

Financial Statement And Dividend Announcement for the Period Ended 31 March 2020

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group 3 months ended 31 March		
	2020 RMB'000	2019 RMB'000	Changes %
Revenue	8,830	9,430	(6.4)
Cost of sales	(420)	(415)	1.2
Gross profit	8,410	9,015	6.7
Other operating income (net)	3,915	7,043	(44.4)
Administrative expenses	(5,419)	(6,636)	(18.3)
Finance costs	(15,162)	(5,552)	173.1
(Loss)Profit before income tax	(8,256)	3,870	NM
Income tax	1,218	(1,106)	NM
(Loss)Profit for the year representing total comprehensive income for the year	(7,038)	2,764	NM
Notes to the above statement of comprehensive income:			
Profit is arrived at after charging/(crediting) the following:			
Gain on disposal of held for trading investments	1	61	(98.4)
Fair value (loss)/gain on held for trading investments	(340)	603	NM
Loss on disposal of property, plant and equipment	-	(35)	NM
Margin on recovery of sewage and utilities costs from lessees (N1)	4,304	6,379	(32.5)
Amortisation of prepaid leases	-	(130)	NM
Depreciation expenses(N2)	(522)	(2,128)	75.5
Interest on borrowings	(15,162)	(5,552)	173.1

(NM: Not meaningful)

N1 –The margin on recovery of sewage and utilities costs from lessees was derived from the net charges to lessees by the Group after deducting the cost of the sewage processing and utilities costs paid to the local government, the lower margin on recovery of sewage and utilities costs was mainly due to the significant decline in lessees' business operations in the first quarter ended 31 March 2020 ("Q12020") as a result of the COVID-19 situation.

N2 – The lower depreciation was mainly due to most of old property, plant and equipment being fully depreciated in prior year.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	31/3/2020 RMB'000	31/12/2019 RMB'000	31/3/2020 RMB'000	31/12/2019 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	5,504	7,961	1,011	1,447
Held-for-trading investments	2,749	2,652	-	-
Other receivables and prepayments	9,750	9,469	19,551	19,513
Inventories	485	483	-	-
Prepaid leases	234	234	-	-
Total current assets	18,722	20,799	20,562	20,960
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	29,832	29,832	-	-
Property, plant and equipment	68,686	56,759	-	-
Investment property	203,515	203,515	-	-
Development properties held for sale	459,605	459,605	-	-
Prepaid leases	9,922	9,981	-	-
Deferred tax assets	69,541	68,933	-	-
Total non-current assets	841,101	828,625	144,587	144,587
Total assets	859,823	849,424	165,150	165,547
LIABILITIES AND EQUITY				
Current liabilities:				
Borrowings	502,800	503,790	-	-
Trade payables	10,733	10,036	-	-
Other payables	81,546	63,207	38,288	38,183
Loans from a related party	831	831	831	831
Tax payable	24,193	24,802	-	-
Total current liabilities	620,103	602,666	39,119	39,014
Non-current liabilities:				
Deferred tax liabilities	67,124	67,124	-	-
Total non-current liabilities	67,124	67,124	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	25,110	32,148	222	725
Other reserves	21,678	21,678	-	-
Total equity	172,596	179,634	126,030	126,533
Total liabilities and equity	859,823	849,424	165,150	165,547

1(b)(ii) Aggregate amount of group's borrowings and debts securities**Amount repayable in one year or less, or on demand**

Amount repayable in one year or less, or on demand			
Group As at 31/03/2020		Group As at 31/12/2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
502,800	831	503,790	831

Details of any collateral

As at 31 March 2020, the Group secured facilities comprising bank loans of RMB292.8 million (as at 31 December 2019, the figure was RMB293.8 million) and loans from unrelated third parties of RMB210.0 million (as at 31 December 2019: RMB210.0 million). These loans are secured by equipment, prepaid leases and land use rights of the Group's development properties, and guarantees from related parties.

As at 31 March 2020, the unsecured facilities arise from a loan of RMB0.8 million from a related party (as at 31 December 2019, the figure was RMB0.9 million).

