

Financial Statement And Dividend Announcement for the Period Ended 31 March 2019

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		
	2019 RMB'000	2018 RMB'000	Changes %
Revenue	9,430	9,430	-
Cost of sales	(415)	-	NM
Gross profit	9,015	9,430	(4.4)
Other operating income	7,043	6,273	12.3
Administrative expenses	(6,636)	(7,421)	(10.6)
Finance costs	(5,552)	(4,622)	20.1
Profit before income tax	3,870	3,660	5.7
Income tax	(1,106)	(1,070)	3.4
Net profit for the period	2,764	2,590	6.7
Notes to the above statement of comprehensive income:			
Other operating income including			
Margin on sewage cost and utilities charged to lessees ^(N1)	6,379	6,135	4.0
Gain on disposal of held for trading investments	61	151	(59.6)
Fair value gain/(loss) on held for trading investment	603	(17)	NM
Interest on borrowings	(5,552)	(4,622)	20.1
Depreciation expenses	(2,128)	(2,165)	(1.7)
Amortisation of prepaid leases	(130)	(130)	-
Loss on disposal of property, plant and equipment	(35)	-	NM

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.

1(a)(ii) Statement of other comprehensive income for the Year Ended 31 March 2019

There is no other comprehensive income other than those disclosed in the statement of comprehensive income for the period.

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	
	31/03/2019 RMB'000	31/12/2018 RMB'000	31/03/2019 RMB'000	31/12/2018 RMB'000
ASSETS				
Current assets:				
Cash and bank balances	2,655	25,415	146	253
Other financial assets	3,271	2,235	-	-
Other receivables and prepayments	10,143	9,394	4,189	4,471
Inventories	481	483	-	-
Prepaid leases	519	519	-	-
Total current assets	17,069	38,046	4,335	4,724
Non-current assets:				
Investment in subsidiaries	-	-	144,587	144,587
Investment in associate	28,687	28,687	-	-
Property, plant and equipment	30,138	26,161	-	-
Investment property	87,245	87,245	-	-
Development properties held for sale	459,605	459,605	-	-
Prepaid leases	22,495	22,625	-	-
Deferred tax assets	45,976	45,662	-	-
Total non-current assets	674,146	669,985	144,587	144,587
Total assets	691,215	708,031	148,922	149,311
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	306,908	307,408	-	-
Trade payables	9,329	9,931	-	-
Other payables	126,124	145,514	34,812	34,647
Loans from a related party	872	872	872	872
Tax payable	21,604	20,692	-	-
Total current liabilities	464,837	484,417	35,684	35,519
Non-current liabilities:				
Deferred tax liabilities	44,144	44,144	-	-
Total non-current liabilities	44,144	44,144	-	-
Capital and Reserves:				
Issued capital	125,808	125,808	125,808	125,808
Retained earnings/(Accumulated losses)	34,748	31,984	(12,570)	(12,016)
Other reserves	21,678	21,678	-	-
Total equity	182,234	179,470	113,238	113,792
Total liabilities and equity	691,215	708,031	148,922	149,311

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 31/03/2019		Group As at 31/12/2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
306,908	872	307,408	872

Details of any collateral

As at 31 March 2019, the Group secured facilities comprising bank loans of RMB 306.9 million (as at 31 December 2018, the figure was RMB307.4 million). These bank loans were secured by equipment, prepaid leases, and the land use rights of the Group's development properties. The Group has been unable to obtain a renewal of bank loans totalling RMB 204.5 million as a result of the legal case brought by Shanghai Jintumu Real Estate Co., Ltd in connection with the proposed disposal of equity interest in Shao Xing Yue Sheng Real Estate Property Development Co., Ltd. which was disclosed in previous announcements. While these bank loans are currently subsisting, the banks are charging the Group higher interest rates on the said loans.

As at 31 March 2019, the unsecured facilities comprised loans of RMB0.9 million from a related party (as at 31 December 2018, the figure was RMB0.9 million).

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	
	2019	2018
	RMB'000	RMB'000
Operating activities		
Profit before income tax	3,870	3,660
Adjustment for:		
Depreciation expense	2,128	2,165
Fair value gain on held-for-trading investments	(603)	(151)
(Gain)/Loss on disposal of held-for-trading investments	(61)	17
Loss on disposal of property, plant and equipment	35	-
Interest expense	5,552	4,622
Interest income	(1)	(3)
Operating cash flows before movements in working capital	10,920	10,310
Trade receivables	-	549
Other receivables and prepayments	(749)	(278)
Inventories	2	-
Trade payables	(602)	(3,146)
Other payables	(19,390)	(4,591)
Cash generated (used in) from operations	(9,819)	2,844
Interest received	1	3
Interest paid	(5,552)	(4,622)
Income tax	(508)	-
Net cash used in operating activities	(15,878)	(1,775)
Investing activities		
Proceeds from disposal of property, plant and equipment	1	-
Prepaid leases	130	130
Proceeds from disposal of held-for-trading investments	1,812	908
Purchase of investment properties, property, plant and equipment	(6,141)	(992)
Purchase of held-for-trading investments	(2,184)	(1,605)
Net cash used in investing activities	(6,382)	(1,559)
Financing activities		
Bank borrowings	(500)	(30,890)
Net cash used in financing activities	(500)	(30,890)
Net decrease in cash and cash equivalents	(22,760)	(34,224)
Cash and cash equivalents at beginning of the year	25,415	38,994
Cash and cash equivalents at end of the period (Note)	2,655	4,770

