China Jishan Holdings Limited

Annual Report **2015**

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CORPORATE PROFILE

With 30 years of established track record, China Jishan Holdings Limited ("China Jishan"), and together with our subsidiaries (the "Group"), is a leading player in China's textile industry, providing specialised dyeing and printing services, as well as the sale of print and dye finished products and garments.

Production Facilities

Our production facilities are strategically located within the Shaoxing Keqiao Economic Development Zone in China, widely known as the "China Light & Textile Industries City".

In a bid to diversify our business, in May 2009, we acquired a Zhejiang-based specialised textile company whose business focus is on the print and dye of textiles for home furnishing products. This acquisition not only enabled us to expand our customer base, but also boosted the scale of our operations and range of services.

Product Development

We set up our in-house research centre in 1996 to focus on product development and technology innovation, and it was named the "Provincial High-Tech Enterprise Research and Development Centre" by the Science and Technology Bureau of Zhejiang Province in July 2008. We have also been collaborating with the State Dyeing and Finishing Technology Development Centre and Zhejiang Engineering College, to keep ourselves abreast with the latest technological developments and industry trends in printing and dyeing. Supported by a team of highly professional and experienced research personnel, we have developed and commercialised dozens of new products over the years.

Awards & Accreditations

In recognition of our strong brand equity and service excellence, we have received numerous awards and accolades including the "Shaoxing City Famous Brand" by the Shaoxing Administration for Industry and Commerce in 2012, "Zhejiang Provincial Famous Brand" by the Zhejiang Administration for Industry and Commerce in 2010 and 2013, "China's Quality Print and Dye Fabric - Top Award" by the China Dyeing and Printing Association in 2013 and 2014 and the "2010 Model Enterprise Award for Labour Security and Integrity" by the Human Resources and Social Security Bureau of Shaoxing County.

We are also an ISO9001:2008 and ISO14001:2004 certified printing and dyeing services provider, which attests to our Group's efforts to deliver high quality products in a balanced and environmentally responsible manner.

STEERING AHEAD

As we continue to build on our strong foundation and resilience amid a challenging business environment, we will further enhance our manufacturing capabilities to seize new investment opportunities. We also remain focused on minimizing production cost by improving productivity and exercising prudent management within the competitive textile industry.

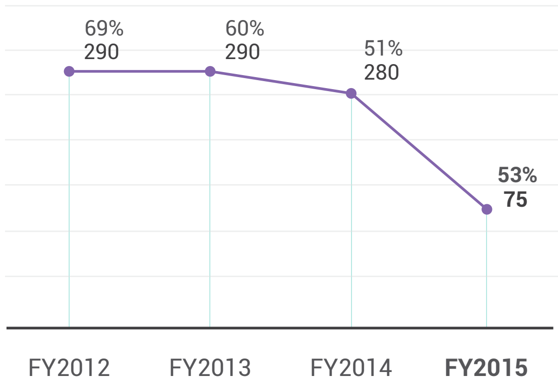
FINANCIAL HIGHLIGHTS

Key Financial Highlights (RMB Million)

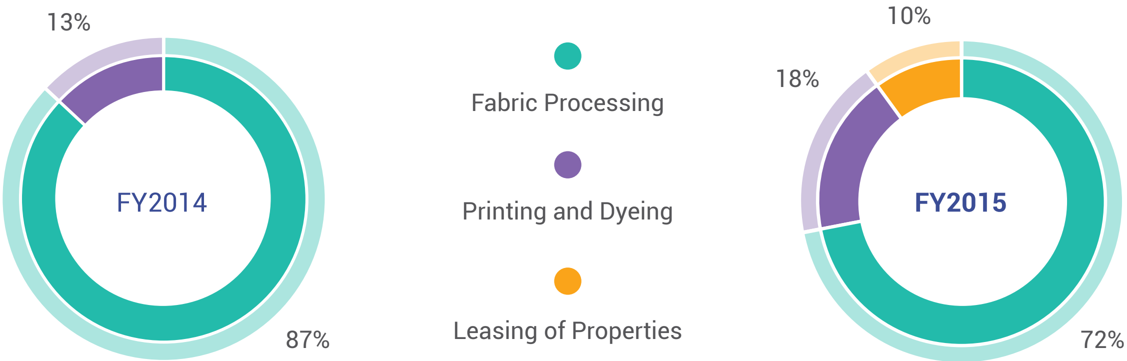
	FY2015	FY2014	Change (%)
Revenue	182.0	370.3	(50.9)
Gross Profit	35.1	23.4	50.0
Net Loss	61.2	(43.3)	NM
Loss per share -Basic basis (RMB cents)	20.28	(14.36)	NM
Net Asset Value per share (RMB cents)	51.9	31.6	64.2

Note: EPS and NAV are based on 301,500,000 Ordinary Shares
NM: Not meaningful

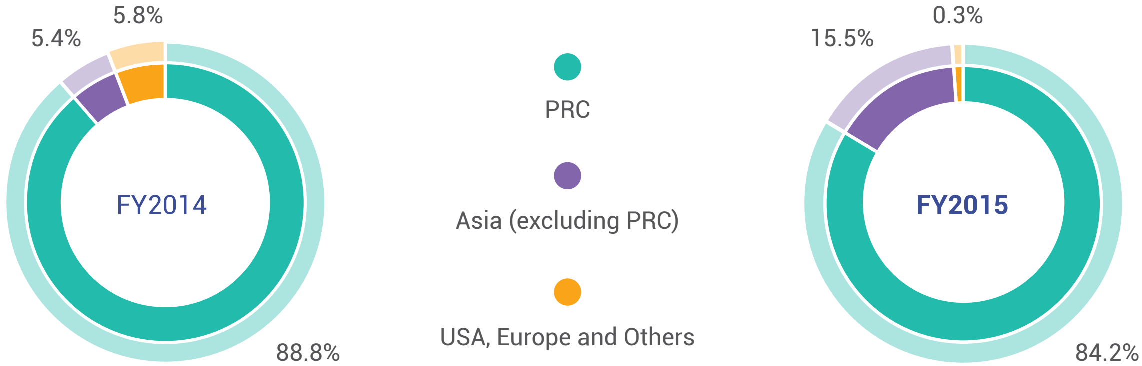
Production Capacity ('million metres) and Utilisation (%)



Revenue Breakdown by Business Segment



Revenue Breakdown by Geographical Segment



CHAIRMAN'S MESSAGE

Dear Shareholders,

2015 has been a challenging year, fraught with global economic uncertainties amid economic slowdown in China and tumbling commodity prices. Slowing growth in China, the world's second largest economy, further adds on to China textile industry's woes as the industry continues to see soft domestic demand and declining textile exports.

FY2015 Business Review

Despite the tough operating environment faced in FY2015 in which the Group saw a 51% decline in revenue to RMB182.0 million, we had achieved a turnaround in our performance as the Group made a net gain of RMB61.2 million, compared to a net loss of RMB43.3 million in FY2014. This was primarily due to a pretax gain of about RMB85.2 million from the disposal of the Group's subsidiary, Zhejiang Jishan Extra Width Co., Ltd. The disposal was part of our rationalisation strategy which we had embarked on since last year to optimise the Group's cost structures and boost productivity.

The Fabric Processing segment registered a decrease of 59% in revenue to RMB130.5 million but remains the Group's key contributor, which accounted for 72% of total revenue in FY2015. Revenue from the Printing and Dyeing segment, accounting for 18% of total revenue in FY2015, declined 35% to RMB32.5 million. The Group recorded RMB19.0 million in lease income which helps to partially offset the decrease in total revenue, due to renting out part of its factory space and plant and equipment in FY2015 as part of our rationalisation strategy to reduce redundancy and boost production efficiency.

Notwithstanding the lower revenue, gross profit grew 50% to RMB35.1 million in FY2015 as a result of decrease in raw material prices and energy costs and recognition of lease income. Gross profit margin significantly improved from 6.3% in FY2014 to 19.3% in FY2015.

Outlook

Looking ahead, we expect the outlook of our textile print and dye business to remain challenging as China's economic growth may continue to slow. Though China government has announced that it will step up efforts to spur domestic consumption growth through reforms and innovations, the textile industry continues to be beleaguered by rising labour costs and costs related to tighter environmental regulations. To better address these challenges, we will continue to focus strongly on prudent cost management and look to rent out more factory space and plant and equipment to increase our recurring income from leasing income, which will in turn help to gradually reduce the cost and improve the efficiency of our operations.

In Appreciation

Despite the tough year faced in FY2015, we had overcome the odds and achieved a respectable performance. For this, I would like to sincerely thank all our shareholders for your confidence and faith in us. I am also grateful to the Board of Directors, management team and staff for your dedication and commitment. We look forward to your continued support in the years to come as we strive to achieve greater success for the Group.

Mr Jin Guan Liang
Executive Chairman

主席致词

尊敬的股东们，

2015年是充满挑战的一年 —— 全球经济前景不明朗，中国经济放缓，大宗商品价格暴跌。去年，名列全球第二大经济体的中国出现经济放缓，导致中国纺织业面临更为严峻的营运环境，不仅国内需求疲弱，纺织品出口量也呈现下滑态势。

2015 财政年业务回顾

尽管2015财年经营环境艰难导致公司的收入下降51%至1亿8200万元人民币，本集团仍然转亏为盈，净利达到6120万元人民币，相比于2014财年度净亏损为4330万元人民币。集团能扭亏为盈主要是由于出售集团之子公司浙江稽山特宽幅印花有限公司获得大约8520万元人民币的税前收益。处置子公司是我们重整战略的一部分，而我们已经从去年起开始执行重整战略来消减成本及提高生产率。

布料加工业务的营收在2015财年下降59%至1亿3050万元人民币，但仍然为集团的主要业务，占本集团总营收72%。来自印染业务的营收则减少了35%至3250万元人民币，该业务占2015财年总营收的18%。由于我们租出工厂及设备的些部分，作为我们的重整战略来减少冗余及提高生产效率，本集团在2015财年取得1900万元人民币的租凭收入，助于部分抵消了总收入下跌。

尽管较低的收入，由于原材料及环保成本降低，而租赁的收入确认，毛利在2015财年增长50%至3510万元人民币。毛利率大幅提高，从2014财年的6.3%大幅提高至2015财年的19.3%。

展望

展望未来，鉴于中国经济持续放缓，我们预计纺织印染业的运营环境依然面临挑战。虽然中国政府宣布将通过改革和创新来进一步刺激内需增长，但由于人工成本增加且监管条例收紧导致环保成本上升，纺织业将继续受到负面的影响。为更好地应对这些挑战，我们将继续贯彻审慎的成本管理措施，并计划出租更多的厂房和设备来增加经常性租金收入，从而逐步减低成本，提高效益。

感谢

最后，尽管面临艰难的2015财年，我们仍然克服了困难，取得了可观的业绩。为此，我诚恳的感谢所有股东对我们的信任及诚信。我也在此对集团的董事会，管理团队及员工们所作出的贡献及努力表示最深切的谢意。我们会坚持不懈，继续努力前进，为本集团取得更亮眼的成绩！

金关良
执行主席

BOARD OF DIRECTORS

JIN GUAN LIANG
Executive Chairman

Mr Jin Guan Liang was appointed as a director of the Group on 23 December 2003. Mr Jin provides strategic advice to the Group, and has over 20 years of experience in the print and dye industry. Before joining us in 1989, Mr Jin was a manager in Shengli Industrial Supplies and Sales Company, and the chief accountant in Shengli Village Office. Mr Jin completed courses conducted by the Shanghai Economic Management Training Centre in 1985, and Tsinghua University Economic Management College in 1997. He also completed the Cheung Kong Graduate School of Business' China CEO Programme in January 2010, as well as the China Europe International Business School's 2010 Global CEO Programme in August 2010. Mr Jin was granted the title of "China Textile Industry Model Worker" in 2006. He is currently the Vice President of the China Print and Dye Industry Association. Mr Jin does not hold any directorships in other listed companies currently or over the preceding three years.

JIN RONG HAI
Executive Director / Chief Executive Officer

Mr Jin Rong Hai was appointed as a director of the Group on 13 March 2009 and has been with the Group since 1998. He has over 20 years of experience in the textile industry. Between 1987 and 1990, Mr Jin conducted his own business of sales of fabric and textiles. From 1990 to 1993, he was a sales staff at Shaoxing Shengli Printing and Dyeing Factory, the predecessor company of Jishan Print & Dye. In 1993, he started his own business of sales of fabric and textiles in Keqiao, Shaoxing City. From 1998 to 2003, he was the Factory Head of the printing workshop at Jishan Print & Dye and was responsible for its overall operations. From 2000, Mr Jin took on the additional responsibility of the overall operations of the pad-dye workshop of Jishan Print & Dye. From 2003 to 2008, Mr Jin was the Deputy General Manager and responsible for the overall production of Jishan Print & Dye. Mr Jin graduated from Shaoxing Shengli Secondary School. He is the brother-in-law of Mr Jin Guan Liang, our Group's Executive Chairman. Mr Jin does not hold any directorships in other listed companies currently or over the preceding three years.

