

CIRCULAR DATED 23 OCTOBER 2009

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by China Jishan Holdings Limited. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of China Jishan Holdings Limited, you should hand this Circular, the notice of Extraordinary General Meeting and attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



CHINA JISHAN HOLDINGS LIMITED

(Incorporated in Singapore on 21 October 2003)
(Company Registration No. 200310591E)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED BIDDING FOR THE LAND AT ANCHANG TOWN, SHAOXING CITY, ZHEJIANG PROVINCE, PRC AT AN ESTIMATED COST OF APPROXIMATELY RMB100.0 MILLION (EQUIVALENT TO APPROXIMATELY S\$20.5 MILLION) (THE "PROPOSED BIDDING")

IMPORTANT DATES AND TIMES:

- Last date and time for lodgement of Proxy Form : 7 November 2009 at 10 a.m.
- Date and time of Extraordinary General Meeting : 9 November 2009 at 10 a.m.
- Place of Extraordinary General Meeting : Copthorne King's Hotel, Duke Room,
Level 2, 403 Havelock Road,
Singapore 169632

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CORPORATE INFORMATION

- Board of Directors** : Jin Guan Liang (Executive Chairman)
Jin Rong Hai (Chief Executive Officer)
Yu Ming Hai (Executive Director)
Lien Kait Long (Lead Independent Director)
Yip Wei-Jen (Independent Director)
Xu Ping Wen (Independent Director)
- Joint Company Secretaries** : Tan Cheng Siew @ Nur Farah Tan
Chan Wai Teng Priscilla
- Registered Office** : 3 Anson Road, #27-01
Springleaf Tower
Singapore 079909
- Principal Place of Business of the Company** : No. 276 Zhongxing Middle Road
2nd Floor, Block A Xiandai Building
Shaoxing City, Zhejiang Province, PRC
- Legal Adviser to the Company on Singapore Law** : Shook Lin & Bok LLP
1 Robinson Road
#18-00, AIA Tower
Singapore 048542
- Legal Adviser to our Company on PRC Law** : Tian Yuan Law Firm
11th Floor Tower C, Corporate Square,
35 Financial Street, Xicheng District
Beijing 100140, People's Republic of China

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “Acquisition”* : The acquisition of Assets and Related Bank Loans of Zhejiang Nan Fang Technology Ltd. for a cash consideration of RMB88.8 million, of which particulars are set out in the Company’s circular to Shareholders dated 22 April 2009
- “Act”* : The Companies Act (Chapter 50) of Singapore as amended from time to time
- “Assets”* : The assets acquired pursuant to the Acquisition, including the Land, the Buildings, the Plant and Equipment and inventory
- “Audit Committee”* : The audit committee of the Company for the time being
- “Board” or “Board of Directors”* : The board of directors of the Company
- “Buildings”* : The buildings on the Land, which are part of the Assets acquired pursuant to the Acquisition and of which particulars are set out in the Company’s circular to Shareholders dated 22 April 2009
- “Business Days”* : Mondays to Fridays excluding any Singapore public holidays
- “CDP”* : The Central Depository (Pte) Limited
- “Commercial Land”* : The Land after conversion from industrial to commercial and/or residential use by the relevant government authority before being put up for the Public Auction
- “Company”* : China Jishan Holdings Limited
- “Compensation”* : The compensation to be made by the relevant government authority to Jishan Print & Dye pursuant to the Compensation Agreement
- “Compensation Agreement”* : The compensation agreement which will be entered into between the relevant government authority and Jishan Print & Dye when the relevant government authority recovers the Land, pursuant to which the tenure of the land use right for the Land will be terminated and an amount of compensation will be determined by the relevant government authority, by taking into account the value of the Land and the Buildings
- “Conversion Fee” or “Estimated Cost”* : The conversion fee, which is calculated and arrived at by taking into account the different between the Final Auction Price of the Commercial Land and the Compensation, to be paid by Jishan Print & Dye in the event that Jishan Print & Dye successfully bids for the Commercial Land. For illustrative purpose of this Circular, the Conversion Fee is estimated to be of approximately RMB100.0 million
- “Conversion”* : The conversion of the Land from industrial to commercial and/or residential use by the relevant government authority
- “Depositors”* : The term “Depositors” shall have the meaning ascribed to it by section 130A of the Act

<i>“Director”</i>	:	A director for the time being of the Company
<i>“EGM”</i>	:	The extraordinary general meeting of the Shareholders, notice of which is set out on page 24 of this Circular
<i>“EPS”</i>	:	Earnings per Share
<i>“Final Auction Price”</i>	:	The final auction price for the Commercial Land in the Public Auction
<i>“FY” or “Financial Year”</i>	:	Financial year ending or ended 31 December
<i>“Government Letters”:</i>	:	The letters dated 13 August 2009 and 27 August 2009 issued by Keqiao Committee pursuant to which Jishan Print & Dye was notified that the Conversion shall be completed by 31 October 2009
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Jishan Print & Dye”</i>	:	Zhejiang Jishan Printing and Dyeing Co., Ltd (浙江稽山印染有限公司), being the wholly owned subsidiary of the Company in the PRC
<i>“Keqiao Committee”</i>	:	Keqiao Economic Zone Committee of Shaoxing, Zhejiang Province (浙江省绍兴县柯桥经济开发区管理委员会), an agency of Shaoxing Government responsible for the development and management of companies within the Keqiao Economic Development Zone (柯桥经济开发区)
<i>“Land”</i>	:	The three pieces of industrial land, which are part of Assets acquired pursuant to the Acquisition and of which particulars are set out in paragraph 3.4.1
<i>“Land Use Right Agreement”</i>	:	The land use right transfer agreement which will be entered into between the relevant government authority with the successful bidder after the Public Auction in due course
<i>“Latest Practicable Date”</i>	:	13 October 2009 being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST
<i>“Listing Rules”</i>	:	Rules of the Listing Manual, as amended or modified from time to time
<i>“New Loan”</i>	:	The new loan of approximately RMB100.0 million which may be taken by Jishan Print & Dye to secure the payment of the Conversion Fee in the event that Jishan Print & Dye successfully bids for the Commercial Land
<i>“NTA”</i>	:	Net tangible assets
<i>“Plant and Equipment”</i>	:	The plant and equipment, which are part of the Assets acquired pursuant to the Acquisition and of which particulars are set out in the Company’s circular to Shareholders dated 22 April 2009
<i>“PRC”</i>	:	The People’s Republic of China

