). If the Company needs more time to comply with Listing Rule 1018(1), the Company may consider requesting for a trading halt.

The Company's response to query 1

The Company has ongoing businesses, renting out its factory space, plant and equipment. The assets of the Company do not consist wholly or substantially of cash or short-dated securities. So the Company will not become a cash company pursuant to Rule 1018 of the listing manual of the SGX.

The bases of the Board's assessment are as follows:

(i) as the near-term business outlook of printing and dyeing business is expected to remain challenging as the growth in the textile manufacturing industry remains subdued amid weak economic sentiments in China, and the Group also continues to face challenges arising from higher cost related to environmental protection as well as labour and energy costs, the Company has decided to cease all the production activities of its printing and dyeing business; and
(ii) the Group noted the need for additional and viable streams of income, so the Group has been renting out its factory space, plant and equipment and will look to rent out more to increase recurring lease income.

The Company will also explore various business opportunities to expand into different sectors and develop in areas of business which show potential growth opportunities as well as take advantage of the quick-shifting global business environment.

SGX query 2

We further note that the Company recorded Administrative Expenses amounting of RMB3.9 million despite the cessation of the production activities of the Group's printing and dyeing business.

Kindly please provide:-

a. A breakdown of the Administrative Expenses amounting to RMB3.9 million; and

b. Reasons for the significant amount of Administrative Expenses of RMB3.9 million given that the Company has ceased all production activities of the Group's printing and dyeing business and that its revenue for 1Q FY 2017 is derived from the rental of the "Extra Width" factory space.

The Company's response to query 2

a. Please see the breakdown of the Administrative Expenses below:

Salaries and payroll	(945,394.27)
Other income	3,510,222.05[1]
Professional fees	(705,936.30)
Depreciation	(4,804,380.29)[2]
Office expenses	(468,328.81)
Upkeep of motor vehicles	(240,639.25)
Others	(250,069.80)
	(3,904,526.67)

Notes:

1: Other income mainly relates to the margin obtained from the sewage and utilities charges from the lessees.

2: The depreciation expenses have been allocated to administrative expenses as the Group had ceased its operation during 1Q FY2017.

b. As the Group had ceased its operation during 1Q FY2017, the depreciation expenses of RMB 4,804,380.29 have been allocated to the Administrative Expenses.

SGX query 3

The Company disclosed that its Property, Plant and Equipment had increased by RMB9.1 million, from RMB78.45 million to RMB87.79 million due to the addition of Property, Plant and Equipment of RMB14.3 million offset by depreciation charges of RMB5 million.

Kindly please provide:-

a. A breakdown of the additions to the Company’s Property, Plant and Equipment amounting to RMB14.3 million; and

b. The rationale for these additions given that the Company has ceased all productions activities of its printing and dyeing business.

The Company's response to query 3

a. The additions comprises of factory buildings of RMB12.8 million, other fixtures and fittings of RMB1.5 million for the new factory in Binhai Industrial Zone.

b. As the Group needs to build the new factory in the Binhai Industrial Zone due to the relocation, the main increase in property, plant and machineries are mainly due to the addition of factory buildings in the Binhai Industrial Zone.

BY ORDER OF THE BOARD

Xiao Ziliang
Executive Director/ Chief Executive Officer

6 June 2017