Amount repayable after one year

Not applicable.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3 months ended 31 March	
	2020	2019
	RMB'000	RMB'000
Operating activities		
(Loss)/profit before income tax	(8,256)	3,870
Adjustment for:		
Depreciation expense	522	2,128
Fair value loss/(gain) on held-for-trading investments	340	(603)
Loss/(Gain) on disposal of held-for-trading investments	1	(61)
Loss on disposal of property, plant and equipment	-	35
Interest income	-	(1)
Interest expense	15,162	5,552
Operating cash flows before movements in working capital	7,769	10,920
Other receivables and prepayments	(281)	(749)
Inventories	(2)	2
Trade payables	698	(602)
Other payables	18,339	(19,390)
Cash generated from operations	26,523	(9,819)
Interest income	-	1
Interest paid	(15,167)	(5,552)
Income tax	-	(508)
Net cash generated from/(used in) operating activities	11,356	(15,878)
Proceed from disposal of property, plant and equipment	-	1
Prepaid leases	59	130
Proceed from disposal of held-for-trading investment	956	1,812
Purchase of property, plant and equipment, and investment property	(12,445)	(6,141)
Purchase of held-for-trading investments	(1,393)	(2,184)
Net cash used in investing activities	(12,823)	(6,382)
Repayment of bank loans	(990)	(500)
Net cash used in financing activities	(990)	(500)
Net decrease in cash and cash equivalents	(2,457)	(22,760)
Cash and cash equivalents at beginning of the year	7,961	25,415
Cash and cash equivalents at end of the year	5,504	2,655
Note: Cash and cash equivalents comprise the following:		
Cash and bank balances	5,504	2,655

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	2020			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	21,678	32,148	179,634
Net(loss) for the period	-	-	(7,038)	(7,038)
Balance as at 31 March	125,808	21,678	25,110	172,596

The Group	2019			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
Balance as at 1 January	125,808	21,678	31,984	179,470
Net profit for the period	-	-	2,764	2,764
Balance as at 31 March	125,808	21,678	34,748	182,234

The Company	2020		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	725	126,533
Net (loss) for the period	-	(503)	(503)
Balance as at 31 March	125,808	222	165,150

The Company	2019		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(12,016)	113,792
Net (loss) for the period	-	(554)	(554)
Balance as at 31 March	125,808	(12,570)	113,238

Note:

In accordance with the Company Law of the People's Republic of China (the "PRC"), the Group's subsidiaries in the PRC are required to allocate 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations applicable to the PRC subsidiaries, to the statutory surplus reserve ("SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of such PRC subsidiaries.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The number of issued shares excluding treasury shares of the company was 301,500,000 as at 31 March 2020 and 31 December 2019. There was no change in the issued capital and paid-up capital of the Company since end of December 2019. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 March 2020 and 31 March 2019. There are no treasury shares and no subsidiary holdings as at 31 March 2020 and 31 March 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 March 2020	31 December 2019
Number of issued shares excluding treasury shares	301,500,000	301,500,000
Number of treasury shares held	NIL	NIL

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Not applicable.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial year consistent with those of the financial statements for the year ended 31 December 2019.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3 months ended 31 March	
	2020	2019
(Loss)/Profit for the year (RMB'000)	(6,501)	2,764
Basic EPS (RMB cents)	(2.16)	0.92
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A	N.A
Number of shares used in calculating EPS ('000)	301,500	301,500

⁽¹⁾ Diluted earnings per share have not been calculated, as no dilution events existed during these periods. No share options were granted to any employees during these periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Net assets (RMB'000)	173,133	179,634	126,031	126,533
Net asset value per ordinary share (RMB cents)	57.4	59.6	41.8	41.9
Number of shares used in calculating NAV ('000)	301,500	301,500	301,500	301,500

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

COMMENTARY ON THE CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD

Revenue

Group revenue for Q1 2020 consists of rental income of RMB8.8 million (Q12019: RMB9.4 million) for renting out part of the factory space and certain plant and equipment. The Group's revenue for the period ended Q12020 decreased by 6.4% to RMB8.8 million mainly due to renewal of new lease agreements with certain lessees which no longer required to lease the older plant and equipment, thus resulted in the lower rental income.