<i>“Proposed Bidding”</i>	:	The proposed bidding by Jishan Print & Dye in the Public Auction to bid for the Commercial Land at an estimated cost of approximately RMB100.0 million
<i>“Public Auction”</i>	:	The public auction which will be conducted by the relevant government authority in respect of the sale of the Commercial Land
<i>“Related Bank Loans”</i>	:	Bank loans of approximately RMB268.0 million took over by the Company in the Acquisition, details of which are set out in the Company’s circular to Shareholders dated 22 April 2009
<i>“Securities Accounts”</i>	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Act)
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Substantial Shareholder”</i>	:	A person who has an interest of 5% or more of the aggregate of the nominal amount of all the Shares of the Company
<i>“Total Loans”</i>	:	The Related Bank Loans and the New Loan
<i>“Zhejiang Nan Fang”</i>	:	Zhejiang Nan Fang Technology Ltd. (浙江南方科技有限公司)
<i>“Zhejiang Zhong Bo”</i>	:	Zhejiang Zhong Bo Industry Joint-Stock Co., Ltd. (浙江中波实业股份有限公司)
<i>“m”</i>	:	Metres
<i>“sq m”</i>	:	Square metres
<i>“S\$”, “SGD” or “\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%”</i>	:	Percentage and per centum

The terms “Depository” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Act.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Circular is a reference to Singapore time.

Unless otherwise specified, for the purpose of this Circular, exchange rate of S\$1: RMB4.881 as at the Latest Practicable Date shall apply.

LETTERS TO SHAREHOLDERS

CHINA JISHAN HOLDINGS LIMITED

(Incorporated in Singapore on 21 October 2003)
(Company Registration No. 200310591E)

Directors :

Jin Guan Liang (Executive Chairman)
Jin Rong Hai (Chief Executive Officer)
Yu Ming Hai (Executive Director)
Lien Kait Long (Lead Independent Director)
Yip Wei-Jen (Independent Director)
Xu Ping Wen (Independent Director)
Springleaf Tower

Registered Office :

3 Anson Road, #27-01
Singapore 079909

23 October 2009

To the Shareholders of
China Jishan Holdings Limited

Dear Sir / Madam,

THE PROPOSED BIDDING FOR THE LAND AT ANCHANG TOWN, SHAOXING CITY, ZHEJIANG PROVINCE, PRC AT AN ESTIMATED COST OF APPROXIMATELY RMB100.0 MILLION (EQUIVALENT TO APPROXIMATELY S\$20.5 MILLION)

1. INTRODUCTION

Reference is made to the Company's circular dated 22 April 2009 in relation to the Acquisition (the "**Acquisition Circular**") and the announcements dated 14 October 2009 and 15 October 2009 in relation to the Proposed Bidding. Prior to the Acquisition, the Company had sought SGX-ST's waiver of Rule 1015 in relation to the Acquisition, and had on 19 February 2009 obtained such waiver on the condition that the Company does not convert the Land from industrial to commercial use (the "**Waiver**"). On 13 August 2009 and 27 August 2009, Jishan Print & Dye received the Government Letters pursuant to which it was notified that the Land has to be converted from industrial to commercial use by 31 October 2009.

The purpose of this Circular is to provide the Shareholders with information relating to the Conversion and the Proposed Bidding, *inter alia*, information on the Land and Buildings, the rationale for the Proposed Bidding, and the financial effects on the Group.

2. THE BACKGROUND OF THE ACQUISITION

On 30 December 2008, the Company successfully bid for the Assets in the public auction conducted by the Shaoxing Auction Centre at the instructions of the Shaoxing Intermediate People's Court (浙江绍兴市中级人民法院) (the "Shaoxing Court"). Subsequently, the valuation of the Assets was re-adjusted and the parties agreed to reduce the cash consideration to RMB88.8 million (equivalent to approximately S\$19.6 million ⁽¹⁾).

The Assets acquired comprise (i) the Land, at a transacted price of approximately RMB59.2 million (equivalent to approximately S\$13.1 million ⁽¹⁾); (ii) the Buildings, at a transacted price of approximately RMB101.5 million (equivalent approximately to S\$22.4 million ⁽¹⁾); (iii) Plant and Equipment, at a transacted price of approximately RMB183.6 million (equivalent to approximately S\$40.5 million ⁽¹⁾); and (iv) inventory, at a transacted price of approximately RMB12.5 million (equivalent to approximately S\$2.8 million ⁽¹⁾). The total transacted price of the Assets, being approximately RMB356.8 million (equivalent to approximately S\$78.8 million ⁽¹⁾), was set out in the confirmation letter issued by the liquidator handling the assets of Zhejiang Nan Fang on 23 March 2009 and was arrived at based on valuation reports and their supplemental notes issued by PRC valuers appointed at the instructions of the Shaoxing Court. Further, in view that the Related Bank Loans are used to finance the Assets and will thus reduce the net amount of the final consideration paid by the Company for the Assets, the Company took over the Related Bank Loans of approximately RMB268.0 million (equivalent to approximately S\$59.2 million ⁽¹⁾) as part of the Acquisition. Accordingly, the total consideration paid by the Company for the Acquisition is approximately RMB88.8 million (equivalent to approximately S\$19.6 million ⁽¹⁾).

Subject to the condition that the Company does not convert the Land from industrial to commercial use, the Acquisition was approved by the Company's Shareholders at the EGM dated 11 May 2009. As at the Latest Practicable Date, the Acquisition has not been completed. In respect of the Related Bank Loans, approximately RMB245.0 million, representing approximately 91.4% of the Related Bank Loans, had been novated to Jishan Print & Dye. The remaining outstanding amount of RMB23 million is in the process of being novated to Jishan Print & Dye. In respect of the Assets, title to the Plant and Equipment has been transferred to Jishan Print & Dye, while the transfer of titles to the Land and Buildings is still in process.

Currently, Jishan Print & Dye continues its original processing services for textile for garments on the leased premises located at Wuyang Bridge and has started its new business of providing processing services for textile for home furnishing products, such as curtains, beddings and sofa upholstery on the Land. As the Assets comprise all the plant and equipment as well as setups which are ready for immediate use, Jishan Print & Dye could commence the operations relating to the home furnishing business shortly after the Acquisition in May 2009. There was no need for any new installation after the Acquisition in May 2009 because Jishan Print & Dye could move into the facilities "as it is".