YU MING HAI
Executive Director

Mr Yu Ming Hai was appointed as a director of the Group on 16 February 2006 and last re-elected on 29 April 2014. Mr Yu assists the General Manager of Zhejiang Jishan Printing & Dyeing Co., Ltd, one of the Group's major subsidiaries in the PRC, in its day-to-day operations. Mr Yu brings to the Board more than 20 years of public sector experience in macro-economic development and industrial management, in particular the printing and dyeing industry. Prior to joining the Group in March 2005, Mr Yu was the Deputy Governor of Fuquan Town, Shaoxing County, in charge of the industrial management of the town. He has served the government of Fuquan Town in various capacities and was appointed Deputy Governor in 2003. Mr Yu graduated from Zhejiang Province Chinese Communist Party School in December 2004 and obtained a diploma in Business Administration. Mr Yu does not hold any directorships in other listed companies currently or over the preceding three years.

BOARD OF DIRECTORS

LIEN KAIT LONG
Lead Independent Director

Mr Lien Kait Long was appointed to the Board on 20 March 2004 and last re-elected as a director on 30 April 2015. He was appointed as Lead Independent Director on 13 March 2009 and is also concurrently the Chairman of our Audit and Risk Committee and Nominating Committee. Mr Lien has more than 40 years of experience in accounting and finance, corporate management and business investments. He has held a number of senior management positions and executive directorships in various public and private corporations in Singapore, Hong Kong and China. Mr Lien holds a Bachelor of Commerce degree from Nanyang University, and is a fellow member of the CPA Australia and the Institute of Singapore Chartered Accountants. The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, renewable energy, oil & gas, consumer goods, textile and flexible packaging.

Mr Lien currently serves as an Independent Director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange: 8Telecom International Holdings Co. Ltd, Renewable Energy Asia Group Limited, Hanwell Holdings Limited, Falcon Energy Group Limited, Tat Seng Packaging Group Ltd, Viking Offshore and Marine Ltd and IPC Corporation Limited. He is also a Non-Executive Director of Pacific Healthcare Holdings Ltd and a Director of China Enterprises Limited, a company listed on the OTC Securities Market in the United States of America. In the past three years, he was an Independent Director of Youyue International Limited.

YIP WEI JEN
Independent Director

Mr Yip Wei Jen was appointed to the Board on 23 May 2008 and last re-elected as a director on 30 April 2015. He also sits on our Audit and Risk Committee and Remuneration Committee. Mr Yip has more than 10 years of experience in the finance industry in Asia. He is currently a Director of Structured Finance at BNP Paribas. Based in Shanghai, Mr Yip has been working on advisory and arranging cross border financings throughout Asia. He was based in Singapore between 2001 and 2006. Prior to BNP Paribas, Mr Yip was doing corporate finance at OCBC Bank from 2000 to June 2001. Before that, he was with Deloitte as an auditor from 1996 to 1999. Mr Yip holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. He has been awarded the CFA Charter and is a member of the Institute of Singapore Chartered Accountants. He has also completed the Executive Management Programme at Stanford Graduate School of Business. Mr Yip does not hold any directorships in other listed companies currently or over the preceding three years.

XU PING WEN
Independent Director

Mr Xu Ping Wen was appointed to the Board on 20 March 2004 and last re-elected as a director on 29 April 2014. He is concurrently the Chairman of our Remuneration Committee and member of the Audit and Risk Committee and Nominating Committee. With over 10 years of experience in legal practice, Mr Xu is currently a partner of Shanghai Guangfa Law Firm. He previously practised law at Fushun Yizhong Law Firm between 1996 and 1999. Mr Xu obtained his certification to practise law in the PRC in 1996, and graduated from Dalian Technological University in 1990 with a Bachelor degree in Casting.

Mr Xu is currently an Independent Director of 苏州麦迪斯顿医疗科技股份有限公司. He did not hold any other directorships in other listed companies in the preceding three years.

SENIOR MANAGEMENT

MICHAEL CHIN JONG YEAT

Chief Financial Officer

Mr Michael Chin Jong Yeat rejoined the Group on 19 November 2012. Prior to this, he had served in the same capacity as Chief Financial Officer, from 2008 to 2010. He is responsible for the financial and accounting functions of the Group. Mr Chin has more than 10 years' audit experience in the big four accounting firms in both Malaysia and China. Prior to joining the Group, he was with Deloitte Shanghai, PRC, as a Senior Audit Manager, specialising in various industries such as manufacturing, consumer products, and trading etc. He is a member of the Malaysian Association of Certified Public Accountants as well as a member of the Malaysian Institute of Accountants.

XIAO ZI LIANG

General Manager

Mr Xiao Zi Liang is responsible for overseeing the sales and marketing functions as well as the day-to-day operations of the Group. He has been working with the Group for more than 20 years in the area of sales and marketing. He graduated from Suzhou Institute of Silk Textile Technology in 1991, where he majored in dyeing and finishing.

HE GUAN FU

Head of Sales & Marketing

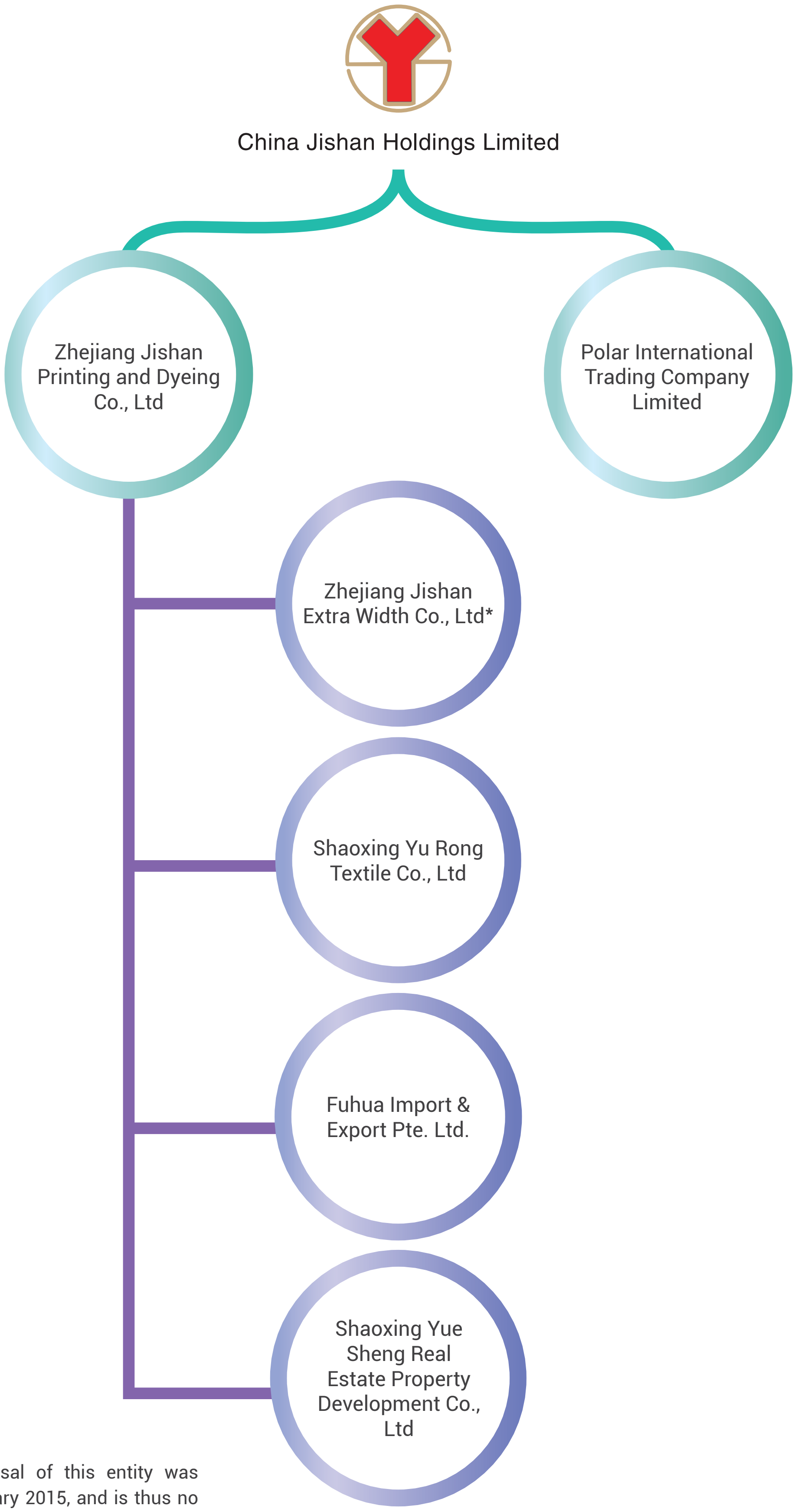
Mr He Guan Fu is responsible for the sales and marketing of Zhejiang Jishan Printing & Dyeing Co., Ltd, one of the Group's major subsidiaries in the PRC. He has over 20 years of experience in sales and marketing. Before joining our Group in 1993, Mr He was previously an English teacher from 1981 to 1984 and from 1986 to 1992. Mr He completed an English course by Zhejiang Television Broadcasting University in 1981, and graduated in 1986 from Shangyu Teachers' College with a secondary teacher's training diploma.

YAN MING JU

Factory Manager

Mr Yan Ming Ju is responsible for the Group's equipment management, production and development of new products. He first joined the Group on 10 July 2003 as an admin executive and worked his way up to personal assistant to the chairman before being promoted to his current role in 2010. Mr Yan graduated from Zhejiang Institute of Science and Technology (later renamed to Zhejiang Sci-Tech University) in 2003.

CORPORATE STRUCTURE



*The proposed disposal of this entity was completed on 1 January 2015, and is thus no longer part of the Group as at March 2015

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jin Guan Liang
Executive Chairman

Jin Rong Hai
Executive Director / Chief Executive Officer

Yu Ming Hai
Executive Director

Lien Kait Long
Lead Independent Director

Yip Wei Jen
Independent Director

Xu Ping Wen
Independent Director

AUDIT AND RISK COMMITTEE

Lien Kait Long (Chairman)
Xu Ping Wen
Yip Wei Jen

NOMINATING COMMITTEE

Lien Kait Long (Chairman)
Xu Ping Wen
Jin Guan Liang

REMUNERATION COMMITTEE

Xu Ping Wen (Chairman)
Lien Kait Long
Yip Wei Jen

COMPANY SECRETARY

Chan Wai Teng Priscilla

REGISTERED OFFICE

1 Sophia Road
#05-03 Peace Centre
Singapore 228149
T: (65) 6337 1295
F: (65) 6337 4225

PRINCIPAL PLACE OF BUSINESS

No. 276 Zhongxing Middle Road,
2nd Floor, Block A Xiandai Building,
Shaoxing City, Zhejiang,
The People's Republic of China
Postal Code 312000
T: (86) 575 8520 2622
F: (86) 575 8520 2699

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Intertrust Singapore Corporate Services Pte. Ltd.
3 Anson Road
#27-01 Springleaf Tower
Singapore 079909

AUDITORS

Moore Stephens LLP
Chartered Accountants of Singapore
10 Anson Road
#29-15 International Plaza
Singapore 079903

Audit Partner-in-Charge:
Ng Chiou Gee Willy
Date of Appointment:
22 November 2012

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Shaoxing City Branch
No. 180 Shengli East Road
Shaoxing City
The People's Republic of China

China CITIC Bank
No.16, Fanli Road
Yangguang Building
Shaoxing City
The People's Republic of China

Agriculture Bank of China
Shaoxing City West Branch
No. 459 Zhongxing South Road
Shaoxing City
The People's Republic of China

INVESTOR RELATIONS

August Consulting
101 Thomson Road
#30-02 United Square
Singapore 307591
T: (65) 6733 8873
E: colintan@august.com.sg

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") of China Jishan Holdings Limited ("the Company") is committed to maintain high standards of corporate governance and transparency within and throughout the Company and its subsidiaries ("the Group") to enhance shareholder value and financial performance of the Group by following closely the recommendations of the Code of Corporate Governance 2012 ("the Code") issued on 2 May 2012. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("the SGX-ST") on 10 May 2004 and the Group is continuously refining its policies and practices so as to achieve this goal. This report describes the Group's corporate governance processes and practices with specific reference to the principles of the Code.

The Board is pleased to confirm that the Group has adhered to the principles and guidelines as set out in the Code, where appropriate.

BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The Board comprises three Executive Directors and three Independent Non-Executive Directors, all having the right core competencies and diversity of experience which enable them to effectively contribute to the Group, and all directors objectively take decisions in the interest of the Group.

The Board's primary role is to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises executive management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Besides carrying out its statutory responsibilities, the Board's role is to:

1. provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

2. set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

3. review management performance;

4. establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

5. approve all Board appointments and appointments of key personnel to ensure effective management leadership of the highest quality and integrity, and review management performance;

6. identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; and

7. consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Board Processes

All Directors exercise reasonable diligence and independent judgement when making decisions and are obliged to act honestly and consider the interests of the Group at all times.

CORPORATE GOVERNANCE REPORT

To assist the Board in the execution of its responsibilities, the Board delegates specific authority to a number of Board Committees including an Audit and Risk Committee, a Nominating Committee and a Remuneration Committee. These Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. They assist the Board operationally without the Board losing authority over major issues.

The Board meets at least four times in a year. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

The agenda for meetings is prepared in consultation with the Executive Chairman/Chief Executive Officer ("CEO"). Standing items include the management report, financial reports, strategic matters, governance, business risk issues and compliance. Executives are regularly invited to attend Board meetings to provide updates on operational matters.