Gross Profit and Gross Profit Margin

The current period cost of sales is fairly consistent with Q12019, the lower gross profit is mainly due to the lower rental income as explained above.

Other Operating Income

The other operating income for Q12020 comprises mainly margin recovery of sewage and utilities costs from lessees during the period of RMB4.3 million offset with the fair value loss on held for trading investment of RMB0.3 million whereas the higher other operating income for Q12019 was mainly due to higher margin recovery of sewage costs from lessees of RMB 6.4 million and fair value gain of held-for-trading investment of RMB0.6 million. (Q12019: RMB6.4 million). The lower margin recovery of sewage and utilities costs from lessees was largely the result of the significant decline in lessees' business operations arising from the COVID-19 situation in Q12020.

Administrative expenses

The decrease in administrative costs is attributable to the decrease in depreciation charge since most of the old plant and equipment were fully depreciated in prior year.

Finance costs

The higher finance costs is mainly due to the higher interest rates paid to the unrelated parties .

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is a review of the material changes in key balance sheet items as at 31 March 2020, compared with those as at 31 December 2019.

Development properties held for sale represents leasehold lands for commercial and residential development which are located in Anchang Town, Shaoxing County, Zhejiang China.

Property, plant and equipment increases by RMB1.9 million mainly due to addition of property, plant and equipment (new factory buildings) of RMB12.0 million during the period.

Deferred tax assets is related to certain subsidiaries' unutilised tax losses which are available for offset against future taxable profits.

Borrowings decreases by RMB1.0 million mainly due to repayment of bank borrowings during the period.

Other payables increases by RMB18.3 million, mainly due to receipt of rental advance from certain lessees of RMB14.0 million and short term advance from a related company of RMB4.2 million which is interest free and repayable on demand.

Deferred tax liabilities mainly relates to the income tax effect resulting from the temporary difference between the carrying value and the tax written down value of the investment property and property, plant and equipment, which had been fully claimed against taxable profit.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities were positive during the period of RMB11.4 million mainly due to positive cash generated from operation of RMB26.5 million offset with the interest payment of RMB15.2 million during the period.

The negative net cash used in investing activities of RMB12.8 million was mainly due to the addition of PPE of RMB12.4 million during the period.

The net cash used in financing activities was mainly due to the repayment of bank loan of RMB1.0 million during the period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The outlook for the year ahead remains challenging, in view of the COVID-19 pandemic and the resulting demand and supply shocks to the global and domestic Chinese economies. China's economy suffered a historic contraction in the first quarter of 2020, with gross domestic product shrinking 6.8% from the same period a year ago. The International Monetary Fund's projected growth of 1.2% for the full-year will represent China's slowest expansion in more than four decades. Reignition of U.S.-China trade tensions may also hamper economic growth in China.

Given the rapidly revolving situation, the Group is undertaking a comprehensive assessment of the impact of the COVID-19 pandemic on China's print and dye market, and in turn on the Group's leasing operations.

The Company will make further announcements to keep Shareholders updated on any material developments as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividends declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date Payable

Not applicable

(d) Book Closure Date

Not applicable

12. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend is declared for the current financial period as the Group's priority is to achieve long term growth for the future benefit of its shareholders.

13. If the Group has obtained a general mandate from Shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain any general mandate from its shareholders for IPTs.

Interested Person Transactions ("IPT")

There is no IPT during the period ended 31 March 2020.

14. Negative confirmation pursuant to Rule 705(5) (Not required for announcement on full year results)

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements for the quarter ended 31 March 2020, to be false or misleading in any material aspect, pursuant to Listing Rule 705(5).

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officer in the format set out in Appendix 7.7, pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Xiao Zi Liang
Chief Executive Officer/Executive Director
15 May 2020

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, XIAO ZI LIANG, and YU MING HAI being two Directors of China Jishan Holdings Limited (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group’s unaudited financial statements for the 1st Quarter ended 31 March 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Xiao Zi Liang
Chief Executive Officer

Yu Ming Hai
Executive Director