Note:

- (1) The corresponding Singapore dollar amounts are based on the exchange rate of S\$1: RMB4.528 on the close of 20 March 2009 published in the Business Times. 20 March 2009 is the market day preceding the date of the confirmation letter from the liquidator handling the assets of Zhejiang Nan Fang on 23 March 2009. There was no transaction for the Shares between 17 February 2009 and 20 March 2009.

3. THE CONVERSION AND THE PROPOSED BIDDING

3.1 The Government Letters

On 13 August 2009 and 27 August 2009, Jishan Print & Dye received the Government Letters, details of which are set out as Appendix 1 of this Circular. In the Government Letters, it was stated that in line with city planning requirements imposed by the relevant government authorities, the Land has to be converted from industrial to commercial use by 31 October 2009. Based on a zoning map provided by the relevant government authority, the Land will be converted into commercial and/or residential use. Such recovery and conversion is compulsory under the PRC laws. In the event that Jishan Print & Dye agrees to the Conversion, it may, after fulfilling the procedures as described in paragraph 3.2.1 below, continue to use the Buildings located on the Land for another 5 years. In the event that Jishan Print & Dye does not agree to the Conversion, the Land will be recovered for public auction.

The Company has sought the legal opinion from its PRC legal adviser, Tian Yuan Law Firm (“Tian Yuan”), on the authority of Keqiao Committee to issue the Government Letters and the legal implications if Jishan Print & Dye does not agree to the Conversion. Based on the legal opinion issued by Tian Yuan dated 12 October 2009:

- (i) Keqiao Committee is an agency of the Shaoxing People’s Government (绍兴市人民政府) responsible for the development and management of companies within the Keqiao Economic Development Zone (柯桥经济开发区), and Keqiao Committee has the authority to issue the Government Letters; and
- (ii) pursuant to relevant PRC laws and regulations, competent government authorities may, in compliance with necessary legal procedures, recover the land use right of the Land before the expiry of the term of its lease or change the use of the Land under special circumstances. In view of the above, in the event that Jishan Print & Dye does not agree to the Conversion, the legal implications will be that the competent government authorities, after fulfilling relevant legal requirements under the PRC laws and regulations, can require Jishan Print & Dye to vacate the Land such that the Land can be recovered and put up for public auction.

3.2 The Conversion and the Proposed Bidding

3.2.1 The procedure of the Conversion

Based on the communications with the relevant government authority, the procedures for the Conversion will be as follows:

- (i) The relevant government authority will recover the Land and Buildings and enter into the Compensation Agreement pursuant to which an amount of compensation will be determined, taking into account the value of the Land and the Buildings. Accordingly, the tenure of the land use right for the Land will be terminated;
- (ii) After the relevant government authority recovers the Land, it will effect the Conversion and appoint a qualified valuer to value the Commercial Land. Meanwhile, the relevant government authority will put up the Commercial Land for public auction and an announcement will be made to notify the public of the relevant details on the Public Auction; and
- (iii) The relevant government authority will conduct the Public Auction and will enter into the Land Use Right Agreement with the successful bidder in the Public Auction in due course ⁽¹⁾.

Note:

- (i) The new owner of the Commercial Land may use the Buildings subject to the relevant government authority’s consent, or the relevant government authority may decide to demolish the Buildings and sell the Land free from any buildings.

3.2.2 The Proposed Bidding

To date, the Company has not been informed by the relevant government authority of the date of the Proposed Bidding. The relevant government authority will make an announcement in relation to the Public Auction to notify the public of the relevant details in due course after it recovers the Land and effects the Conversion and put up the Commercial Land for public auction.

In the event that Jishan Print & Dye does not participate in the Proposed Bidding, it will, as set out in paragraph 3.2.1(i) above, enter into the Compensation Agreement to terminate the current tenure of land use right for the Land and get the Compensation.

There are no uniform national standards for the Compensation in the PRC and different provinces may have different valuation standards and method. Generally, in respect of the land use right for a piece of land, the original owner may be compensated for an amount based on a certain percentage of the benchmark land value (基准地价) decided by the land authority. In respect of buildings, the compensation will be decided based on the valuation conducted by a qualified appraisal agency taking into account the location, building structure, construction area, and fitment and other factors of the buildings. Therefore, the Compensation will be based on valuations on the Land and Buildings, conducted by a qualified valuer appointed by the relevant government authority.

In this case, as at the date of the Compensation Agreement, Jishan Print & Dye ceases to be the legal owner to the Land and the Buildings and will be required to vacate the Land. There is no specific regulation or rule on when Jishan Print & Dye shall vacate the Land. Such notice period to vacate the Land will either be decided by the relevant government authority at a later date in its absolute discretion or after a discussion between the relevant government authority and the successful bidder for the Commercial Land. However, from the date of recovery of the Land and Buildings and the Compensation Agreement to the completion date of the Public Auction, Jishan Print & Dye can continue its existing home furnishing business operations on the Commercial Land.

Pursuant to paragraph 3.2.1(ii) and (iii) above, in the event that the Company has obtained its Shareholders' approval for Jishan Print & Dye to participate in the Proposed Bidding, upon it succeeds in bidding for the Commercial Land, Jishan Print & Dye will enter into the Land Use Right Agreement to acquire the land use right for the Commercial Land at the Final Auction Price. However, having regard to the Compensation, the final amount that Jishan Print & Dye will pay for the Commercial Land will be the Conversion Fee, which is the difference between the Final Auction Price and the Compensation. The Conversion Fee will be paid to the government's designated account, known as the Special Account for Land Use Right Fee of Shaoxing City (绍兴县土地出让金财政专户).

Further, pursuant to the Government Letters, Jishan Print & Dye will be allowed to use the Buildings for its existing business operations for another 5 years commencing from date of signing of the Land Use Right Agreement after the Public Auction.

The Estimated Cost for the Proposed Bidding, also known as the Conversion Fee above, is subject to the Final Auction Price of the Commercial Land in the Public Auction and the Compensation. In the event that Jishan Print & Dye needs to bid for the Commercial Land at a higher cost than the Estimated Cost, the Audit Committee will, after taking into account the Group's internal sources of funds, the effects of the Proposed Bidding and the Group's present bank borrowings, give its opinion on whether the Proposed Bidding is in the interests of the Group and is not prejudicial to Shareholders as a whole. The Company will correspondingly make an announcement of the Audit Committee's opinion and the basis of such opinion. In such circumstance, the Company will only proceed with the Proposed Bidding when the Audit Committee has given its opinion that the Proposed Bidding is in the interests of the Group and is not prejudicial to Shareholders as a whole.