Directors' meetings held in 2015

The attendances of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings in the financial year under review, are disclosed at the end of this Report. In addition to physical meetings, the Board and Board committees also circulate written resolutions for approval by the relevant members of the Board and Board committees.

Matters requiring Board approval

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investment and divestment proposals, material acquisitions and disposals of assets, major funding proposals, major corporate policies on key areas of operations, the release of the Group's quarterly and full-year results, annual report, interested person transactions of a material nature, and declaration and proposal of dividends.

Board Orientation and Training

There was no new Director appointed in FY2015. Upon appointment of a new director, the Company provides a formal letter to the director, setting out the Director's duties and obligations; policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restriction on disclosure of price-sensitive information; Annual Report and Code; Company's constitutional document; SGX-ST Listing Manual and relevant legislations; and other pertinent information for his reference. The Group conducts a comprehensive orientation programme to familiarise new directors with the Group's operations and business issues, relevant regulations and governance requirements, financial performance and key management staff of the Group.

The Directors participate in seminars, training programmes and discussions to keep themselves updated on the latest changes and developments concerning the Group and keep abreast of the latest regulatory changes. The Directors are also provided with updates on the relevant new laws and regulations related to the Group's operating environment through emails and regular meetings. Annually, the Internal Auditors update the Board Members on the outcome of the risk assessment activity and the regular follow-ups. The Directors also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations.

The Company also provides for Directors' participation at industry conferences and seminars, and subject to Chairman's approval, to fund Directors' attendance at any course or training program in connection with their duties as Directors, if such participation or attendance is required.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

Presently the Board comprises three Executive Directors and three Independent Non-Executive Directors. The participation of the Directors in the Board committees is as follows:

Name of Director	Appointed On	Date of Last Re-election	Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee
Jin Guan Liang	23 December 2003	–	Executive Chairman			M
Jin Rong Hai	13 March 2009	–	CEO and Executive Director			
Yu Ming Hai	16 February 2006	29 April 2014	Executive Director			
Lien Kait Long	20 March 2004	30 April 2015	Lead Independent Director	C	M	C
Xu Ping Wen	20 March 2004	29 April 2014	Independent Non-Executive Director	M	C	M
Yip Wei Jen	23 May 2008	30 April 2015	Independent Non-Executive Director	M	M	

C: chairman; M: member

The Company voluntarily appointed Messrs Shook Lin & Bok LLP as its Compliance Adviser.

Board Independence

The independence of each Director is reviewed annually by the Nominating Committee ("NC"). The NC adopts the Code's definition of what constitutes an Independent Director in its review. The NC has reviewed the independence of Mr Lien Kait Long, Mr Xu Ping Wen and Mr Yip Wei Jen.

Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with shareholders' interest. Presently, Mr Lien Kait Long and Mr Xu Ping Wen have served as Independent Directors of the Company for more than nine years since their initial appointments in 2004. The Board has subjected their independence to a particularly rigorous review.

Taking into account the views of the NC, the Board concurs that Mr Lien Kait Long and Mr Xu Ping Wen continued to demonstrate strong independence in character and judgement over the years in the discharge of their duties and responsibilities as Directors of the Company, with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just its majority shareholder. They have expressed individual viewpoints, debated issues and objectively scrutinised Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. Further, having gained in-depth understanding of business, operating environment and direction of the Group, they provide the Company with much needed experience and knowledge of the industry and offering valuable advice. Mr Lien has extensive experience in accounting and finance, corporate management and business investment and is familiar with the SGX-ST requirements and Singapore environment. Mr Xu is a lawyer in the People's Republic of China (the "PRC") and is familiar with the legal environment in the PRC. Both have independent income source apart from the fixed fees received from the Company.

CORPORATE GOVERNANCE REPORT

Mr Yip Wei Jen, a Non-Executive Independent Director, is considered by the NC and the Board to be independent. They are of the view that no individual or small group of individuals dominates the Board's decision making process. Independent Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Board Composition and Size

The Board proactively seeks to maintain an appropriate balance in its composition and size. This is reflected in the diversity of backgrounds, experience and knowledge of our Directors whose competencies range from banking, finance, accounting and legal; to relevant business, customer-based and industry knowledge; strategic planning, entrepreneurial and management experience; and familiarity with regulatory requirements and risk management. This is beneficial to the Company and its Management as decisions by, and discussions with, the Board would be enriched by the broad range of views and perspectives and the breadth of experience of our Directors. Each Director with his special contributions brings to the Board an independent and objective perspective to enable balanced and well considered decisions to be made.

The NC conducts annual review and is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

The Board is of the view that the current board size of six Directors is appropriate, taking into account the nature and scope of the Company's operations. It provides sufficient diversity without interfering with efficient decision-making.

Principle 3: Chairman and CEO

The Group keeps the roles of the Chairman and CEO separate. There is a clear division of responsibilities between the Chairman and the CEO, which ensures that there is a balance of power and authority at the top of the Group.

Mr Jin Guan Liang is the Executive Chairman of the Board. The Chairman's principal role is to lead the Board to ensure its effectiveness on all aspects of its role; set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; and promote a culture of openness and debate at the Board. He manages the business of the Board and the Board Committees; preserve harmonious relations and ensure effective communication with shareholders; encourage constructive relations within the Board and between the Board and management; facilitate the effective contribution of Non-Executive Directors; and ensures that the Directors receive accurate, complete, adequate and timely information. The Chairman also advises on the Group's business strategy, keeps Board members abreast of key developments affecting the Group, and promotes high standards of corporate governance.

Mr Jin Rong Hai was appointed as CEO/Executive Director on 13 March 2009. His over 20 years of experience in the textile industry will be instrumental in steering the Group in the new business direction. He is the brother-in-law of Mr Jin Guan Liang.

Mr Lien Kait Long was appointed as the Lead Independent Director on 13 March 2009. The Lead Independent Director is available to shareholders in circumstances where shareholders' concerns raised through normal channels to the Chairman, CEO or Chief Financial Officer has failed to resolve or where such contact is inappropriate.

CORPORATE GOVERNANCE REPORT

There is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on affairs and operations of the Group by members of the Board, taking into account factors such as the appointment of a Lead Independent Director, the number of Independent Non-Executive Directors making up 50% of the Board, as well as the contributions made by each member at board meetings which relate to the affairs and operations of the Group.

As a general rule, board papers are sent to Directors at least three days in advance in order for Directors to be adequately prepared for the meeting. Management staffs who have prepared the papers, or who can provide additional insight into matters to be discussed, are invited to present the papers or attend at the relevant time during the board meeting. The Chairman with the assistance of the Compliance Adviser, Secretary, Chief Financial Officer and Board members ensure that procedures are introduced to comply with the Code.

The above is not an exhaustive description of the current or future role of the Chairman and CEO. The role of the Chairman and CEO may change in line with developments affecting the Group.

Principle 4: Board Membership

Nominating Committee ("NC")

The NC comprises three members, two of whom, including the Chairman, are Independent Non-Executive Directors. The chairman is Mr Lien Kait Long, the Lead Independent Director. He is not, nor has any relationship with, a substantial shareholder of the Company. The other two members are Mr Jin Guan Liang, the Executive Chairman, and Mr Xu Ping Wen.

The NC meets at least once a year and when necessary. It is guided by the Terms of Reference adopted by the Committee on 11 November 2013, amended to be in line with the recommendations in the Code.

The NC is responsible for the following:

a Review and recommend to the Board on the appointment and re-appointment of Directors (including Alternative Directors, if applicable) having regard to their contribution and performance.

b Review the skills required by the Board, and the size of the Board.

c Ensure that the Company adheres to the board composition rules, including having Independent Directors make up 50% of the Board under certain circumstances.

d Assess the independence of the Directors annually.

e Evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple Board representations.

f Develop a process for evaluating the performance of the Board, its board committees and contribution of each individual Director.

g Formal assessment of the effectiveness of the Board as a whole, its board committees and individual Director.

h Review the training and professional development programmes for the Board.

i Review the Board succession plans for Directors, in particular, the Chairman and CEO.

CORPORATE GOVERNANCE REPORT

The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and appointment of new Directors. The review ensures that the Director to be re-nominated or appointed is committed, able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgment, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities (such as preparedness and candour).

When the need for a new Director is identified, either to replace a retiring Director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The NC after completing its assessment, meets with the short-listed candidates to assess their suitability, before submitting the appropriate recommendation to the Board for approval.

Pursuant to Article 88 of the Constitution of the Company, new Directors must submit themselves for re-election at the next AGM of the Company immediately following their appointment. Article 89 requires one-third of the Board (other than those retiring under Article 88, the Executive Chairman and CEO) to retire by rotation at every AGM. The Directors due for retirement under Articles 89 at the forthcoming Annual General Meeting are Mr Yu Ming Hai and Mr Xu Ping Wen. The NC recommends to the Board and shareholders, their re-nomination as Directors after taking into account their contributions and performance.

The NC reviewed whether a Director who has multiple board representations is able to and has been adequately carrying out effectively the duties as a Director and to ensure that internal guidelines adopted to address the competing time commitments are relevant and being followed. All Directors are required to declare their Board representations. As a result of the NC's review, the NC is of the view that Mr Lien Kait Long, Mr Jin Rong Hai and Mr Jin Guan Liang who sit on multiple boards, have and are able to more than adequately carry out their duties as Directors of the Board.

The NC is of the view that there is no need to set a limit on the number of listed company board representations a Director should have as it is not meaningful. The contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities, their different capabilities, the nature of the organisations in which they hold appointments, and the kind of committees on which they serve being of different complexities. Instead, the NC will assess each potential or existing Director relative to his abilities and known commitments and responsibilities. Specific considerations are also given to their attendance, contactability and responsiveness, contributions and individual capabilities.

The NC has in place a selection and nomination process for the appointment of a new Director. The NC will first source for a list of suitable candidates (where applicable) and review their qualifications, experience, expertise and independence before making its recommendations to the Board. Similarly, the NC will evaluate a Director in accordance with set criteria before recommending him to the Board for re-election.

Key information regarding the Directors is given in the "Board of Directors" section of this annual report.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

The NC is responsible for recommending and implementing a process to assess the effectiveness of the Board and its Board committees as well as assessing the contribution of each individual Director to the overall effectiveness of the Board. An assessment system and evaluation forms have been established and adopted for the evaluation of the Board and Board Committees. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability Board processes and Board performance in relation to discharging its principal responsibilities. For the year under review, all Directors participated in the evaluation by providing feedback to the NC in the form of completing the Board and Board Committees Performance Assessment checklists. To ensure confidentiality, the evaluation returns completed by all Directors were submitted to the Company Secretary for collation and consolidated responses were presented to the NC and the Board for their review.

Each individual Director is evaluated and assessed as to whether he continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, attendance, adequacy of preparation, generation of construction discussion, independence, team spirit etc.

Based on NC's review, the Board and various Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board.

The Board and the NC have used their best efforts to ensure Directors appointed to the Board possess the necessary background, experience and knowledge in relevant industry and geographic know-how, business, law and finance and have the appropriate management skills critical to the company's business and that each Director with his special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

A formal review of the performance of the Board, Board Committees and Individual Director is undertaken annually by the NC. Renewals or replacement of Board members, when it happens, do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the company and its business.

Principle 6: Access to Information

To enable the Board to function effectively and fulfil its responsibilities, Management recognises its obligation to provide the Board and Board Committees with complete, adequate information in a timely manner. Management provides the Board with detailed Board papers specifying relevant information and commercial rationale for each proposal, as and when arise, for which Board approval is sought. The Executive Chairman and CEO keep Board members abreast of key developments affecting the Group as well as material transactions in order that the Board is fully aware of the affairs of the Group. Directors also from time to time receive detailed information concerning the Group to enable them to be fully cognizant of the decisions and actions of management.

Directors have unrestricted access to the Company's records and information and receive management accounts and other financial information on the Company's activities. Besides these, the Board also meets and discusses the quarterly performance of the Group. Detailed Board papers and related materials are prepared for each meeting of the Board and are normally circulated at least three days in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. The Group's CEO and the key management personnel are present at these meetings to address any queries which the Board may have.

CORPORATE GOVERNANCE REPORT

Presentation decks for analysts and media reports, if any, on the Group are forwarded to the Directors on an ongoing basis.

The Board has separate and independent access to all levels of senior management and the Company Secretary at all times through email, telephone and face-to-face meetings. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished. The Audit and Risk Committee meets the external Auditors separately at least once a year, without the presence of the Executive Chairman, CEO, Executive Directors and other senior management members, in order to have free and unfettered access to any information that it may gather or require.

The Company Secretary attends all the Board meetings and Board committee meetings. She ensures that Board procedures are followed, and applicable rules and regulations are complied with. The removal and appointment of the Company Secretary is decided by the Board. The Company Secretary also advises the Board on corporate governance matters and they are also the channel of communication between the Company and the SGX-ST.

The Management, in consultation with the Compliance Adviser and other relevant professional advisors, is responsible for compliance with all rules, statutes and regulations which are applicable to the Company.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, they or he could select a professional advisor approved by the Board, to render the advice. The cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") ensures the appropriateness, transparency and accountability to shareholders on issues of remuneration of the directors, executive management, and employees who are related to the Directors, CEO and Substantial Shareholders.