Note:		
Cash and cash equivalents comprise the following:		
Fixed deposits	-	-
Cash and bank balances	2,655	4,770
Less: Pledged fixed deposits	-	-
	2,655	4,770

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

The Group	2019			
	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	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 Group	2018			
	Issued Capital	Other Reserves ^(a)	Accumulated Profits	Total
Balance as at 1 January	125,808	21,678	21,382	168,868
Net profit for the period	-	-	2,590	2,590
Balance as at 31 March	125,808	21,678	23,972	171,458

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

The Company	2018		
	Issued Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January	125,808	(8,477)	117,331
Net loss for the period	-	(619)	(619)
Balance as at 31 March	125,808	(9,096)	116,712

- (a) 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, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. States also the number of shares that may be issued on conversion of all the outstanding convertibles 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 2019 and 31 December 2018. There was no change in the issued capital and paid-up capital of the Company since end of December 2018. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 March 2019 and 31 December 2018.

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 2019	31 December 2018
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, disposal, cancellation and/or use of treasury shares 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 qualifications or emphasis of matter)

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2018.

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 audited financial statements for the year ended 31 December 2018.

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

	Period ended 31 March	
	2019	2018
Profit for the year (RMB'000)	2,764	2,590
Basic basis (RMB cents)	0.92	0.86
On a fully diluted basis (RMB cents) ⁽¹⁾	N.A	N.A
Number of shares 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 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Net assets (RMB'000)	182,234	179,470	113,238	113,792
Net asset value per ordinary share (RMB cents)	60.4	59.5	37.6	37.7
Number of shares 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 2019 consist of rental income of RMB9.4 million (Q1 2018: RMB9.4 million) for renting out part of the factory space and certain plant and equipment. The revenue is consistent with the prior period as there is no change in the lessees composition during the period.

Gross Profit and Gross Profit Margin

The cost of sales of RMB0.4 million mainly comprises of taxes such as property tax and land use tax related to the lands. There was no such cost of sales in prior period as the related taxes of RMB0.4 millionwere captured in administrative expenses.

The slight decrease in gross profit and gross profit margin of the Group were due to reason mentioned above.

Other Operating Income

The other operating income for Q1 2019 mainly comprises of margin recovery of sewage and utilities costs from lessees during the period of RMB6.3 million (Q1 2018: RMB6.1 million) and fair value gain on held for trading investment of RMB0.6 million.

Administrative expenses

The higher administrative costs in prior period were mainly due to bonuses payable to employees of RMB 0.8 million being accrued and paid out, there were no bonuses being accrued for the current period.

Finance costs

The higher finance costs mainly due to higher interest costs for the period as explained in para 1 (b)(ii).

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 2019, compared with those as at 31 December 2018

Property, plant and equipment increased by RMB4.0 million mainly due to addition of factory building of RMB5.6 million and plant and equipment of RMB0.5 million off set with the depreciation expenses of RMB2.1 million during the period.

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

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

Bank borrowings decreased by RMB0.5 million mainly due to repayment during the period.

Other payables decreased by RM19.4 million, mainly due to payments to some contractors of RMB5.0 million for the building of new factory in Binhai industrial zone, reduction in rentals advances and other advances (related to utilities overhead) from lessees of RMB11.0 million, payment of PRC legal fees of RMB1.3 million and other miscellaneous accrued expenses. .

Deferred tax liabilities mainly included the income tax effect of RMB43.6 million resulting from the temporary difference between the carrying value and the tax written down value of the investment property and property, plant and equipment, had been fully claimed against taxable profit.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities were negative during the period of RMB15.9 million mainly due to repayment of other payables of RMB19.4 million during the period.

Net cash used in investing activities was RMB6.4 million was due mainly to the purchase of property, plant and equipment of RMB6.1 million and purchase of financial assets at fair value through profit or loss of RMB2.2 million, partially offset against proceeds from disposal of financial assets at fair value through profit or loss of RMB1.8 million.

Net cash used in financing activities was RMB0.5 million was mainly due to the repayment of bank loans 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 quarter 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 of the significant trends and events that may affect the group in the next reporting period and the next 12 months

Prospects for the Group's leasing business remain positive amidst continued growth in China's print and dye market, which is forecast to grow at a positive CAGR of approximately 6% for the period 2017 to 2022.

Meanwhile, the International Monetary Fund has upgraded its 2019 growth forecast for China, and now expects China to register growth of 6.3% in 2019, up from 6.2% previously. However, the Group remains cautious amidst continued uncertainty in US-China trade talks.

The Group has engaged PRC legal counsel who is advising and assisting the Group in relation to the ongoing legal matter connected to the proposed disposal of the entire equity interest in Shao Xing Yue Sheng Real Estate Property Development Co., Ltd, following the filing of an appeal by the Purchaser against the first instance judgment of the Zhejiang Higher Court. The Board will provide further updates once there are material developments relating to the appeal.

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 current financial period as the Group's priority is to achieve long term growth for the future benefits 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 2019.

14. 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 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Xiao Zi Liang
Chief Executive Officer/Executive Director
15 May 2019

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 2019 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