As to the future plans in the event that Jishan Print & Dye bids for the Commercial Land successfully or otherwise, please refer to the section 3.4.2 entitled "Future plans" of the Circular.

Based on the Government Letters, Jishan Print & Dye has to convey its intention to participate in the Public Auction by 31 October 2009. As such, Jishan Print & Dye has verbally communicated with the relevant government authority that it will participate in the Public Auction, subject to Shareholders' approval for the Proposed Bidding at the EGM.

3.3 Application of Rule 1006 of the Listing Rule

The relative figures for the Proposed Bidding computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out as below. These figures are provided for illustrative purposes only, as (i) the exact cost to be incurred by the Group for the Proposed Bidding cannot be ascertained as at the date of this Circular and (ii) no formal agreement for the Proposed Bidding has been entered into by the Group as at the date of this Circular:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the assets acquired compared with the Group's net profits	Not applicable ⁽¹⁾
(c)	Estimated Cost of RMB100.0 million compared to the Company's market capitalisation of RMB95.7 million as at 13 October 2009 ⁽²⁾	104%
(d)	Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	Not applicable

Notes:

- (1) Jishan Print & Dye started its home furnishing business on the Land in May 2009. Therefore, past profit contribution of the Land is insignificant compared with the Group's net profit.
- (2) The market capitalisation of S\$19.6 million (equivalent to approximately RMB95.7 million) is based on the weighted average share price of S\$0.065 on 13 October 2009, being the Latest Practicable Date, 301,500,000 issued shares and exchange rate of S\$1: RMB4.881 on the close of 13 October 2009 published in the Business Times.

The Conversion Fee is an estimated cost and subject to the Final Auction Price of the Commercial Land in the Public Auction and the Compensation. In the event that Jishan Print & Dye needs to bid for the Commercial Land at a higher cost than the Estimated Cost, the Audit Committee will, after taking into account the Group's internal sources of funds, the effects of the Proposed Bidding and the Group's present bank borrowings, give its opinion on whether the Proposed Bidding is in the interests of the Group and is not prejudicial to Shareholders as a whole.

3.4 Future plans

3.4.1 Information on the Land and Buildings

The Land and Buildings, subject to the recovery by the relevant government authority, were acquired by the Company as part of the Assets at the transacted price of approximately RMB59.2 million and RMB101.5 million respectively in the Acquisition.

The particulars of the Land and Buildings are set out in the table below:

Land:

No.	Description and Location	Approximate Land Area (sq. m.)	Date of Expiration of Land Use Right	Land Use Right Certificate	Collaterals ⁽¹⁾	Use/Activities
1	Dongchang Village, Anchang Town, Shaoxing County	13,638.5	30 December 2052	Certificate of Land Use Right (Shao Xing Town Guo Yong (2008) No. 14-233) (绍兴县国用(2008)第14-233号)	Mortgaged ⁽¹⁾	Industrial land
2	Dongchang Village, Anchang Town, Shaoxing County	127,011.5	30 December 2052	Certificate of Land Use Right (Shao Xing Town Guo Yong (2005) No. 14-67) (绍兴县国用(2005)第14-67号)	Mortgaged ⁽¹⁾	Industrial land
3	Guoji Village, Anchang Town, Shaoxing City, Zhejiang PRC (located in Keqiao Economic Development Zone) ⁽²⁾	7,423.4	16 February 2053	Certificate of to the Banks ⁽¹⁾ Land Use Right (Shao Xing Town Guo Yong (2007) No. 14-50) (绍兴县国用(2007)第14-50号)	Mortgaged	Industrial land
Total		148,073.4				

Note:

(1) These collaterals are provided in relation to the Related Bank Loans.

Buildings

Description and Location (sq. m.)	Approximate Built-in Area	Building Certificate Number	Collaterals ⁽¹⁾	Use/Activities
Dongchang Village, Anchang Town, Shaoxing County	10,763.11	Shao Fang Quan Zheng An Chang Zi No.01296 (绍房权证安昌字第01296号)	Mortgaged	Industrial
Dongchang Village, Anchang Town, Shaoxing County	18,263.55	Shao Fang Quan Zheng An Chang Zi No.00715 (绍房权证安昌字第00715号)	Mortgaged	Industrial

Buildings

Description and Location (sq. m.)	Approximate Built-in Area	Building Certificate Number	Collaterals ⁽¹⁾	Use/Activities
Dongchang Village, Anchang Town, Shaoxing County	80,763.41	Shao Fang Quan Zheng An Chang Zi No.00716 (绍房权证安昌字第00716号)	Mortgaged	Industrial
Dongchang Village, Anchang Town, Shaoxing County ⁽¹⁾	8898.9	Nil ⁽²⁾	Nil ⁽²⁾	Industrial
Total	118,688.97			

Note:

- (1) These collaterals are provided in relation to the Related Bank Loans.
- (2) These buildings and structures, located on the industrial land owned by Zhejiang Nan Fang, are mainly used for logistical support of Zhejiang Nan Fang's operation and do not have building certificates. As such, they are not subject to any mortgages. In the Acquisition, the said buildings and structures have been duly and legally auctioned via the public auction pursuant to applicable PRC laws and confirmation letters confirming the legal effect of such auction have been issued to Jishan Print & Dye. Jishan Print & Dye is therefore entitled to obtain the ownership of the Buildings pursuant to the confirmation letters and the relevant PRC laws. As the procedural process for transfer of titles to the Buildings is still in process, Jishan Print & Dye has not obtained the building certificate of the said buildings and structures.

In the Acquisition, as the Assets comprise all the plant and equipment as well as setups which are ready for immediate use, Jishan Print & Dye could commence the operations relating to the home furnishing business shortly after the Acquisition in May 2009. There was no need for any new installation after the Acquisition in May 2009 because Jishan Print & Dye could move into the facilities "as it is". As at the Latest Practicable Date, in addition to the Plant and Equipment and inventory acquired pursuant to the Acquisition, Jishan Print & Dye has also acquired some plant and equipment and inventory for its home furnishing business operations on the Land. Taking into account the home furnishing business operated on the Land, the processing capacity of Jishan Print & Dye will increase significantly from approximately 86.0 million metres to approximately 242.0⁽¹⁾ million metres in 2009.

