

QUERIES FROM THE SINGAPORE EXCHANGE LIMITED ("SGX") ON THE UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

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 2015 ("**1Q2015**"), which was announced on 13 May 2015:

SGX query 1

We note that there is 'Gain on disposal of subsidiary' of RMB 85.235 million. Please provide the following details:-

- (a) Whether Rule 1010 announcement has been made
- (b) Whether shareholders' approval been obtained
- (c) What is the proceeds from the disposal

The Company's response to query 1

The "Gain on disposal of subsidiary" is in relation to the disposal of the entire equity interest in Zhejiang Jishan Extra Width Co., Ltd, which was only completed in January 2015.

The Rule 1010 announcement was made on 4 July 2013, and shareholders' approval has been obtained at an extraordinary general meeting convened on 25 October 2013.

The net proceeds from the disposal is approximately RMB62.3 million.

SGX query 2

We note that there is 'Development properties held for sale' of RMB 459.605 million. Please provide details of this 'Development properties held for sale' and prospects as per paragraph 10 of the financial statement.

The Company's response to query 2

The "Development properties held for sale" is the land located at Anchange Town, Shaoxing County, Zhejiang, China (within the Keqiao Economic Development Zone) (the "**Keqiao Land**"). As announced by the Company in its response to SGX queries dated 27 March 2015, the Company's operations are currently still located on the Keqiao Land, and the Company intends to relocate its industrial operations to the Consolidated Zone of Dyeing and Printing Industry in Binhai Industrial Zone, Shaoxing City, Zhejiang Province, China (the "**Binhai Land**"), within the grace period granted by the local government. The acquisition of the Binhai Land was approved by shareholders at an extraordinary general meeting dated 24 June 2011, and was announced on 1 July 2013.

As further announced by the Company in its response to SGX queries dated 27 March 2015, as the Company prepares to relocate its operations, it has started planning for the future use of the Keqiao Land. As at the date of this announcement, the Company has only paid some designer fees and other miscellaneous fees related to the planning stage of the development activities of Keqiao Land. The Company has not commenced any physical development of Keqiao Land, which has been temporarily suspended as the Group is focusing its resources on the Group's other segments, namely printing & dyeing and fabric processing, but the Group hopes to complete the development before 31 December 2020.

SGX query 3

We note that there 'Other receivables and prepayments' has increased by 58.4% from RMB8.635 million to RMB13.680 million due to advance payments to suppliers for purchases of raw materials and plant and equipment. Please provide reasons for the increase in advance payments to suppliers and plant and equipment noting that 'Revenue' has decreased 17.9% and noting the Company's disclosure that it is facing cost pressures and slowdown as per paragraph 10 of the financial statement.

The Company's response to query 3

As the prices of certain raw material prices are increasing, some of the existing suppliers have started to request for advance payments. In addition, the Group has some new suppliers who have requested for advance payments as well.

SGX query 4

We refer to paragraph 9 of the Results Announcement. Please comment on whether the current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarterly results announcement and if there is a variance, to explain why.

The Company's response to query 4

The current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous annual results announcement, where the Company had stated that the Group continues to face challenges in terms of higher costs pertaining to labour, raw materials, as well as energy and environmental protection, and that as growth in the Chinese economy continues to moderate as a result of changes in its economic model, the Group remains cautious on its textile print and dye business outlook.

BY ORDER OF THE BOARD

Jin Rong Hai
Executive Director/ Chief Executive Officer

21 May 2015