The RC comprises three members, all of whom are Independent Non-Executive Directors. The chairman of the RC is Mr Xu Ping Wen. The members are Mr Yip Wei Jen and Mr Lien Kait Long. It is guided by the Terms of Reference adopted by the Committee on 11 November 2013, amended to be in line with the recommendations in the Code.

Our RC is responsible for the following:

a to recommend to our Board a framework of remuneration and specific remuneration packages for each Director and key management personnel, such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

b to review the remuneration of senior management, and employees who are related to the Directors, CEO and substantial shareholders; and

c in the case of service contracts, to consider what compensation commitments the contracts of service of Executive Directors and key management personnel, if any, would entail in the event of early termination, with a view to be fair, and avoid rewarding poor performance.

CORPORATE GOVERNANCE REPORT

The Executive Directors are not present during discussions relating to their respective compensations, terms and conditions of service and review of performance. Similarly, no member of the RC is involved in deciding his own remuneration. Whenever necessary, the RC has access to expert advice from internal as well as external sources on remuneration of all Directors.

Principle 8: Level and Mix of Remuneration

The Company has adopted the spirit of the Code to determine the remuneration for Directors/key management personnel so as to ensure that the Company attracts and retains Directors/key management personnel needed to run the Group successfully. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group and individual in the achievement of performance targets set at the beginning of the financial year. In setting remuneration package, the RC ensures that it is adequate but not excessive and takes into account pay and employment conditions within the industry and in comparable companies, and the level of remuneration paid to Board Directors/key management personnel in other Singapore listed corporations relative to their sizes, work load and complexity.

The Executive Chairman, Jin Guan Liang and other Executive Directors do not receive Directors' fees. The service agreements of Executive Directors/key management personnel consist of a basic salary component and a variable component which includes allowances and a variable bonus that is link to individual performance and the performance of the Group as a whole, giving due regard to the financial and commercial health and business needs of the Group. Such performance related remuneration should be aligned with the interests of shareholders and promotes the longer-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of the risks. The Executive Directors did not receive any bonus in the financial year ended 31 December 2015 ("FY2015").

Service contracts for Executive Directors are for a fixed appointment period. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of an Executive Directors. Notice periods in service contracts are set at a period between three to six months.

The Independent and Non-Executive Directors do not have any service agreements with the Company. Except for Directors' fees, which have to be approved by Shareholders at every Annual General Meeting ("AGM"), the Independent and Non-Executive Directors do not receive any other forms of remuneration from the Company. The Board concurred with the RC that the proposed Directors' fees for FY2015 is appropriate and that the Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.

The RC is of the view that the remuneration policy and amounts paid to the Directors are adequate and are reflective of present market conditions. Presently the Company does not have any share-based compensation scheme or any long-term incentive schemes involving the offer of shares or grant of options in place or any other forms of deferred remuneration. In evaluating long-term incentive schemes, the RC takes into consideration the costs and benefits of such schemes.

Principle 9: Disclosure on Remuneration

The remuneration of each individual Director and key executive officer of the Group is however not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

CORPORATE GOVERNANCE REPORT

The report on Directors' remuneration is given below:

	Fees %	Salary %	Bonus %	Termination, Retirement and Post-employment benefits %	Other Benefits %	Total %
Below S$250,000						
Jin Guan Liang	–	100	–	–	–	100
Jin Rong Hai	–	100	–	–	–	100
Yu Ming Hai	–	100	–	–	–	100
Lien Kait Long	100	–	–	–	–	100
Yip Wei Jen	100	–	–	–	–	100
Xu Ping Wen	100	–	–	–	–	100

Fees are subject to the approval of Shareholders at the AGM to be held on 29 April 2016.

The Executive Directors do not receive any Director's fee. The Company adopts a remuneration policy for management and staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual in the achievement of performance targets set at the beginning of the financial year. This is designed to align remuneration with the interests of the shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group

At present, the Company does not have any employee share option scheme.

The Group's top 5 key executives are:

Mr Ling Wei Liang – Integrated Department Head
Mr Chin Jong Yeat Michael – Chief Financial Officer of China Jishan Holdings Limited
Mr Xiao Zi Liang – General Manager
Mr Yan Ming Ju – Factory Manager
Mr He Guan Fu – Head of Sales & Marketing

CORPORATE GOVERNANCE REPORT

The remuneration paid to each of the top five key executives who are not Directors of the Company are all below S$250,000. A breakdown of the level and mix of remuneration of these top five key executives is as follows:

	Salary %	Bonus %	Termination, Retirement and Post-employment benefits %	Other Benefits %	Total
Below S$250,000					
Yan Ming Ju	90	10	–	–	100
Ling Wei Liang	76	24	–	–	100
Chin Jong Yeat Michael	100	–	–	–	100
He Guan Fu	88	12	–	–	100
Xiao Zi Liang	90	10	–	–	100

The aggregate total remuneration paid to or accrued to the top five key executives (who are not Directors or CEO) amounted to RMB1,886,618 (S$411,252).

One employee of the Group, Mdm Jin Yao Yun, is the wife of Mr Jin Guan Liang, Executive Chairman and substantial shareholder. Her remuneration is between S$50,000 and S$100,000 during FY2015.

The Board will not include an annual remuneration report in the agenda of the forthcoming AGM, as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Company.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. All information on the Group's new initiatives is first disseminated via SGXNET followed by news release (where appropriate).

Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

This has been fully described under "Access to Information" (Principle 6).

Principle 11: Risk Management and Internal Controls, and Principle 12: Audit and Risk Committee ("ARC")

The ARC comprises our three Independent Non-Executive Directors, Mr Lien Kait Long, Mr Yip Wei Jen and Mr Xu Ping Wen. It is chaired by Mr Lien Kait Long. Both Mr Lien Kait Long and Mr Yip Wei Jen have many years of experience in the financial services industry and are certified public accountants. In addition, these members bring with them a wealth of experience in business in China, Singapore and internationally. The Board considers that the members of the ARC are appropriately qualified to discharge the responsibilities of the ARC.

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Our ARC meet once every quarter and when necessary. It is guided by the Terms of Reference adopted by the Committee on 11 November 2013, amended to be in line with the recommendations in the Code.

The ARC is responsible for the following:

(a) determining the Company's level of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(b) reviewing and reporting to the Board annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls;

(c) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(d) review the quarterly and annual announcements and balance sheets and profit and loss statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(f) ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discussing problems and concerns, if any arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(g) discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(h) reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and; approving the remuneration and terms of engagement of the external auditors;

(i) reviewing annually the effectiveness of the internal audit function and to ensure that it is adequately resourced and has appropriate standing within the Company;

(j) review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken ("whistle blowing" procedures);

(k) review transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) undertake such other reviews and projects as may be requested by our Board and will report to our Board its findings from time to time on matters arising and requiring the attention of our ARC; and

(m) generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

The ARC has the explicit powers to conduct or authorise investigations into any matters within its Terms of Reference. The ARC has full access to and co-operation by management and also full discretion to invite any Director or executive officer to attend its meetings as well as given reasonable resources to enable it to discharge its function properly.

For FY2015, the ARC met with the external auditors once without the presence of the management. This meeting enables the external auditors to raise issues encountered in the course of their work directly to the ARC.

The ARC meets with the Group's Internal Auditors ("IA") as well as its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The ARC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, as well as the cost effectiveness of the audit before confirming their re-nomination. The audit fees earned by Messrs Moore Stephens LLP Singapore and their member firms for the year ended 31 December 2015 is S$130,000/-. No non-audit fee is payable to them.

The ARC has conducted a review and the Company confirms that it is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in engaging Moore Stephens LLP, registered with the Accounting and Corporate Regulatory Authority, Singapore, as the external auditors of the Company for FY2015. The ARC also conducts a review to ensure that there are no improper activities of the Company.

The external auditors provide regular updates and briefings to the ARC on changes or amendments to accounting standards to enable the members of the ARC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The ARC advises the Board regarding the adequacy of the Group's internal controls.

The Company has put in place a Whistle-Blowing framework, endorsed by the ARC, by which employees and external parties may raise concerns in confidence about wrongdoing, malpractice or possible irregularity within the Group, and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. The ARC conducts annual review of the Whistle-Blowing Policy.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

An Enterprise Risk Management programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, inter alia, financial, operational, compliance and information technology risks faced by the Group. The key risks identified are deliberated by Senior Management, and will be reported to the ARC on a quarterly basis. Having identified the risks to the achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and/or proposed in respect of each significant risk. Reviews are carried out on the management and mitigating actions of each significant risk. The proper implementation of all required corrective, preventive or improvement measures are closely monitored. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. The approach to risk management and internal controls refers to the Enterprise Risk Management Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The IA review policies

CORPORATE GOVERNANCE REPORT

and procedures as well as key controls and highlight any issues to the Directors and ARC. In addition, the external auditors, in performing their audit of the financial statements, perform tests over operating effectiveness of certain controls that are relevant to the Group's preparation of its financial statements. The external auditors report any significant deficiencies in such internal controls to the Directors and the ARC.

The ARC reviews the adequacy and effectiveness of the Company's financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management (collectively "Internal Controls") annually.

The Board, with the concurrence of the ARC, is of the opinion that the Group's system of Internal Controls that has been maintained by the Group's management throughout the financial year ended 31 December 2015 (including financial, operational, compliance and information technology controls, and risk management systems), are adequate and effective.

The Board and ARC are of the opinion that, the Group's Internal Controls were adequate based on:

(i) the internal controls established and maintained by the Group;

(ii) reports issued by the internal and external auditors of the Group;

(iii) regular reviews performed by the management, and annual review undertaken by ARC and the Board; and

(iv) confirmation by the management of the Company.

The Board has received assurance from CEO and Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective.

Principle 13: Internal Audit

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests and the Group's assets and business. The Group outsourced its internal audit function to a suitably qualified public accounting firm.

The ARC reviews and approves the internal audit plans, resources and reports, and the internal audit fees. The IA has unfettered access to all the company's documents, records, properties and personnel, including access to the ARC. The IA reports directly to the chairman of the ARC on audit matters and to the CEO on administrative matters.

An annual review of the internal audit function is carried out. The ARC is satisfied that the internal audit function is (i) adequately resourced and has appropriate standing within the Group, (ii) staffed with persons with relevant qualifications and experience and (iii) the IA carry out its function according to the standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors as the guidance for the outsourcing works and applied COSO Internal Control Frameworks to do its review.

Principle 14: Shareholder Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

CORPORATE GOVERNANCE REPORT

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held in a central location in Singapore, where relevant rules and procedures governing the meetings are clearly communicated. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company will conduct poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, are explained at such general meetings.

Currently, the Constitution of the Company allows all shareholders (members) to appoint up to two proxies to attend general meeting and vote on their behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Principle 15: Communication with Shareholders, and
Principle 16: Conduct of Shareholder Meetings

In line with continuous disclosure obligations of the Company, pursuant to Corporate Disclosure Policy of the SGX-ST, the Board's policy is that shareholders are informed of all major developments that impact the Group in a timely, fair and equitable manner.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

a Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards.

b Quarterly and full-year financial statements containing a summary of the financial information and affairs of the Group for the period.

c Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings.

d Press and analyst briefings for the Group's interim and annual results as well as other briefings, as appropriate.

e Press releases on major developments of the Group, as appropriate.

f Disclosures to the SGX-ST.

g The Group's website at www.jishangroup.com on which shareholders can access information relating to the Group.

The Company retained August Consulting Pte Ltd as its Investor Relations firm.

CORPORATE GOVERNANCE REPORT

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The AGM is the principal forum for dialogue with shareholders.

The Annual Report and notice of the AGM are dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The notice is also advertised in newspapers and made available on the SGXNet. The Board actively encourages shareholders to participate during AGMs. They have opportunity to raise issues either informally or formally before or at the AGMs. These meetings provide excellent opportunities for the Company to obtain shareholders' views. The Chairmen of the Audit and Risk, Remuneration and Nominating Committees or their representatives are available at the meeting to answer questions relating to the work of these committees. The external auditors are also available to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

For the time being, the Board is of the view that it is adequate to enable shareholders to participate in general meetings of the Company by voting in person or through proxy/ies, and is not proposing to amend its Constitution to allow voting in absentia.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management, and makes these minutes available to shareholders upon their request.

In line with the new SGX-ST Main Board Listing Rule 730A, with effect from 1 August 2015, all resolutions will be voted by way of poll and the Company will announce the detailed results showing the number of vote cast for and against each resolution and the respective percentages to the public.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Company has been declaring dividends on an annual basis up to FY2012.

No dividend is declared in FY2015 as the Company's priorities are to set aside funds for the impending relocation of the office and factories, and to achieve long term growth for the future benefit of its shareholders.

Any pay-outs are clearly communicated to shareholders via the financial results announcement through SGXNet.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. To this end, the Company is committed to provide a high level of disclosure in public announcements, press releases and annual reports.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

The Company has adopted an internal Code of Dealings in Securities by Officers of the Company ("Policy") in compliance with Rule 1207(19) of the SGX-ST Listing Manual. Officers (including directors and employees) of the Group are prohibited from dealing in the Company's shares while in possession of unpublished material price sensitive information; on short term considerations; and during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's annual results and ending on the date of announcements of such results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

INTERESTED PERSON TRANSACTIONS POLICY

All transactions with interested persons shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, our Directors shall not vote in regard to any contract, proposed contract or arrangement in which he has directly or indirectly a personal material interest.