Note:

- (1) This is calculated on a pro rata basis, assuming the Assets are in operation from 1 May 2009. It was arrived at based on annual processing capacity of the Assets of 234.0 million metres x 8/12 + existing processing capacity of 86.0 million metres.

3.4.2 Future plans

In the event that Jishan Print & Dye does not agree to go for the Proposed Bidding or fails to bid for the Commercial Land, it has to vacate the Land and will need to seek new suitable premises and to re-locate all the plant and equipment, inventory as well as other facilities. As to the Buildings, the new owner of the Commercial Land may use the Buildings subject to the relevant government authority's consent, or the relevant government authority may decide to demolish the Buildings. In this case, Jishan Print & Dye will have the following options:

- (a) to negotiate with the new owner of the Commercial Land to lease the Buildings for its continuing operations of home furnishing business, provided that the relevant government authority does not demolish the Buildings;

- (b) to look for and lease suitable alternative premises to re-locate all the assets involved;
or
- (c) in the event that it fails to find suitable alternative premises with the appropriate ready buildings for lease, it will have to search for and purchase an empty piece of land and freshly build the appropriate buildings to accommodate its home furnishing business operations.

However, Jishan Print & Dye will bear risks and difficulties in respect of each of the above options. Please refer to sections entitled “Rationale for the Proposed Bidding” and “Risk factors” of this Circular for details.

In the event that Jishan Print & Dye succeeds in bidding for the Commercial Land, Jishan Print & Dye will enter into the Land Use Right Agreement and become the land use right owner of the Commercial Land. Pursuant to the Government Letters, Jishan Print & Dye will be allowed to use the Buildings for its existing home furnishing business operations for another 5 years commencing from date of signing of the Land Use Right Agreement after the Public Auction, even though the Land has been designated by the relevant government authority for commercial and/or residential use.

Pursuant to relevant PRC laws and government policy, commercial and/or residential land shall not be used for industrial activities. In the event that the owner of the land use right does not use the land for the prescribed purposes, the competent land authority may require such owner to return the land and impose a fine on the owner. Therefore, during the 5-year time frame, Jishan Print & Dye will look for a suitable new location and buildings for relocation of all its assets on the Commercial Land.

3.5 Rationale for the Proposed Bidding

The Directors of the Company are of the view that this is a situation whereby the Group is faced with a change in the PRC government policy and it would be in the interest of the Group to agree to the Conversion and participate in the Proposed Bidding for the following reasons:

- (i) In the event that Jishan Print & Dye agrees to the Conversion and participate in the Proposed Bidding, it may continue to use the Commercial Land and the Buildings for its existing home furnishing business for another 5 years, instead of having to vacate the Commercial Land and severely disrupting its home furnishing business. During the 5-year time frame, Jishan Print & Dye would have sufficient time to look for and/or acquire suitable new premises and buildings for relocation of all the assets for its home furnishing business;
- (ii) In the event that Jishan Print & Dye does not agree to the Conversion and chooses not to participate in the Proposed Bidding, the relevant government authority will pay the Compensation and require Jishan Print & Dye to vacate the Land such that the Land can be recovered and converted for Public Auction. In this case, as mentioned in the above section 3.4.2, Jishan Print & Dye will have following options to relocate its existing home furnishing business operations, however, it will bear the following risks and difficulties in such circumstance:
 - (a) to negotiate with the new owner of the Commercial Land to lease the Buildings for the continuing operations of the home furnishing business, provided that the relevant government authority does not demolish the Buildings

It is not until the completion of the Public Auction when Jishan Print & Dye would know who will be the new owner of the Commercial Land and the Buildings. In this case, subject to the pressure and time limit to vacate the Land, Jishan Print & Dye does not have a strong and favourable position to negotiate with the new owner and therefore is unable to assure it can lease the Buildings on terms and conditions acceptable to the Group.

- (b) to look for and lease suitable alternative premises to re-locate all the assets involved

Jishan Print & Dye might face difficulties in looking for a suitable alternative premise that can accommodate the existing size of its operations. This is because it is not easy to find a comparable place in a right location of a similar size in a short period of time. As such, the search for suitable alternative premises may take months.

Even if Jishan Print & Dye manages to rent a suitable alternative premise, it still needs to renovate and modify the rented building, so as to accommodate the existing operations. Consequently, the whole process of looking for a new location, dismantling the existing plant and machinery (“P&M”) and moving and installing the P&M in the new location plus the essential testing periods for the P&M will take approximately 1 to 2 years to complete. This means that it will be 1 to 2 years before Jishan Print & Dye will be able to resume its normal operations.

- (c) in the event that it fails to find suitable alternative premises with the appropriate ready buildings for lease, it will have to search for and acquire an empty piece of land and freshly build the appropriate buildings to accommodate its home furnishing business operations

The time required for looking for a suitable piece of land and the construction of such buildings may take approximately 1 to 2 years. Accordingly, taking into account the time required under paragraph (b) above, in the event that Jishan Print & Dye fails to lease suitable alternative premises with the appropriate buildings, it will be 3 to 4 years before Jishan Print & Dye will be able to resume its normal operations. In addition, Jishan Print & Dye might also face difficulties in obtaining the requisite funds for the acquisition of new pieces of land and construction of the appropriate buildings.

In view of the above, it is very disruptive to Jishan Print & Dye’s operations if it is to be forced to relocate, as no business transactions will be able to take place during this period of time, and meanwhile, it will still need to maintain all the assets for its home furnishing business and the staffing costs during this relocation period.

- (iii) Although Jishan Print & Dye will get the Compensation for the recovery of the Land and Buildings by the relevant competent government authority, the Compensation could be lower than the original costs and expenses incurred for the acquisition of Land and Buildings and the future costs for relocation of operations in the event that it is required to vacate the Land. It is expected that an aggregate amount of approximately RMB 250.0 million will be required for Jishan Print & Dye to vacate the Land, shift its current operations on the Land and set up all the plant and equipment to resume operations on the new premises. Nevertheless, in the Proposed Bidding, Jishan Print & Dye will still have the right to decide not to bid for the Commercial Land at a price unacceptable to it. Therefore, after comparing the risks, feasibility and costs of the options mentioned in paragraph (i) and paragraph (ii) above, the Directors of the Company are of the opinion that it would be in the interest of the Group to agree the Conversion and enter into the Proposed Bidding.

