

THE PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN SHAO XING YUE SHENG REAL ESTATE PROPERTY DEVELOPMENT CO., LTD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Jishan Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group’s wholly owned subsidiaries, Zhejiang Jishan Printing and Dyeing Co., Ltd (“**Jishan P&D**”) and Shao Xing Yue Sheng Real Estate Property Development Co., Ltd (the “**Target**”), Zhejiang Jishan Holding Group Co., Ltd (“**Guarantor#1**”) has on 24 December 2016 entered into a conditional share transfer agreement (the “**Agreement**”) with Shanghai Jintumu Real Estate Co., Ltd. (the “**Purchaser**”) and Guangdong Helenbao Real Estate Group Co., Ltd (“**Guarantor#2**”).

Pursuant to the Agreement, the entire equity interest in the Target held by Jishan P&D will be disposed to the Purchaser for a consideration of RMB 785,778,500 (the “**Proposed Disposal**”). The Proposed Disposal will comprise the following assets and liabilities:

- (a) a transfer of the entire equity interest in the Target held by Jishan P&D;
- (b) the Seven Land Use Rights(as defined below and described in Appendix A) held by the Target; and
- (c) the liabilities of RMB402,141,700 on the books of the Target owing to Jishan P&D (the “**Liabilities**”).

Pursuant to the Agreement, Guarantor#1 guarantees to the Purchaser due performance of Jishan P&D’s duties under the Agreement (the “**Guarantee#1**”), and Guarantor#2 guarantees to Jishan P&D due performance of the Purchaser’s duties under the Agreement.

2. THE PROPOSED DISPOSAL

2.1 Information on the Target

The Target is a company incorporated in the People’s Republic of China (the “**PRC**”) and based in Shaoxing city. As at the date of this announcement, the Target has a registered capital of RMB120,000,000 and is a wholly owned subsidiary of Jishan P&D.

The principal activity of the Target is the development and management of residential and commercial properties. The Target was incorporated for holding the Seven Land Use Rights, it has not started any property development and management business.

2.2 Information on the Purchaser

The Purchaser is a company incorporated in the PRC and based in Shanghai city in business of property management and development and provision of the consultation in relation to the property information.

The Purchaser is an independent third party and is not related to any director, chief executive officer, or substantial shareholder of each entity of the Group, nor an associate of any such director, executive officer, or substantial shareholder.

2.3 Information on Guarantors

Guarantor#1 is a company incorporated in PRC. The shareholders of the Guarantor#1 are Mr. Jin Guan Liang, Mr. Jin Rong Hai, and Ms. Jin Yao Yun, holding 80%, 10% and 10% of equity interest in the Guarantor#1 respectively. Mr. Jin Guan Liang is the Executive Chairman of the Company, while Ms. Jin Yao Yun is the spouse of Mr. Jin Guan Liang and the sister of Mr. Jin Rong Hai. Guarantor#2 is also a company incorporated in the PRC.

2.4 Information on the Assets

The Assets comprises seven land use rights (the **"Seven Land Use Right"**). The information of the seven Land Use Rights is set out in the Appendix A.

2.5 Information on the Liabilities

As at the date of the Agreement, the Target owes RMB402,141,700 to Jishan P&D. After the completion of the Proposed Disposal, the Liabilities will be owed to the Purchaser.

2.6 Purchase Consideration

The total consideration for the Proposed Disposal is RMB785,778,500 (the **"Consideration"**) was negotiated at arms-length and arrived at on a willing-buyer willing-seller basis, taking into account:(a) the entire equity interest in the Target of RMB383,636,800; (b) the Liabilities of RMB402,141,700.