The Company has adopted an internal policy in respect of transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions by the ARC, the Board and the Shareholders (where applicable).

There is no Interested Person Transaction ("IPT") for FY 2015.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting at the end of the financial year ended 31 December 2015.

Directors' Attendance at Board and Board Committee Meetings

Period covering January to December 2015

	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
Name of directors	Number of meetings held	Attendance	Number of meetings held	Attendance	Number of meetings held	Attendance	Number of meetings held	Attendance
Jin Guan Liang	4	4	N.A.	N.A.	N.A.	N.A.	1	1
Yu Ming Hai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Jin Rong Hai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Yip Wei Jen	4	4	4	4	1	1	N.A.	N.A.
Lien Kait Long	4	4	4	4	1	1	1	1
Xu Ping Wen	4	4	4	4	1	1	1	1

N.A.: not applicable

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors of the Company present their statement to the members together with the audited consolidated financial statements of China Jishan Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 36 to 89, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due as disclosed in Note 2(b) to the financial statements.

1 Directors

The directors of the Company in office at the date of this statement are as follows:

Jin Guan Liang	(Executive Chairman)
Jin Rong Hai	(Executive Director/Chief Executive Officer)
Yu Ming Hai	(Executive Director)
Lien Kait Long	(Lead Independent Director)
Yip Wei Jen	(Independent Director)
Xu Ping Wen	(Independent Director)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

3 Directors' Interests in Shares or Debentures

The interests of the directors holding office at the end of the financial year in the share capital of the Company and its related corporations as recorded in the register of directors' shareholdings were as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
Name of director and company in which interests are held	**As at 1.1.15**	**As at 31.12.15**	**As at 1.1.15**	**As at 31.12.15**
		No. of Ordinary shares		
Company:				
China Jishan Holdings Limited				
Jin Guan Liang	16,649,500	16,649,500	220,322,500	220,623,000

	Holdings registered in name of director	
Name of director and company in which interests are held	**As at 1.1.15**	**As at 31.12.15**
Ultimate Holding Company(1):		
Jin Cheng International Holding Limited		
- Ordinary shares of US$1.00 each		
Jin Guan Liang	1,208,240	1,208,240

(1) At 31 December 2015, Jin Cheng International Holdings Limited held 73.18% (2014: 73.08%) of the ordinary shares in the Company.

By virtue of Section 7 of the Act, Mr Jin Guan Liang is deemed to have an interest in the shares held by the Company in all its wholly owned subsidiary companies.

There was no change in the above mentioned directors' interests in the shares or debentures of the Company and its related corporations as at 31 December 2015 and 21 January 2016.

Except for disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

4 Share Options

Options Granted

During the financial year, there were no share options granted by the Company or its subsidiaries.

Options Exercised

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

5 Audit and Risk Committee

The Audit and Risk Committee ("ARC") comprises all non-executive directors. The members of the ARC at the date of this report are as follows:

Lien Kait Long (Chairman)
Yip Wei Jen
Xu Ping Wen

The ARC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance, which includes the following:

(a) Determining the Company's level of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(b) Reviewing and reporting to the Board annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls;

(c) Review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(d) Review the quarterly and annual announcements and balance sheets and profit and loss statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

5 Audit and Risk Committee (cont'd)

(f) Ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discussing problems and concerns, if any arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(g) Discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(h) Reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and; approving the remuneration and terms of engagement of the external auditors;

(i) Reviewing annually the effectiveness of the internal audit function and to ensure that it is adequately resourced and has appropriate standing within the Company;

(j) Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken ("whistle blowing" procedures);

(k) Review transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) Undertake such other reviews and projects as may be requested by our Board and will report to our Board its findings from time to time on matters arising and requiring the attention of our ARC; and

(m) Generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made there to from time to time.

Further details regarding the ARC are disclosed in the Report on Corporate Governance included in the Company's Annual Report.

The ARC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

6 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

Jin Rong Hai
Director

Yu Ming Hai
Director

31 March 2016

INDEPENDENT AUDITORS' REPORT

To the Members of China Jishan Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of China Jishan Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group"), as set out on pages 9 to 71, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2(b) to the financial statements which states that for the financial year ended 31 December 2015, the Group incurred a net cash outflow from operating activities amounting to RMB27,417,000 (2014: RMB8,248,000) and as at 31 December 2015, the Group has net current liabilities of RMB400,826,000 (2014: RMB494,788,000) excluding the development properties held for sale which are expected to be realised longer than twelve months (Note 16).

INDEPENDENT AUDITORS' REPORT

To the Members of China Jishan Holdings Limited

Emphasis of Matter (cont'd)

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, 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 2015 is appropriate after taking into consideration the following factors:

(i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

(ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	181,972	370,296
Cost of sales		(146,919)	(346,914)
Gross profit		35,053	23,382
Other operating income	5	9,417	13,848
Selling and distribution expenses		(5,080)	(14,350)
Administrative expenses		(27,459)	(44,373)
Other gains and losses	6	81,849	(917)
Share of profit of associate		384	401
Finance costs	7	(23,769)	(28,857)
Profit/(loss) before income tax	8	70,395	(50,866)
Income tax	9	(9,241)	7,574
Profit/(loss) for the year		61,154	(43,292)
Other comprehensive income		–	–
Total comprehensive profit/(loss) for the year attributable to owners of the Company		61,154	(43,292)
Profit/(Loss) per share (RMB cents)			
Basic and diluted	31	20.28	(14.36)

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 RMB'000	Group 2014 RMB'000	Company 2015 RMB'000	Company 2014 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	109,333	145,856	–	–
Investment in subsidiaries	11	–	–	144,587	144,587
Investment in associate	12	26,785	26,401	–	–
Prepaid leases	13	24,182	24,726	–	–
Deferred tax assets	14	38,917	38,500	–	–
		199,217	235,483	144,587	144,587
Current assets					
Development properties held for sale	16	459,605	459,605	–	–
Inventories	17	15,484	32,201	–	–
Held-for-trading investments	18	3,326	3,174	–	–
Trade receivables	19	66,886	71,432	–	–
Prepaid leases	13	519	509	–	–
Other receivables and prepayments	20	9,511	8,635	4,334	4,196
Cash and bank balances	21	58,806	90,740	1,062	1,360
		614,137	666,296	5,396	5,556
Asset classified as held for sale	15	–	19,090	–	–
		614,137	685,386	5,396	5,556
Total assets		813,354	920,869	149,983	150,143
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	125,808	125,808	125,808	125,808
Statutory reserve	23	21,678	24,854	–	–
Retained earnings/(Accumulated losses)		9,000	(55,330)	(2,210)	(763)
Total equity		156,486	95,332	123,598	125,045
Non-current liabilities					
Deferred tax liabilities	14	20,817	20,817	–	–
Deferred income	24	80,693	84,151	–	–
		101,510	104,968	–	–
Current liabilities					
Bank borrowings	25	379,000	369,000	–	–
Trade payables	26	91,104	171,518	–	–
Other payables	27	62,619	60,261	25,479	24,244
Loans from a related party	28	906	854	906	854
Deferred income	24	–	62,325	–	–
Income tax payable		21,729	14,611	–	–
		555,358	678,569	26,385	25,098
Liabilities associated with assets classified as held for sales	15	–	42,000	–	–
		555,358	720,569	26,385	25,098
Total liabilities		656,868	825,537	26,385	25,098
Total equity and liabilities		813,354	920,869	149,983	150,143

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital RMB'000	Statutory reserve RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total RMB'000
Group				
Balance as at 1 January 2015	125,808	24,854	(55,330)	95,332
Profit for the year	–	–	61,154	61,154
Other comprehensive income	–	–	–	–
Total comprehensive profit for the year	–	–	61,154	61,154
Disposal of subsidiary	–	(3,176)	3,176	–
Balance as at 31 December 2015	125,808	21,678	9,000	156,486
Balance as at 1 January 2014	125,808	24,854	(12,038)	138,624
Loss for the year	–	–	(43,292)	(43,292)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(43,292)	(43,292)
Balance as at 31 December 2014	125,808	24,854	(55,330)	95,332

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2015

	Group	
	2015 RMB'000	2014 RMB'000
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	70,395	(50,866)
Adjustments for:		
Amortisation of prepaid lease	534	721
Impairment of trade and other receivables	2,560	–
Depreciation of property, plant and equipment	26,092	26,481
Fair value gain on held-for-trading investments	(2,294)	(936)
Loss on disposal of property, plant and equipment	5,680	1,853
Gain on disposal of subsidiary	(85,235)	–
Unrealised loss on foreign exchange	52	–
Allowance for inventory obsolescence	–	2,433
Interest income	(1,391)	(2,258)
Interest expense	23,769	28,857
Share of profit of associate	(384)	(401)
Operating cash flows before working capital changes	39,778	5,884
Changes in working capital:		
Trade receivables	2,734	(12,328)
Other receivables and prepayments	(1,624)	337
Inventories	16,717	13,760
Trade payables	(80,414)	(22,149)
Other payables	(2,067)	6,432
Cash used in operating activities	(24,876)	(8,064)
Income tax paid	(2,541)	(184)
Net cash used in operating activities	(27,417)	(8,248)
Cash Flows from Investing Activities		
Proceeds from disposal of held-for-trading investments	21,329	5,888
Proceeds from disposal of property, plant and equipment	7,682	853
Purchase of property, plant and equipment (Note A)	(3,244)	(2,129)
Purchase of held-for-trading investments	(19,187)	(5,566)
Purchase of assets classified as held for sale	–	(288)
Net cash flow on disposal of subsidiary	72,244	–
Refund for prepaid leases	–	1,095
Interest received	1,391	2,258
Net cash generated from investing activities	80,215	2,111

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

For the financial year ended 31 December 2015

	Group	
	2015	2014
	RMB'000	RMB'000
Cash Flows from Financing Activities		
Proceeds from bank loans	566,000	741,000
Repayment of bank loans	(556,000)	(752,000)
Repayment to related parties (net)	–	(9,756)
Repayment of loans from former subsidiary	(75,567)	–
Decrease in pledged fixed deposits	33,184	10,199
Interest paid	(23,769)	(28,901)
Net cash used in financing activities	(56,152)	(39,458)
Net decrease in cash and cash equivalents	(3,354)	(45,595)
Cash and cash equivalents at the beginning of the year	14,593	60,188
Cash and cash equivalents at the end of the year (Note 21)	11,239	14,593

Note A

Purchase of property, plant and equipment

	Group	
	2015	2014
	RMB'000	RMB'000
Addition of property, plant and equipment	(2,931)	(1,505)
Decrease in prepayments for property, plant and equipment	–	161
Decrease in other payables for property, plant and equipment acquired	(313)	(785)
Net cash for addition of property, plant and equipment	(3,244)	(2,129)

NOTES TO FINANCIAL STATEMENTS

31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

China Jishan Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office is 1 Sophia Road, #05-03 Peace Centre, Singapore 228149 and the principal place of business is at No. 276 Zhongxing Middle Road, 2nd Floor, Block A Xiandai Building, Shaoxing City, Zhejiang Province, the People's Republic of China ("PRC").

The immediate and ultimate holding company of the Company is Jin Cheng International Holdings Limited, incorporated in the British Virgins Islands. The ultimate controlling party is Mr Jin Guan Liang, the Executive Chairman of the Company.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 11.

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of New/Revised FRS which are effective

The accounting policies adopted are consistent with those of the previous financial except that, during the financial year ended 31 December 2015, the Group has adopted the following new/revised FRS that are mandatorily effective for the said year and relevant to the Group:

The adoption of these amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years, except for the following:

Amendment to FRS 103	*Business Combinations (Accounting for contingent consideration in a business combination)*

The amendments clarify that contingent consideration in a business combination that is not classified as equity should be measured at fair value through profit and loss at each reporting date, regardless of whether the contingent consideration is within the scope of FRS 39. Changes in fair value, other than measurement period adjustments, are recognised in profit or loss. Consequential amendments were made to FRS 37 and FRS 39. The adoption of amendment to FRS 103 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New/Revised FRS which are effective (cont'd)

Amendment to FRS 108 *Operating Segments*

The amendments require the disclosure of judgements made by management in deciding whether to combine operating segments for segment reporting purposes, including the economic indicators (e.g. gross margins) that have been assessed in determining whether the aggregated operating segments have similar economic characteristics.

The reconciliation of the total reportable segments' assets to the entity's total assets is required to be disclosed only if segment assets are regularly reported to the chief operating decision maker. The adoption of amendment to FRS 108 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

Amendment to FRS 24 *Related Party Disclosures*

This amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments require the amounts incurred by an entity for such services to be included in the related party disclosures. However, this amount need not be split into components required for other key management personnel compensation (e.g. short-term employee benefits, post-employment benefits, etc.). The adoption of the amendment to FRS 24 did not have any impact on the disclosures, financial position or financial performance of the Group when implication.