3.6 Funding for the Proposed Bidding

Jishan Print & Dye will pay the Conversion Fee through external bank borrowings. As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the Group’s internal sources of funds, the effects of Proposed Bidding and the Group’s present bank borrowings, the working capital available to the Group is sufficient to meet the Group’s present requirements.

To date, Jishan Print & Dye has a preliminary verbal undertaking from the local government that it will receive the approximately RMB100.0 million bank loan based on the same terms and conditions as the Related Bank Loans from the relevant banks. However, the new loan agreement is subject to further negotiation with the relevant banks after Jishan Print & Dye successfully bids for the Commercial Land.

3.7 Financial effects of the Proposed Bidding

The pro-forma financial effects of the Proposed Bidding are purely for illustrative purposes only and do not reflect the future actual financial position of the Company after the completion of the Proposed Bidding.

Assuming the Proposed Bidding had been effected as at 30 June 2009, the proforma consolidated balance sheet of the Group is set out as follows:

RMB'000	30 June 2009 (unaudited)	Before the Proposed Bidding	After the Proposed Bidding
ASSETS			
Current assets:			
Cash and bank balances	57,522		57,522
Trade receivables	36,759		36,759
Other receivables	18,318		18,318
Held for trading investments	2,877		2,877
Inventories	59,027		59,027
	<hr/>		<hr/>
Total current assets	174,503		174,503
Non-current assets:			
Fixed assets	403,424	100,000	503,424
Deferred tax assets	982		982
	<hr/>		<hr/>
Total non-current assets	404,406		504,406
	<hr/>		<hr/>
Total assets	578,909		678,909
LIABILITIES AND EQUITY			
Current liabilities:			
Bank loans due within 1 year	220,000	100,000	320,000
Trade payables	77,997		77,997
Other payables*	144,123		144,123
	<hr/>		<hr/>
Total current liabilities	442,120		542,120
Non-current liability:			
Long term loan - non current portion	0	-	-
Loan from related parties	0		-
	<hr/>		<hr/>
Total non-current liabilities	0		-
Capital and reserve:			
Share capital	125,808		125,808
Accumulated profits (losses)	833		833
Reserves	10,148		10,148
	<hr/>		<hr/>
Total equity	136,789		136,789
	<hr/>		<hr/>
Total liabilities and equity	578,909		678,909
	<hr/>		<hr/>
Net working capital effects	(267,617)		(367,617)
Net working capital effects after taken out the effect of the bank loans with tenure of 1 year but can be revolving for 3 years ⁽¹⁾			
	383		383
Debts ⁽²⁾	318,000		418,000
Gearing ratio (debt ⁽²⁾ /equity)	2.32		3.06

Notes:

- (1) Assuming the Conversion Fee is RMB100.0 million and the New Loan is taken based on the same terms and conditions as the Related Bank Loans. Had the Proposed Bidding been effected as at 30 June 2009, the proforma working capital calculated based on current assets less current liabilities worked out to be negative RMB267.6 million. The Total Loans will have a tenure of one year but the Total Loans may be revolved based on the same terms and conditions within 3 years from the date of novation (in case of the Related Bank Loans) and the date of the loan agreement (in case of the New Loan). If the Group does not include the Total Loans which may be revolved based on the same terms and conditions within 3 years from the date of novation as current liabilities, the proforma working capital calculated based on current assets less current liabilities would have become positive of approximately RMB0.4million.
- (2) To date, Jishan Print & Dye only has a preliminary verbal undertaking from the local government that it will receive the approximately RMB100.0 million bank loan based on the same terms and conditions as the Related Bank Loans from the relevant banks. However, the new loan agreement is subject to further negotiation with the relevant banks after Jishan Print & Dye successfully bids for the Commercial Land.

The debts consisted of relevant remaining balance of the Related Bank Loans of approximately RMB98.0 million yet to be novated from relevant banks as at 30 June 2009. As at the Latest Practicable Date, the amount of the Related Bank Loan which has not been novated to Jishan Print & Dye is approximately RMB 23.0 million.

Assuming the Proposed Bidding had been effected as at 30 June 2009, there is no effect on the unaudited NTA and EPS of the Group. However, there are proforma financial effects on the gearing ratio of the Group, details of which are set out below:

	Before the Proposed Bidding	After the Proposed Bidding
Net Borrowings (RMB million)	318	418
Shareholders' Funds (RMB million)	137	137
Gearing ratio (times)	2.32	3.06

3.8 Risk factors of the Proposed Bidding

Jishan Print & Dye may not be able to successfully bid for the Commercial Land

The value of the Commercial Land in the Public Auction will be based on the valuation conducted by a qualified valuer appointed by the relevant competent government authority before the Public Auction, and the Final Auction Price for the Commercial Land may be higher than its valuation price. As the Commercial Land will be put up for public auction, Jishan Print & Dye may face competition from other bidders who are interested in the Commercial Land and may not be able to successfully bid for the Commercial Land on prices and terms that are acceptable to the Group. The Final Auction Price for the Commercial Land may turn out to be higher than what the Group has expected in the process of the Public Auction, which may be resulted from bidding up the price by other bidders. In the event that Jishan Print & Dye does not succeed in the Proposed Bidding, it will be required to vacate the Commercial Land and re-locate its existing home furnishing business operations to new premises, which will disrupt Jishan Print & Dye's home furnishing business and affect the Group's overall operations and financial performance.

Please refer to section 3.5 entitled "Rationale of the Proposed Bidding" of this Circular for details.

Jishan Print & Dye may not be able to secure the financing to pay for the Conversion Fee

Jishan Print & Dye intends to pay the Conversion Fee through the external bank borrowings. Currently, the Conversion Fee is an estimated cost of RMB100.0 million, which is subject to the Final Auction Price and the Compensate. Even though Jishan Print & Dye has a preliminary verbal undertaking from Keqiao Committee that Jishan Print & Dye may get the New Loan based on the same terms and conditions as the Related Bank Loans from the relevant banks to pay the Conversion Fee, the New Loan is subject to further negotiation with the relevant banks after Jishan Print & Dye successfully bid for the Commercial Land. Further, in the event that the amount of the Conversion Fee goes up, Jishan Print & Dye may need to take up more loans to fulfil the payment

of the increased Conversion Fee. Should Jishan Print & Dye be not able to secure the New Loan, or on terms and conditions that are favourable or acceptable to the Group, the Group will either give up the Commercial Land, which means Jishan Print & Dye shall vacate the Commercial Land, or the Group has to use its internal sources of funds to pay the Conversion fee, which may affect the Group's financial performance and operating cashflow.

