

QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE ANNOUNCEMENT MADE BY THE COMPANY PURSUANT TO LISTING RULE 704(5) OF THE LISTING MANUAL OF THE SGX-ST ON 5 JUNE 2020

The Board of Directors ("**Board**") of China Jishan Holdings Limited ("**Company**", and together with its subsidiaries, the "**Group**") refers to its announcement dated 5 June 2020, which was made pursuant to Listing Rule 704(5) of the Listing Manual of the SGX-ST ("**Previous Announcement**").

The Board would like to provide the following information in response to a query from the SGX-ST regarding the Previous Announcement.

SGX query

We refer to your announcement dated 5 Jun 2020 on "Financial Statements: Auditor's Comments of Accounts" during the financial year ended 31 Dec 2019 ("**FY2019**"), where the auditors expressed material uncertainty about the Company's ability to operate as a going concern. Listing Rule 1303(3) states that the Exchange may suspend trading where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so. In FY2019, the Group incurred a net loss and total comprehensive loss of RMB 45.9million, net cash used in operating activities of RMB 103.1 million and net current liabilities of RMB 581.9million. Please provide the Board of Directors' views and substantiate how the Company is able to operate as a going concern.

The Company's response

The directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2019 is appropriate and that the Company will be able to operate as a going concern, for the following reasons, as disclosed on pages 40 and 41 of the FY2019 annual report ("**FY2019 Annual Report**"), a copy of which is attached in the Company's announcement dated 8 June 2020:

- (i) Management is of the view that the Group will have sufficient working capital for its operations for the next twelve months from 31 December 2019 and to meet its obligations as and when they fall due based on a cash flow forecast prepared;
- (ii) Management is of the view that the on-going measures to increase revenue and tighten cost controls over the Group's operating expenses will improve the financial performance and generate positive cash flows from the Group's operations;
- (iii) During the current financial year and as at the date of these financial statements, the Group has successfully repaid/renewed RMB204,500,000 of its outstanding non-renewal short-term loans that were brought forward from the previous financial year as disclosed in Note 26 to the financial statements. The Group has also obtained additional short-term loans totalling RMB44,000,000 with maturity periods ranging from 3 to 9 months subsequent to the financial year end;
- (iv) Management is of the view that the Group will continue to receive support from the third party lenders as the loans granted to the Group are secured on certain of the Group's development properties, amongst others, of which the fair value of these development properties is substantially higher than the outstanding borrowings (see Note 17 to the financial statements on page 84 of the FY2019 Annual Report). Further, as disclosed in Note 26 to the financial statements on pages 88 and 89 of the FY2019 Annual Report, the Group is currently in discussion with the third party lenders to extend the relevant loans tenure and management is not aware of any adverse circumstances that might cause the third party lenders not to extend the loans tenure and call for the outstanding loans repayment from the Group; and

- (v) The Group intends to commence development of the Group's development properties into residential and commercial properties. Management expects this to be new source of revenue for the Group in the foreseeable future.

BY ORDER OF THE BOARD

Xiao Ziliang
Executive Director/ Chief Executive Officer

9 June 2020