Amendment to FRS 113 *Fair Value Measurement*

The amendment clarifies that the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with FRS 39. These contracts need not meet the definitions of financial assets or financial liabilities in FRS 32. The adoption of amendment to FRS 113 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS which are issued but not yet effective

At the date of these financial statements, the following new/revised FRS that are relevant to the Group were issued but not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to FRS 27	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018
Amendments to FRS 107	*Financial Instruments: Disclosures*	1 January 2016
Amendments to FRS 1	*Disclosure Initiative*	1 January 2016
Amendments to FRS 7	*Statements of Cash Flow*	1 January 2017
Amendments to FRS 12	*Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

Except for FRS 115, FRS 109 and amendments to FRS 107 described below, management anticipates that the adoption of the other new/revised FRS above in future periods will have no material impact on the Group's financial statements in the period of initial application.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS which are issued but not yet effective (cont'd)

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments to FRS 107 clarify whether a servicing contract is considered to be "continuing involvement" in a transferred asset for the purpose of determining whether the disclosures are required. The disclosures need to be made if the servicing contract results in the transferor retaining an interest in the future performance of the transferred financial asset.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of amendments to FRS 107 will have an impact on the Group.

(b) Going Concern Assumption

For the financial year ended 31 December 2015, the Group incurred a net cash outflow from operating activities amounting to RMB27,417,000 (2014: RMB8,248,000) and as at 31 December 2015, the Group has net current liabilities of RMB400,826,000 (2014: RMB494,788,000) excluding the development properties held for sale which are expected to be realised longer than twelve months (Note 16).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, 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 2015 is appropriate after taking into consideration the following factors:

(i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(b) Going Concern Assumption (cont'd)

(ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

(c) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual agreements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(c) Consolidation (cont'd)

Subsidiaries (cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Associates

Associates are entities over which the Group has significant influence, but not control accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting.

Investment in associates is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investment.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income.

These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals to or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(c) Consolidation (cont'd)

Associates (cont'd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Dilution gains and losses arising from investment in associates are recognised in profit or loss.

Investment in associates is derecognised when the Group losses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and the fair value of any retained investment and any proceeds from disposal is recognised in profit or loss.

(d) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Foreign Currencies

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Renminbi, and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(e) Foreign Currencies (cont'd)

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the statement of financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Property, Plant and Equipment

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values (if any) over their useful lives, using the straight-line method as follows:

Buildings	-	4.2%
Leasehold improvements	-	10%
Plant and machinery	-	10% to 20%
Motor vehicles	-	20%
Fixtures and equipment	-	20%

Depreciation of construction-in-progress assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(f) Property, Plant and Equipment (cont'd)

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Prepaid Leases

Prepaid leases represent land use rights. Prepaid leases are measured initially at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line method to profit and loss over the respective lease period of the land use rights, which is 50 years. The amortisation period and amortisation methods are reviewed at each year end. The effects of any revision are recognised in profit or loss when the changes arise.

(h) Impairment of Non-financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired.

At the statement of financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(h) Impairment of Non-financial Assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(i) Assets (or Disposal Group) Classified as Held for Sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Non-current assets (or disposal group) that cease to be classified as held for sale is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and

- its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the decision not to sell is made.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(j) Development Properties Held for Sale

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost comprises direct materials, direct labours and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to make the sale. Allowance for stock obsolescence is made for obsolete and slow moving inventories.

(l) Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets, at fair value through profit or loss ("FVTPL")

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling it in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position sheet which are presented as non-current assets.

Loans and receivables are presented as "trade and other receivables" and "cash and bank balances" on the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(I) Financial Assets (cont'd)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(l) Financial Assets (cont'd)

Impairment (cont'd)

Loans and receivables (cont'd)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(m) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, less restricted deposit balances that are pledged to secure banking facilities.

(n) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

Borrowings are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(o) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(p) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(q) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods

Revenue on the sale of printing and dyeing goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rendering of services

Revenue from fabric processing is recognised when the services are delivered and acceptance by the customer of the services rendered.

Leasing income

Revenue from operating lease is recognised on a straight line basis over the lease term as set out in specific lease agreement.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(r) Government Grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(r) Government Grant (cont'd)

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions to state-managed retirement benefit schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period using the effective interest method in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(u) Leases

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

Lessor - Operating leases

Leases of plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Leasing income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(v) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(v) Income Tax (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of its tax assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2 Summary of Significant Accounting Policies (cont'd)

(w) Financial Guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are amortised to profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amounts with the difference charged to profit or loss.

(x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnels who are responsible for allocating resources and assessing performance of the operating segments.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

In addition to the going concern assumption disclosed in Note 2(b), the following are the critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Classification of Development Properties Held for Sale

The classification of the Group's properties under development held for sale is dependent on management's judgement, taking into consideration the actual/projected development schedule of the property development project. As at 31 December 2015, the carrying amount of the Group's development properties held for sale amounted to approximately RMB459.6 million (2014: RMB459.6 million) (Note 16). Management considered the classification to be appropriate after taking into consideration the development status of the project as well as the viability of the planned development schedule.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying accounting policies (cont'd)

(b) Capitalisation of Borrowing Costs

As disclosed in Note 16, there was no borrowing cost capitalised in the cost of development properties for both financial year ended 31 December 2015 and 2014. The commencement of capitalisation of the eligible borrowing costs incurred on the qualifying asset is dependent on management's judgement, taking into consideration the activities that the Group had undertaken during the financial year to prepare the development properties for their intended sale. Management had also determined a capitalisation rate to allocate the borrowing costs eligible for capitalisation between the finance costs for the properties for development and the Group's operations, further details of which are disclosed in Note 16.

(c) Carrying Amount of Development Properties Held for Sale

The Group's development properties held for sale as disclosed in Note 16 is stated at the lower of cost and realisable value.

The cost of property under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure directly attributable to the development property. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

The process of evaluating the net realisable value is subject to management's judgement and the effect of assumptions in respect of the development plans and the prevailing market conditions. Any future variations in plans and assumptions can potentially impact the carrying amount of the properties under development held for sale.

(d) Recognition of Compensation Received from Government

Compensation received from government relating to the change of the Group's land use rights in 2010 required the Group to vacate and demolish its buildings on those lands before the end of 2017. In this connection, management had considered then whether it is appropriate to recognise the compensation for the buildings received in profit or loss or it is more appropriate to defer recognition until the Group's relocation from the existing premises has been completed.

In making this judgement, management had considered that the Group currently continues to occupy and carries out its operations from the existing premises. Accordingly, management had held the opinion then that (i) the compensation for the vacating and demolition of the Group's buildings has not been recognised in profit or loss as the Group's relocation of its operations from the existing premises has not been completed (Note 24); (ii) the buildings have not been derecognised from the Group's property, plant and equipment as the Group continues to derive economic benefits from the continuing use of the assets till the relocation; and (iii) the compensation received is allocated on a systematic basis over the cost of the buildings to compensate for the shorten usage of the buildings arising from the change in land use rights.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying accounting policies (cont'd)

(e) Impairment of Trade and Other Receivables

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is an objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

During the financial year ended 31 December 2015, additional allowance for impairment loss of RMB1,812,000 (2014: Nil) and RMB748,000 (2014: Nil) was recognised for trade and other receivables, respectively. The carrying amounts of the Group's trade and other receivables as at 31 December 2015 are disclosed in Notes 19 and 20.

(f) Allowance for Inventories

Management exercises their judgement in making allowance for inventories. An allowance for inventories is made if inventories are obsolete or where cost is lower than the estimated net realisable value. During the financial year ended 31 December 2015, no additional allowance for inventory obsolescence was recognised (2014: allowance for inventory obsolescence of RMB2,433,000). The carrying amount of the Group's inventories as at 31 December 2015 is RMB15,484,000 (2014: RMB32,201,000) (Note 17).

(g) Provision for Deferred Tax

The Group has recorded deferred tax assets on tax losses of approximately RMB38,075,000 (2014: RMB37,658,000) (Note 14) because management believes it is more likely than not that such tax losses can be utilised. Should future taxable profits not be sufficient to utilise the tax losses, an adjustment to the Group's deferred tax assets would decrease the Group's income in the period where such determination is made. Management had also evaluated the tax regulations in the PRC and understood that no income tax is required to be paid for the compensation received from government relating to the change of the Group's land use rights in 2010. Accordingly, management believed that no deferred tax is to be recognised on the compensation received except for the deferred tax liability amounted to RMB20,263,000 (2014: RMB20,263,000) (Note 14) for the gain on disposal of prepaid lease recognised then.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful Lives and Impairment of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment, other than construction-in-progress, is depreciated on a straight-line basis over the property, plant and equipment's estimated useful lives less residual value, if any.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying accounting policies (cont'd)

(g) Provision for Deferred Tax (cont'd)

Key sources of estimation uncertainty (cont'd)

(a) Useful Lives and Impairment of Property, Plant and Equipment (cont'd)

Management estimates the useful lives of these property, plant and equipment to be within 5 to 20 years. These are common life expectancies applied in these industries. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets. Hence, future depreciation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.8% (2014: 2.6%) variance in the Group's profit/(loss) before tax.

Appropriate allowance for impairment losses is recognised in profit or loss when there is objective evidence that the property, plant and equipment is impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost of disposal and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

During the financial years ended 31 December 2015 and 2014, no allowance for impairment loss was recognised (Note 10) for property, plant and equipment.

4 Revenue

	Group	
	2015	2014
	RMB'000	RMB'000
Printing and dyeing	32,543	49,944
Fabric processing	130,470	320,352
Leasing revenue	18,959	–
	181,972	370,296

NOTES TO FINANCIAL STATEMENTS

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5 Other Operating Income

	Group	
	2015	2014
	RMB'000	RMB'000
Interest income	1,391	2,258
Government grants	1,886	780
Insurance claims	–	2,806
Net gain on foreign exchange	400	–
Sale of pollution quota	4,980	8,000
Others	760	4
	9,417	13,848

Sale of pollution quota is recognised when the significant risk and rewards of ownership of the pollution quota have been transferred to the buyer and duly approval by the relevant government authorities.

6 Other Gains and Losses

	Group	
	2015	2014
	RMB'000	RMB'000
Fair value gain on held-for-trading investments	2,294	936
Gain on disposal of subsidiary	85,235	–
Loss on disposal of property, plant and equipment	(5,680)	(1,853)
	81,849	(917)

7 Finance Costs

	Group	
	2015	2014
	RMB'000	RMB'000
Interest expense on:		
- Bank loans	23,769	28,857

NOTES TO FINANCIAL STATEMENTS

31 December 2015

8 Profit/(Loss) before Income Tax

	Group 2015 RMB'000	Group 2014 RMB'000
Profit/(loss) before income tax has been arrived at after charging:		
Allowance for impairment loss:		
Impairment loss on trade receivables	1,812	–
Impairment loss on other receivables	748	–
	2,560	–
Depreciation and amortisation:		
Amortisation of prepaid lease (included in administrative expenses)	534	721
Depreciation of property, plant and equipment (included in administrative expenses)	561	736
Depreciation of property, plant and equipment (included in cost of sales)	25,531	25,745
	26,092	26,481
Utilities	22,462	61,749
Employee benefits:		
- defined contribution plans	2,217	5,242
- salaries and benefits	28,999	68,736
Total employee benefits*	31,216	73,978
Directors' fees	479	479
Net foreign exchange loss	–	54
Cost of inventories recognised as expense (included in cost of sales)**	81,675	178,103
Staff accommodation under operating lease	630	800
Audit fees:		
- paid/payable to auditors of the Company	589	928
- paid/payable to other auditors	–	–
Non-audit fees paid/payable to auditors of the Company	–	–

* The employee benefits amounted to RMB18,272,000 (2014: RMB50,898,000), RMB1,850,000 (2014: RMB4,100,000) and RMB11,094,000 (2014: RMB18,980,000) are included in cost of sales, selling and distribution expenses and administrative expenses, respectively.