The Group may face risks to its indebtedness if Jishan Print & Dye successfully bids for the Commercial Land

The Group will need to take up the New Loan for the payment of the Conversion Fee in the event that Jishan Print & Dye successfully bids for the Commercial Land. As presented under the proforma balance sheet, had the Proposed Bidding been effected as at 30 June 2009, the proforma working capital calculated based on current assets less current liabilities worked out to be negative RMB267.6 million. The Related Bank Loans are for a period of one year from the date of novation and classified as current liabilities but may be revolved based on the same terms and conditions within three years from the date of novation. The New Loan, subject to further negotiation with the relevant banks, may also base on the same terms and conditions as the Related Bank Loans that it is for a period of one year from the date of the loan agreement and classified as current liabilities but may be revolved based on the same terms and conditions within three years from the date of the loan agreement.

As such, the Group may not be able to fulfil all its financial obligations to the relevant banks due to its business operations, or changes in credit lending policies such as increase in bank interest rates or change in tenure and repayment terms of the bank loans. In such event, if the Group is not able to obtain other sources of funding or support its business operation with its internal cashflow, its business and financial performance will be adversely affected and its business continuity may be threatened.

Jishan Print & Dye may not be able to find new premises suitable for its existing home furnishing business after the 5-year time frame

If Jishan Print & Dye succeeds in bidding for the Commercial Land, it will be allowed to use the Buildings for its existing home furnishing business operations for another 5 years commencing from date of signing of the Land Use Right Agreement after the Public Auction. However, during the 5-year time frame, Jishan Print & Dye will still have to look for and/or acquire suitable new premises and buildings for relocation of all its assets on the Commercial Land. If fails to accomplish so, Jishan Print & Dye's home furnishing business will be disrupted and the Group's overall operations and financial performance will be affected.

The Commercial Land may be subject to depreciation in value due to uncertainty in the market sentiment in future

As mentioned above, in the event that Jishan Print & Dye succeeds in bidding for the Commercial Land, the Final Auction Price for the Commercial Land may be higher than its valuation price, and the Conversion Fee to be paid may also increase. However, the Commercial Land may be subject to depreciation in value depending on the supply and demand of the market forces and there is no assurance that the value of the Commercial Land would go up in the future.

Uncertain changes in the PRC governmental rules and policies will make it difficult for the Group to predict and have an impact on the Group's business

Currently, all of the Group's business and operations are located in the PRC. Thus, our business and operations in PRC are subject to PRC government rules and policies. From time to time, changes in the rules and policies or the implementation thereof may have impacts on the Group's assets and business, or may require the Group to obtain additional approvals and licences for the conduct of its operations in PRC. In such event, the Group may need to incur additional expenses in order to accommodate to such changes or to comply with such requirements. This will in turn affect our financial performance as the business cost will increase. Furthermore, as such changes in PRC government rules and policies are uncertain and difficult to predict, in the event that the Group is not unable to respond on a timely and effective basis, its operations and business as well as its overall financial performance will be affected.

4. DISCLOSURE OF DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are as set out below:

Name of Shareholders	Direct interest		Deemed interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Directors				
Jin Guan Liang ⁽¹⁾	16,649,500	5.52	171,762,500	56.97
Jin Rong Hai	–	–	–	–
Yu Ming Hai	–	–	–	–
Lien Kait Long	–	–	–	–
Yip Wei-Jen	–	–	–	–
Xu Ping Wen	–	–	–	–
Substantial Shareholders (other than Directors)				
Jin Cheng International Holdings Limited ⁽²⁾ ("Jin Cheng")	171,762,500	56.97	–	–
Ban Joo & Company Limited	18,285,000	6.06	–	–

Notes:

- (1) Our Executive Chairman and Substantial Shareholder, Jin Guan Liang holds 16,649,500 Shares directly and has an indirect interest in 171,762,500 Shares, by virtue of his 100% direct and indirect interest in Jin Cheng.
- (2) Jin Cheng is an investment holding company incorporated in the British Virgin Islands. It holds shares in the Company under DBS Nominees Pte. Ltd.. Its shareholders are Jin Guan Liang (96.83%) and Jin Yao Yun (3.17%) who is the wife of Jin Guan Liang.

None of our Directors, Substantial Shareholder and/or their associates has any interest directly or indirectly in the Proposed Bidding, the Conversion and the Compensation.

5. IRREVOCABLE UNDERTAKING BY THE CONTROLLING SHAREHOLDER TO VOTE IN FAVOUR OF THE PROPOSED BIDDING

Our controlling shareholder, Mr Jin Guan Liang, has in aggregate 62.49% of the direct and deemed interests in the Company, through Jin Cheng (56.97%) and shares in which he holds directly (5.52%). Having considered the commercial viability and risks of the Proposed Bidding, Mr Jin Guan Liang has given an irrevocable undertaking to the Company that he will vote in favour of the Proposed Bidding at the EGM.

Mr Jin Guan Liang is deemed to be interested in the shares held by Jin Cheng by the virtue of the fact that he has direct and indirect control of 100% of the equity of Jin Cheng through his direct shareholding of 96.83% and indirect shareholding of 3.17% through his wife, Jin Yao Yun, of the issue share capital of Jin Cheng.

6. DIRECTORS' AND AUDIT COMMITTEE'S RECOMMENDATIONS

The Directors, having carefully considered the terms and rationale of the Proposed Bidding, are of the view that the Proposed Bidding is in the interests of the Group and is not prejudicial to Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favor of the resolution to be proposed at the EGM.

The Audit Committee, having carefully considered the terms and rationale of the Proposed Bidding, is of the view that the Proposed Bidding is in the interests of the Group and is not prejudicial to Shareholders as a whole. Accordingly, the Audit Committee recommends that Shareholders vote in favor of the resolution to be proposed at the EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 24 of this Circular, is being convened at Copthorne King's Hotel, Duke Room, Level 2, 403 Havelock Road, Singapore 169632 on 9 November 2009 at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolution set out therein.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors who collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the Latest Practicable Date, and that there are no material facts the omission of which would make any statement in this Circular misleading in any material respect as at the Latest Practicable Date.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909, during normal business hours for three (3) months from the date hereof:

- (i) the Memorandum and Article of Association of the Company;
- (ii) the Government Letters (both Chinese and English versions);
- (iii) audited combined financial statements for the financial year ended 31 December 2008; and
- (iv) unaudited combined financial statements for the half-year ended 30 June 2009.