The Consideration will be paid in stages as set out below:

Date	Amount
Within 3 business days of signing of Agreement	RMB80,000,000 as an upfront deposit
After obtaining the pre-approval from the Administration for Industry & Commerce Bureau in the PRC for the transfer of 100% equity interest in the Target to the Purchaser	RMB705,778,500

2.7 Salient Terms of the Agreement

- (a) The Proposed Disposal is conditioned on the approvals of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and the shareholders' approval of Jishan P&D and the Company being obtained.
- (b) The Purchaser shall pay the upfront deposit of RMB80,000,000 to Jishan P&D within the three business days upon signing of the Agreement. The upfront deposit shall form part of the Consideration upon the Company obtaining the approval from the SGX-ST and the shareholders' approval of Jishan P&D and the Company.
- (c) Within 10 business days after obtaining the approvals from the SGX-ST and the shareholders of Jishan P&D and the Company (Jishan P&D shall make best endeavor to obtain the relevant approvals within three months upon signing of the Agreement), Jishan P&D and the Purchaser shall register with the Administration for Industry & Commerce Bureau in the PRC for the transfer of the equity interest in the Target to the Purchaser. After obtaining the pre-approval

from the Administration for Industry & Commerce Bureau in the PRC for the transfer of the entire equity interest in the Target to the Purchaser, the purchaser shall pay the balance of the Consideration of RMB705,778,500 to Jishan P&D.

- (d) Prior to the change of business registration of the entire equity interest in the Target, Jishan P&D shall be responsible for the settlement of employees in the Target (if any), and any labor disputes arising from the termination of the employment contracts between the employees and the Target shall be resolved by Jishan P&D. After the completion of the registration of the entire equity interest change in the Target, the employment and personnel arrangements of the Target shall be decided by the Purchaser and Jishan P&D shall not be involved in such matter.
- (e) Within 3 business days after the completion of the transfer of the entire equity interest in the Target to the Purchaser, Jishan P&D undertakes that the actual control rights of the seven land use rights shall be transferred to the Purchaser without any limitation, and Jishan P&D shall ensure that Jishan P&D have completed all the necessary work and pay all the necessary demolition compensation, as well as that there will be no disputes over the land ownership, no commercial planting or breeding, no grave, no ground or underground high voltage line in such land area, otherwise any costs or expenses arising from which shall be borne by Jishan P&D.
- (f) After the Purchaser acquires the entire equity interest in the Target, the land use tax shall be borne by the Purchaser from 1 January 2017.
- (g) Jishan P&D and the Purchaser shall bear their own tax and expenses in respect of the transfer of the entire equity interest in the Target. Save for those as agreed in the Agreement.

2.8 Rationale for the Proposed Disposal

The board is of the view that financial gains from the Proposed Disposal will provide the Group with additional working capital to fund the operations of its businesses, is in line with the Group's strategy to divest under-utilised assets for cost savings and also to undertake new investment opportunities that may arise in the future towards achieving a higher level of shareholders' value.

2.9 Gains on the Proposed Disposal

The Company expects to receive an estimated gains on the Proposed Disposal (before tax) of approximately RMB 288.0 million, and an estimated gains on the Proposed Disposal (after tax) of approximately RMB 222.1 million.

2.10 Use of Net Proceeds

The Company intends to utilise the net proceeds from the Proposed Disposal for repayment of bank borrowings and for general working capital purposes and future expansion of the Group's businesses and operations.

2.11 Financial Effects

The *pro forma* financial effects of the Proposed Disposal on the Group have been prepared based on the Group's audited consolidated financial statements for the financial year ended 31 December 2015. These *pro forma* financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after Completion.

(a) Net tangible asset ("NTA") per share

Assuming that the Proposed Disposal had been completed on 31 December 2015, the *pro forma* financial effects of the Proposed Disposal on the NTA per share of the Group for the financial year ended 31 December 2015 would have been as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA as at 31 December 2015 (RMB'000)	156,486	378,586
Number of issued shares as at 31 December 2015 ('000)	301,500	301,500
NTA per share (RMB cents)	51.9	125.6

(b) Earnings per share ("EPS")

Assuming that the Proposed Disposal had been completed on 1 January 2015, the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group for the financial year ended 31 December 2015 would have been as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit after tax (RMB'000)	61,154	283,254
Weighted average number of issued shares ('000)	301,500	301,500
EPS per share (RMB cents)	20.3	93.9

2.12 Relative Figures pursuant to Rule 1006 of the Listing Manual

The Company hereby sets out the relative figures⁽¹⁾ for the Proposed Disposal according to Rule 1006 (a) to (e) of the Listing Manual, based on the latest announced unaudited consolidated financial statements of the Company for the 9-month period ended 30 September 2016:

(a)	Rule 1006(a) Net asset value of the assets to be disposed of, compared with the Group's net asset value	66%
(b)	Rule 1006(b) The net profits attributable to the Proposed Disposal compared with the Group's net profits	Not applicable ⁽²⁾
(c)	Rule 1006(c) The aggregate value of the Consideration, compared with the Company's market capitalisation of RMB56.3 million based on the total number of issued shares excluding treasury shares	1,395.7 % ⁽³⁾

(d)	Rule 1006(d) The number of equity securities issued by the Company as consideration for a disposal, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the latest announced unaudited consolidated accounts of the Group for the 9 months ended 30 September 2016.
- (2) This rule is not applicable as there are no profits incurred since the incorporation of the Target.
- (3) Under Rule 1002(5) of the Listing Manual, the market capitalisation of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.
- (4) This rule is not applicable as this is a disposal and Company did not issue equity securities as consideration.
- (5) This rule is not applicable as the Proposed Disposal is not disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As the relative figures calculated under Rules 1006(a) and (c) of the listing manual of the SGX-ST (the "**Listing Manual**") exceed 20% the Proposed Disposal is a disclosable transaction under Chapter 10 of the Listing Manual. Accordingly, the approval of the shareholders of the Company is required for the Proposed Disposal.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective directorships and/or shareholdings in the Company if any, as well as Mr. Jin Guan Liang's interests in the Guarantee#1 as disclosed in this announcement, none of the directors and/or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

4. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

The relative figures computed under Rules 1006(a) and (c) of the Listing Manual are more than 20%. Pursuant to Rule 1014 of the Listing Manual, the Proposed Disposal is subject to the approval of the shareholders of the Company. A circular containing further details on the Proposed Disposal and enclosing a notice of at an extraordinary general meeting in connection therewith will be despatched to the shareholders of the Company in due course.

6. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the Company's registered office at 1 Sophia Road, #05-03 Peace Centre, Singapore 228149, for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Xiao Ziliang
Executive Director/ Chief Executive Officer
28 December 2016

Appendix A

LAND USE RIGHT	LOCATION	GROSS AREA	TYPE OF USE RIGHT	USAGE	EXPIRY DATE	Land Use Permit No.
State- owned LAND USE RIGHT 1#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	49239 m ²	Assign	Residential /Commercial	(a) for residential use: 14 Feb 2080; (b) for commercial use:14 Feb, 2050	Shaoxing County (2010) No. 14-22; Land No.: 14 - 16 - 0 – 72
State- owned LAND USE RIGHT 2#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	20000 m ²	Assign	Residential /Commercial	(a) for residential use: 14 Feb 2080; (b) for commercial use:14 Feb, 2050	Shaoxing County (2010) No. 14-23; Land No.: 14 – 16– 0 – 70–1
State- owned LAND USE RIGHT 3#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	28644 m ²	Assign	Residential /Commercial	(a) for residential use: 14 Feb 2080; (b) for commercial use: 14 Feb, 2050	Shaoxing County (2010) No. 14-24; Land No.: 14 – 16 – 0 – 70–2

State-owned LAND USE RIGHT 4#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	10000 m ²	Assign	Residential /Commercial	(a) for residential use: 14 Feb 2080; (b) for commercial use: 14 Feb, 2050	Shaoxing County (2010) No. 14-25; Land No.: 14- 16- 0-71-1
State-owned LAND USE RIGHT 5#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	10000 m ²	Assign	Residential /Commercial	(a) for residential use: 14 Feb 2080; (b) for commercial use: 14 Feb, 2050	Shaoxing County (2010) No. 14-26; Land No.: 14- 16- 0-71- 2
State-owned LAND USE RIGHT 6#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	18767 m ²	Assign	Residential /Commercial	(a) for residential use: 14 Feb 2080; (b) for commercial use: 14 Feb, 2050	Shaoxing County (2010) No. 14-27; Land No.: 14- 16- 0- 71- 3

State- owned LAND USE RIGHT 7#	Located in Dongchang Village Anchang town Keqiao District of Shaoxing City.	10000 m²	Assign	Stationed in business	(c) for residential: 14 Feb 2080; (d) for business: 14 Feb, 2050	Shaoxing County (2010) No. 14-28; Land No.: 14—16 —0— 71— 4
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