** The cost of inventories recognised as an expense includes RMB2,433,000 in respect of allowance for inventory obsolescence for the last financial year.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

9 Income Tax

	Group 2015 RMB'000	Group 2014 RMB'000
Income tax		
Current	9,658	–
Over provision in prior years	–	(1,737)
	9,658	(1,737)
Deferred tax		
Current	(417)	(6,021)
Withholding tax	–	184
	9,241	(7,574)

PRC income tax is calculated at 25% (2014: 25%) of the estimated assessable profit/(loss) for the year. Taxation for operations in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total income tax charge/(credit) for the financial year can be reconciled to the accounting profit/(loss) before income tax as follows:

	Group 2015 RMB'000	Group 2014 RMB'000
Profit/(Loss) before income tax	70,395	(50,866)
Income tax expense/(credit) at applicable tax rates	17,599	(12,717)
Tax effect of expenses that are non-deductible in determining taxable profit	(6,750)	934
Tax effect of deductible temporary difference not recognised	–	5,762
Utilisation of deferred tax benefits previously not recognised	(1,608)	–
Over provision of current income tax	–	(1,737)
Withholding tax	–	184
	9,241	(7,574)

The applicable tax rate used for the reconciliation above is the PRC income tax rate of 25% (2014: 25%) since the principal operations of the Group are conducted in the PRC. Taxation for operations in other jurisdictions are either not material or have no taxable profits.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

10 Property, Plant and Equipment

	Construction-in-progress RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Fixtures and equipment RMB'000	Total RMB'000
Group							
2015							
Cost							
Balance at 1 January	2,574	25,740	7,595	295,218	3,910	5,938	340,975
Additions	2,404	–	–	514	–	13	2,931
Disposals	–	–	–	(74,146)	(172)	(84)	(74,402)
Balance at 31 December	4,978	25,740	7,595	221,586	3,738	5,867	269,504
Accumulated depreciation							
Balance at 1 January	–	22,282	4,142	151,334	3,038	4,905	185,701
Depreciation for the year	–	3,458	–	22,049	573	12	26,092
Disposals	–	–	–	(60,083)	(154)	(75)	(60,312)
Balance at 31 December	–	25,740	4,142	113,300	3,457	4,842	151,481
Impairment							
Balance at 1 January	–	–	3,453	5,359	182	424	9,418
Disposal	–	–	–	(728)	–	–	(728)
Balance at 31 December	–	–	3,453	4,631	182	424	8,690
Carrying amount							
Balance at 31 December	4,978	–	–	103,655	99	601	109,333
2014							
Cost							
Balance at 1 January	3,846	25,740	7,595	295,784	3,910	5,915	342,790
Transfer from CIP	(1,878)	–	–	1,878	–	–	–
Additions	606	–	–	876	–	23	1,505
Disposals	–	–	–	(3,320)	–	–	(3,320)
Balance at 31 December	2,574	25,740	7,595	295,218	3,910	5,938	340,975
Accumulated depreciation							
Balance at 1 January	–	21,130	4,142	128,607	2,554	4,663	161,096
Depreciation for the year	–	1,152	–	24,603	484	242	26,481
Disposals	–	–	–	(1,876)	–	–	(1,876)
Balance at 31 December	–	22,282	4,142	151,334	3,038	4,905	185,701
Impairment							
Balance at 1 January	–	–	3,453	5,792	182	424	9,851
Disposal	–	–	–	(433)	–	–	(433)
Balance at 31 December	–	–	3,453	5,359	182	424	9,418
Carrying amount							
Balance at 31 December	2,574	3,458	–	138,525	690	609	145,856

The carrying amount of plant and machinery held under operating leases as lessors as at the statement of financial position date is approximately to RMB29,344,000 (2014: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2015

11 Investment in Subsidiaries

	Company 2015 RMB'000	Company 2014 RMB'000
Unquoted equity shares, at cost	144,741	144,741
Less: Allowance for impairment losses	(154)	(154)
	144,587	144,587

The Company had made an allowance for impairment loss on its investment in a dormant subsidiary in prior years.

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activities/Country of incorporation and operation	Equity interest attributable to the Group 2015 %	Equity interest attributable to the Group 2014 %
Held by Company			
Zhejiang Jishan Printing and Dyeing Co., Ltd	Printing and dyeing of fabric and sales of garments (People's Republic of China)	100	100
Polar International Trading Company Limited	Intended: Import and export of textile products. Presently dormant (Hong Kong)	100	100
Held by Zhejiang Jishan Printing and Dyeing Co., Ltd			
Fuhua Import & Export Pte Ltd	Intended: Import and export of textile products. Presently dormant (Singapore)	100	100
Zhejiang Jishan Extra Width Co., Ltd*	Printing and dyeing, manufacturing, wholesale and retail of textile, household products, garment and related products (People's Republic of China)	–	100
Shaoxing Yu Rong Textile Co., Ltd	Intended: Wholesale and retail of textile and garments and related products. Presently dormant (People's Republic of China)	100	100
Shaoxing Yue Sheng Real Estate Property Development Co. Ltd	Property development and management for general commercial and residential buildings (People's Republic of China)	100	100

All the subsidiaries are audited by Moore Stephens LLP, Singapore for the purposes of consolidation of the Group.

* The subsidiary was disposed of by the Group on 7 January 2015.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

11 Investment in Subsidiaries (cont'd)

Disposal of a subsidiary

During the current financial year ended 31 December 2015, the Group completed the disposal of its 100% interest in Zhejiang Jishan Extra Width Co., Ltd.

Analysis of identifiable assets and liabilities of subsidiary disposed

	Group 2015 RMB'000
Assets	
Plant and equipment	288
Prepaid lease	18,802
Other receivables, deposits and prepayments	75,567
Cash and bank balances	1,964
	96,621
Liabilities	
Other payables and accruals	5,287
Bank borrowing	42,000
	47,287
Net identifiable assets disposed of	49,334

Gain on disposal of subsidiary

	Group 2015 RMB'000
Consideration for the disposal	134,569
Net identifiable assets disposed of (as above)	(49,334)
Gain on disposal of subsidiary (Note 6)	85,235

Net cash inflow on disposal of subsidiary

	Group 2015 RMB'000
Consideration for the disposal	134,569
Less: Sales consideration received in previous year (Note 24)	(62,325)
Net cash inflow on disposal of subsidiary	72,244

NOTES TO FINANCIAL STATEMENTS

31 December 2015

12 Investment in Associate

Name of associate	Principal activities/Country of incorporation and operation	Equity interest attributable to the Group	
		2015	2014
		%	%
Held by Zhejiang Jishan Printing & Dyeing Co., Ltd. ("ZJPD")			
Shaoxing Keqiao District Jishan Uni-Power Private Capital Management Co., Ltd. ("Shaoxing Uni- Power")	Provision of financial services (People's Republic of China)	26	26

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRS.

	Group	
	2015	2014
	RMB'000	RMB'000
Current assets	103,490	101,985
Non-current assets	403	497
Current liabilities	(876)	(939)
Revenue	4,919	4,829
Profit/Total comprehensive income for the year	1,477	1,543

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Shaoxing Uni-Power recognised in the consolidated financial statements is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Net assets of the associate	103,017	101,543
Proportion of the Group's ownership in Shaoxing Uni-Power	26%	26%
Carrying amount of the Group's interest in Shaoxing Uni-Power	26,785	26,401

On 30 December 2013, ZJPD entered into a sale and purchase agreement (the "SPA") with Zhejiang Jishan Holding Group Co., Ltd ("ZJHG"), a related party of the Group, pursuant to which ZJHG has agreed to sell, and ZJPD has agreed to purchase, a further 25% of the total equity interest in Shaoxing Uni-Power held by ZJHG for a consideration of RMB25 million (the "Proposed Acquisition"). After the completion of the Proposed Acquisition, ZJPD will own 51% of the total equity interest in Shaoxing Uni-Power. The Proposed Acquisition was approved by the shareholders of the Company in an Extraordinary General Meeting held on 26 March 2014. As at the date of these financial statements, this Proposed Acquisition has not been completed.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

13 Prepaid Leases

	Group 2015 RMB'000	Group 2014 RMB'000
Cost		
Balance at 1 January and 31 December	25,956	25,956
Accumulated amortisation		
Balance at 1 January	721	–
Amortisation for the year	534	721
Balance at 31 December	1,255	721
Carrying amount		
Balance at 31 December	24,701	25,235
Presented as:		
Current	519	509
Non-current	24,182	24,726
	24,701	25,235

14 Deferred Tax Assets/(Liabilities)

Deferred tax assets

	Allowances RMB'000	Tax losses RMB'000	Total RMB'000
Group			
Balance at 1 January 2015	842	37,658	38,500
Credited to profit or loss	–	417	417
Balance at 31 December 2015	842	38,075	38,917
Balance at 1 January 2014	842	31,637	32,479
Credited to profit or loss	–	6,021	6,021
Balance at 31 December 2014	842	37,658	38,500

As at 31 December 2015, certain subsidiaries of the Group have unutilised tax losses of approximately RMB152.3 million (2014: RMB186.85 million) available for offset against future taxable profits, subject to agreement with the tax authorities of the relevant tax jurisdiction. During the previous year, the deferred tax assets arising from certain of these unutilised tax losses of approximately RMB9.1 million have not been recognised in accordance with the Group's accounting policy as disclosed in Note 2(v).

NOTES TO FINANCIAL STATEMENTS

31 December 2015

14 Deferred Tax Assets/(Liabilities) (cont'd)

Deferred tax liabilities

	Undistributed profits RMB'000	Gain on disposal of prepaid lease RMB'000	Total RMB'000
Group			
Balance at 1 January 2015	(554)	(20,263)	(20,817)
Credited to profit or loss	–	–	–
Balance at 31 December 2015	(554)	(20,263)	(20,817)
Balance at 1 January 2014	(554)	(20,263)	(20,817)
Credited to profit or loss	–	–	–
Balance at 31 December 2014	(554)	(20,263)	(20,817)

The Group's deferred tax liabilities relate to withholding tax payable for undistributed profits of the subsidiaries of the Group incorporated in the PRC, which had been accrued based on the expected dividend stream determined by the directors of the Company, and the gain on disposal of prepaid lease in 2010.

As at 31 December 2015, the aggregate amount of temporary differences associated with undistributed profits of the subsidiaries and associate of the Group incorporated in the PRC for which no deferred tax liabilities have been recognised amounted to approximately RMB114.8 million (2014: RMB82.0 million).

15 Assets Classified as Held for Sale

	Group 2015 RMB'000	Group 2014 RMB'000
Assets classified as held for sale	–	19,090
Liabilities associated with assets classified as held for sale	–	(42,000)

During the previous financial year, the Group had entered into a sale and purchase agreement ("S&P Agreement") for the disposal of its wholly owned subsidiary, Zhejiang Jishan Extra Width Co., Ltd. ("Extra Width"), to a third party (the "Previous Purchaser") for an effective net consideration of approximately RMB62.3 million (the "Disposal"). On disposal, Extra Width shall only have the following assets and liabilities (the "Assets & Liabilities Held for Sale"):

(i) Land use rights for a plot of land in the Binhai Industrial Zone with a carrying amount of RMB18 million;

(ii) Certain bank borrowings totalling RMB42 million (Note 25); and

(iii) Pollution quota granted to Extra Width, being 3,000 tons per day (an off balance sheet item).

NOTES TO FINANCIAL STATEMENTS

31 December 2015

15 Assets Classified as Held for Sale (cont'd)

The Disposal was approved by the shareholders of the Company in an Extraordinary General Meeting held on 25 October 2013.

As at 5 January 2015, the Group has entered into a supplemental sale and purchase agreement with the Previous Purchase and another third party (the "New Purchaser") which the Previous Purchaser has assigned her right and obligation under the S&P Agreement to the New Purchaser. The consideration of approximately of RMB134.6 million has agreed by the New Purchaser and the Disposal of Extra Width has been completed on 7 January 2015.

16 Development Properties Held for Sale

	Group	
	2015 RMB'000	2014 RMB'000
Development properties held for sale	459,605	459,605

The development properties held for sale are expected to be realised in the normal operating cycle, which is longer than twelve months.

During the current financial year, there was no interest capitalised in the cost of development properties as management has temporarily suspended the Group's property development activities so as to focus resources on the other Group's segments, namely printing and dyeing, and fabric processing. Management intends to recommence the Group's property development activities from the end of 2016.

The carrying amount of development properties held for sale, representing 7 (2014: 7) plots of land, pledged as security for banking facilities granted to the Group (Notes 25) amounted to approximately RMB460 million (2014: RMB460 million) as at 31 December 2015.

The details of the Group's development properties held for sale are as follows:

	Interest held by Group	Estimated completion date	Land area (sq. metres)	Tenure (years)
Property				
7 plots of leasehold lands for commercial and residential development				
- No 426, Feng Lin Road, Kebei Industrial Area, Shaoxing City, Zhejiang Province, the PRC	100%	2019	146,650	40 and 70 years

NOTES TO FINANCIAL STATEMENTS

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17 Inventories

	Group	
	2015	2014
	RMB'000	RMB'000
At cost:		
Raw materials	9,059	16,227
Work in progress	3,889	7,829
Finished goods	2,536	8,145
	15,484	32,201

For the financial year ended 31 December 2014, the Group made an allowance for inventory obsolescence amounted to RMB2,433,000.

18 Held-for-Trading Investments

	Group	
	2015	2014
	RMB'000	RMB'000
Quoted equity shares, at fair value	3,326	3,174

The investments in quoted equity shares offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these equity shares are based on the quoted closing market prices on the last market day of the financial year.

19 Trade Receivables

	Group	
	2015	2014
	RMB'000	RMB'000
Third parties	71,305	74,039
Less: Allowance for impairment losses	(4,419)	(2,607)
	66,886	71,432

Trade receivables are non-interest bearing and are usually due within 30-60 days.

Movement in allowance for impairment losses:

	Group	
	2015	2014
	RMB'000	RMB'000
Balance at 1 January	2,607	2,607
Impairment loss recognised during the year	1,812	–
Balance at 31 December	4,419	2,607

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31 December 2015

20 Other Receivables and Prepayments

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Third parties	28	4	–	–
Deposit for purchase of materials	2,432	1,801	–	–
Security deposit for land development	2,520	2,520	–	–
Due from a subsidiary (i)	–	–	4,334	4,196
Advances to staff (ii)	201	363	–	–
Due from a related party (iii)	3,335	3,335	–	–
VAT recoverable	142	142	–	–
Prepayments	2,095	964	–	–
Prepayments for property, plant and equipment	266	266	–	–
	11,019	9,395	4,334	4,196
Less: Allowance for impairment losses	(1,508)	(760)	–	–
	9,511	8,635	4,334	4,196

Movement in allowance for impairment losses:

	Group	
	2015 RMB'000	2014 RMB'000
Balance at 1 January	760	760
Impairment loss recognised during the year	748	–
Balance at 31 December	1,508	760

Notes:

(i) Amount due from a subsidiary is non-trade, unsecured, interest-free and repayable on demand.