Yours faithfully
For and on behalf of
the Board of Directors
China Jishan Holdings Limited

Jin Guan Liang
Executive Chairman

GOVERNMENT LETTERS

Letter dated 13 August 2009

函

浙江稽山印染有限公司：

由于城市规划调整及上级有关部门意见，现要求你公司将下列工业用地变更为商业用地，在完成土地变性后 5 年内，你公司仍可使用上述土地的厂房。需要土地变性的详细地块情况如下：

宗地位置	土地证	土地面积
1. 绍兴县安昌镇东昌村	绍兴县国用（2008）第 4-233 号	13638.5 m ²
2. 绍兴县安昌镇东昌村	绍兴县国用（2005）第 14-67 号	127011.5 m ²
3. 绍兴县安昌镇国际村	绍兴县国用（2007）第 14-50 号	7423.4 m ²

特此通知

浙江省绍兴县柯桥经济开发区管理委员会

二〇〇九年八月十三日



Zhejiang Jishan Printing and Dyeing Co., Ltd.:

According to the adjustment of city planning and the opinions of relevant superior authorities, now we require your Company to change the use of the following land ("Land") from industrial land to commercial land, and your Company may continue to use the workshops built on the Land for 5 years after the completion of such change of use. The details of the Land are as follows:

No.	Location	No. of Land Use Rights Certificate	Area (square meter)
1	Dongchang Village, Anchang Town, Shaoxing County	Shaoxing County Guo Yong (2008) No. 14-233 (绍兴县国用(2008)第14-233号) ⁽¹⁾	13638.5
2	Dongchang Village, Anchang Town, Shaoxing County	Shaoxing County Guo Yong (2007) No. 14-67 (绍兴县国用(2005)第14-67号)	127011.5
3	Guoji Village, Anchang Town, Shaoxing County	Shaoxing County Guo Yong (2005) No. 14-50 (绍兴县国用(2005)第14-50号)	7423.4

Hereby notify the above.

Keqiao Economic Development Zone Committee
Shaoxing County, Zhejiang Province
(SEAL)

13 August 2009

Note:

- (1) There is a typo error in the original government letter dated 13 August 2009. The certificate number of this piece of land shall be Shaoxing County Guo Yong (2008) No. 14-233 (绍兴县国用(2008)第14-233号), instead of Shaoxing County Guo Yong (2008) No. 4-233 (绍兴县国用(2008)第4-233号).

Letter dated 27 August 2009

函

浙江稽山印染有限公司：

根据 2009 年 8 月 13 日我委出具函的要求，需将你公司拥有的工业用地变更为商业用地，现根据上级有关部门意见，你公司拥有地块土地变性应于 2009 年 10 月 31 日前完成，如果在此时间内你公司不同意土地变性，土地将会公开挂牌出让。

特此通知

浙江省绍兴县柯桥经济开发区管理委员会

二〇〇九年八月二十七日



Zhejiang Jishan Printing and Dyeing Co., Ltd.:

In accordance with the requirements set out in the Letter dated 13 August 2009 issued by us, we require your Company to change the use of the industrial land owned by your Company ("Land") to commercial land. Now based on the opinions of relevant superior authorities, such change of use shall be completed before 31 October 2009 and in the event that your Company does not consent to the change of use within the aforementioned period, the Land will go for public bidding and auction.

Hereby notify the above.

Keqiao Economic Development Zone Committee
Shaoxing County, Zhejiang Province
(SEAL)

27 August 2009

CHINA JISHAN HOLDINGS LIMITED

(Incorporated in Singapore with limited liability)
(Company Registration No. 200310591E)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the Members of China Jishan Holdings Limited (the “**Company**”) will be held at Copthorne King’s Hotel, Duke Room, Level 2, 403 Havelock Road, Singapore 169632 on 9 November 2009 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications the following ordinary resolution:

THE PROPOSED BIDDING FOR THE LAND AT ANCHANG TOWN, SHAOXING CITY, ZHEJIANG PROVINCE, AT AN ESTIMATED COST OF APPROXIMATELY RMB100.0 MILLION (THE “PROPOSED BIDDING”)

That: -

- (a) approval be and is hereby given for the Company’s wholly-owned subsidiary, Zhejiang Jishan Printing and Dyeing Co., Ltd to participate in the public auction for the three pieces of land located at Anchang Town, Shaoxing City, Zhejiang Province, PRC at an estimated cost of approximately RMB100.0 million (or such higher cost or on such other terms as the Directors may decide, provided always that the Audit Committee of the Company is of the opinion that the Proposed Bidding is in the interests of the Group and is not prejudicial to the shareholders of the Company as a whole);
- (b) the Directors be and are hereby authorized to enter into any negotiations, agreement, contract, document or carry out all other actions in connection with or arising from the Proposed Bidding.

By Order of the Board

China Jishan Holdings Limited
Executive Chairman
Jin Guan Liang

Singapore
23 October 2009

Notes:

- 1 A Member of the Company entitled to attend and vote at the above EGM may appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
- 2 The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney, and in the case of a Corporation shall be either under the Common Seal or signed by its attorney or an officer on behalf of the Corporation.
- 3 The instrument appointing a proxy must be deposited at the registered office of the Company at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909, not less than forty-eight (48) hours before the time appointed for the Meeting

CHINA JISHAN HOLDINGS LIMITED

(Incorporated in Singapore with limited liability)
(Company Registration No. 200310591E)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy China Jishan Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____

of _____

being a member/members of China Jishan Holdings Limited. (the "Company"), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Copthorne King's Hotel, Duke Room, Level 2, 403 Havelock Road, Singapore 169632 on 9 November 2009 at 10 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for the Ordinary Resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Ordinary Resolution	For	Against
	To approve the proposed bidding for the land at Anchang Town, Shaoxing City, Zhejiang Province, PRC at an estimated cost of approximately RMB100.0 million (or such higher cost or on such other terms as the Directors may decide, provided always that the Audit Committee of the Company is of the opinion that the proposed bidding is in the interests of the Group and is not prejudicial to the shareholders of the Company as a whole), and authorised any Director to do such acts and things to give effect to the proposed bidding.		

Dated this _____ day of _____ 2009.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Signature of Shareholder(s) or,
Common Seal of Corporate Shareholder*

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



Notes: -

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Anson Road, #27-01, Springleaf Tower, Singapore 079909, not less than forty-eight (48) hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General: -

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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