(ii) Advances to staff are unsecured, interest-free and repayable on demand.

(iii) The related party is an entity who is controlled by a key management personnel of the Group. Amount due from a related party is non-trade, unsecured, interest-free and repayable on demand.

21 Cash and Bank Balances

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Cash and bank balances	11,239	14,593	1,062	1,360
Fixed deposits	40,999	74,183	–	–
Cash at bank held in trust for third party	6,568	1,964	–	–
	58,806	90,740	1,062	1,360

NOTES TO FINANCIAL STATEMENTS

31 December 2015

21 Cash and Bank Balances (cont'd)

Cash and bank balances comprised cash held by the Group and fixed deposits with an original maturity of six months or less and bear interest at an average rate of 2% (2014: 3%) per annum.

Fixed deposits are pledged as security for note payables of the Group (Note 26).

Cash at bank held in trust for third parties pertains to the balance as at 31 December 2015 in a bank account opened on behalf of the leased out factory, which is recognised as other payables in Note 27(ii), and is considered as restricted bank balances by the Group.

For the purposes of presentation in the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised the following:

	Group	
	2015	2014
	RMB'000	RMB'000
Cash and bank balances	11,239	14,593
Fixed deposits	40,999	74,183
Cash at bank held in trust for third party	6,568	1,964
	58,806	90,740
Less: Restricted fixed deposits	(40,999)	(74,183)
Less: Restricted bank balances	(6,568)	(1,964)
Cash and cash equivalents per the consolidated statement of cash flows	11,239	14,593

22 Share Capital

	Group and Company			
	2015		2014	
	Number of ordinary shares	Share capital	Number of ordinary shares	Share capital
		RMB'000		RMB'000
Issued and paid-up:				
At the beginning and end of the year	301,500,000	125,808	301,500,000	125,808

The ordinary shares of the Company have no par value.

The ordinary shares carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

23 Statutory Reserve

In accordance with the Foreign Enterprise Law applicable to the Group's subsidiaries in the PRC, the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

The movement of the statutory reserve during the financial year is set out in the Group's consolidated statement of changes in equity.

24 Deferred Income

Deferred income relates to the sale consideration received from the Purchaser during the previous financial year (see Note 15), and the compensation received from the government in 2010 for shortened usage period for buildings, arising from the change in land use rights, including relocation subsidies, which has not been recognised in profit or loss as the relocation of the Group's operations from the existing premises has not been completed.

The deferred income is presented as:

	Group	
	2015 RMB'000	2014 RMB'000
Current		
Sales consideration received from the Purchaser	–	62,325
Non-current		
Compensation received from the government	80,693	84,151

During the current financial year, the disposed of the subsidiary was completed on 7 January 2015.

25 Bank Borrowings

	Group	
	2015 RMB'000	2014 RMB'000
Short term bank loans	379,000	411,000
Presented as:		
Short term bank loans transferred to liabilities associated with assets classified as held for sale (Note 15)	–	42,000
Bank borrowings	379,000	369,000
	379,000	411,000

NOTES TO FINANCIAL STATEMENTS

31 December 2015

25 Bank Borrowings (cont'd)

The average effective interest rates incurred on the bank loans is 6.0% (2014: 7.0%) per annum.

As at 31 December 2015, bank loans of approximately RMB379 million (2014: RMB411 million) are arranged at fixed interest rates.

The bank loans are either guaranteed by various third party companies and related parties and/or secured on the Group's property, plant and equipment (Note 10) and development properties held for sale (Note 16).

26 Trade Payables

	Group	
	2015	2014
	RMB'000	RMB'000
Third parties	50,105	87,465
Notes payables	40,999	84,053
	91,104	171,518

Trade payables are non-interest bearing and are usually settled within 30-90 days.

The notes payables are interest-free and secured on the Group's fixed deposits amounted approximately RMB41.0 million (2014: RMB74.2 million) (Note 21). The notes payable are repayable within the next twelve months as at the end of the financial year.

27 Other Payables

	Group		Company	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued employee benefits	2,087	6,637	88	137
Accrued expenses	1,722	1,948	799	1,010
Due to subsidiaries (i)	–	–	24,592	23,097
Interest payable	663	732	–	–
Payable for property, plant and equipment acquired	1,887	2,200	–	–
Payable for land conversion fee and other related taxes	27,523	27,523	–	–
VAT payable	1,213	2,388	–	–
Cash at bank held in trust for a third party (ii)	6,568	1,964	–	–
Third parties	20,956	16,869	–	–
	62,619	60,261	25,479	24,244

NOTES TO FINANCIAL STATEMENTS

31 December 2015

27 Other Payables (cont'd)

Notes:

(i) Amounts due to subsidiaries are non-trade, unsecured, interest-free and repayable on demand.

(ii) Cash at bank held in trust for third parties is the balance as at 31 December 2015 in a bank account opened on behalf of the leased out factory (see Note 21).

28 Loans from a Related Party

The loans from a related party are unsecured, interest-free and repayable on demand.

29 Related Party Transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint venture of the same third party.

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

29 Related Party Transactions (cont'd)

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2015 RMB'000	2014 RMB'000
Transactions with companies in which a director has interests		
Guarantees provided by related parties to banks for credit facilities granted to the Group	243,000	271,000

Key management compensation

The remuneration of directors and other members of key management personnel during the financial year was as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Directors' fees	478	479
Salaries and benefits	2,505	3,491
Defined contribution plans	133	196
	3,116	4,166
Comprised amounts paid/payable to:		
Directors of the Company	1,174	1,176
Other key management personnel	1,942	2,990
	3,116	4,166

30 Segment Information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is categorised as follows:

(i) printing and dyeing;

(ii) fabric processing;

(iii) leasing of property; and

(iv) property development.

Accordingly, the above are the Group's reportable segments under FRS 108. Information regarding the Group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the Group's chief operating decision maker on a similar basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

30 Segment Information (cont'd)

Segment revenue and results

	Revenue		Net profit/(loss)	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Printing and dyeing	32,543	49,944	(1,467)	(5,165)
Fabric processing	130,470	320,352	(5,882)	(26,136)
Leasing of property	18,959	–	13,253	–
Property development	–	–	(21,487)	(24,082)
	181,972	370,296	(15,583)	(55,383)
Other operating income			9,417	13,848
Central administration costs			(1,723)	(2,268)
Other gains and losses			81,849	(917)
Share of profit of associate			384	401
Finance costs			(3,949)	(6,547)
Profit/(Loss) before income tax			70,395	(50,866)
Income tax			(9,241)	7,574
Consolidated profit/(loss) for the year			61,154	(43,292)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the current and previous financial year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit/loss represents profit/loss earned by each segment without allocation of central administration costs, other operating income, other gains and losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets

	2015 RMB'000	2014 RMB'000
Printing and dyeing	32,412	33,650
Fabric processing	129,946	215,839
Leasing of property	29,344	–
Property development	459,605	459,605
Total segment assets	651,307	709,094
Unallocated assets	162,047	211,775
Consolidated total assets	813,354	920,869

Unallocated assets comprised primarily other receivables and prepayments, deferred taxes, held-for-trading investments, cash and bank balances, investment in associate and other assets which are used jointly by reportable segments and are not allocated.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

30 Segment Information (cont'd)

Segment liabilities

	2015 RMB'000	2014 RMB'000
Printing and dyeing	18,188	23,133
Fabric processing	72,917	148,385
Total segment liabilities	91,105	171,518
Unallocated liabilities	565,753	654,019
Consolidated total liabilities	656,868	825,537

Unallocated liabilities comprised primarily bank borrowings, deferred income, other payables, deferred/income taxes and other liabilities which are incurred jointly by reportable segments and are not allocated.

Other material information

	Depreciation and amortisation		Addition of property, plant and equipment	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Printing and dyeing	4,069	3,630	585	203
Fabric processing	16,317	22,851	2,346	1,302
Leasing of property	5,706	–	–	–
	26,092	26,481	2,931	1,505

Geographical information

The Group operates in four principal geographical areas - the PRC (country of domicile), Asia, Europe and the United States of America ("USA").

The Group's revenue from external customers by geographical location are detailed below:

	2015 RMB'000	2014 RMB'000
PRC	153,214	328,831
Asia (excluding PRC)	28,248	20,063
Europe	510	8,585
USA	–	12,817
	181,972	370,296

All assets and operations of the Group are located in the PRC, and accordingly, no segmental analysis of segment assets is presented.

Information about major customers

None of the Group's customers individually contributed more than 10% of the Group's revenues.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

31 Profit/(Loss) Per Share

The basic profit/(loss) per share is calculated on the Group's profit for the year of RMB61,154,000 (2014: loss for the year RMB43,292,000) divided by the number of ordinary shares of 301,500,000 (2014: 301,500,000) in issue during the financial year.

There is no dilution of loss per share as there were no potential dilutive ordinary shares outstanding at the end of the current and previous financial years.

32 Operating Lease Arrangements

The Group as lessee

Leasing arrangements

The Group entered into lease of staff accommodation. These leases have average tenure of between 1 to 2 years. There is no renewal option or contingent rental.

Future minimum rental payable under non-cancellable operating leases as at the end of the reporting periods are as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Within one year	53	630
Two to five years	–	53
	53	683

The Group as lessor

Leasing arrangements

The Group leased out its plant and machinery under operating leases with lease terms of 5 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Future minimum rental receivables under non-cancellable operating leases as at the end of the reporting period are as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Not later than 1 year	21,125	–
Later than 1 year but not later than 5 years	64,624	–
	85,749	–

NOTES TO FINANCIAL STATEMENTS

31 December 2015

33 Capital Commitments

During the current financial year, the Group, via its subsidiary entered into three construction contracts to build the new factory located at Binhai Land, as required by the PRC local government, the subsidiary has to relocate its factory for operation by 31 August 2016. The outstanding capital commitment as of the reporting date is disclosed below:

	Group	
	2015	2014
	RMB'000	RMB'000
Contracted	80,616	–
Not contracted	52,584	101,000
	133,200	101,000

34 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's and Company's activities expose it to credit risk, interest rate risk, currency risk, liquidity risk and price risk. The Group and the Company seeks to minimise the effects of these risks by continually monitoring the financial risk management process to ensure that an appropriate balance between risk and control is achieved. The Board of Directors is responsible for setting the objectives and policies implemented to mitigate the risk exposures. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The following section provide details regarding the Group's and Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The trade and other receivables that are neither past due nor impaired relate to customers that the Group and the Company has assessed to be creditworthy, based on the credit evaluation process performed by management.

Significant concentration of credit risk

The Group's and the Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statements of financial position are net of allowance for impairment loss, if any, made by the Group's management based on prior experience and the current economic environment. 35% (2014: 42%) of the Group's trade receivables are due from four (2014: four) customers. Management has assessed the creditworthiness of the customers and is satisfied that the debts are recoverable and no allowance is necessary.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired at the statement of financial position date are substantially creditworthy companies or individuals with a good collection record with the Group. Bank deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings.

As at 31 December 2015, trade and other receivables which are neither past due nor impaired amounted to RMB34,223,000 (2014: RMB45,222,000).

Financial assets that are past due but not impaired

There is no other class of the Group's financial assets that is past due but not impaired except for trade receivable as set out below. These trade receivables are unsecured and the analysis of their aging at the balance sheet date is as follow:

	Group	
	2015	2014
	RMB'000	RMB'000
Past due but not impaired:		
- 61 to 120 days	5,635	10,636
- 121 to 180 days	3,962	6,543
- > 180 days	29,150	15,253
	38,747	32,432

Trade receivables which are past due at the end of the reporting period but against which the Group has not recognised an allowance for impairment losses because there has not been a significant change in credit quality and customers are still paying progressively and/or having ongoing transactions with the Group. These are long time customers of the Group and the Group is regularly in close contact with them.

Financial assets that are past due and/or impaired

There is no other material class of financial assets that is past due and/or impaired except for trade receivables. The Group's trade receivables that are determined to be individually impaired at the statement of financial position date are as follow:

	Group	
	2015	2014
	RMB'000	RMB'000
Trade receivables	4,419	2,607
Less: Allowance for impairment losses	(4,419)	(2,607)
	–	–

NOTES TO FINANCIAL STATEMENTS

31 December 2015

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit risk (cont'd)

The movement in the allowance for impairment of trade receivables is set out in Note 19.

Trade receivables which are impaired at the statement of financial position date relate to debtors that are in significant financial difficulties and have defaulted in payments. These trade receivables are not secured by any collateral.

Currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in the PRC and is exposed to foreign currency risk when transactions such as sales and purchases are denominated in currencies other than RMB. The currencies giving rise to this risk are primarily the United States dollar (USD) and Singapore dollar (SGD).

The Group does not enter into any forward currency contracts or any hedging instruments to manage the foreign currency risk. This exposure is managed as far as possible by natural hedges of matching assets and liabilities.

The Group's foreign currency exposures based on the information provided by key management as at the statement of financial position date are as follows:

	RMB RMB'000	SGD RMB'000	USD RMB'000	Total RMB'000
Group				
2015				
Financial assets				
Cash and bank balances	57,551	1,000	255	58,806
Trade and other receivables	70,328	–	2,642	72,970
Held-for-trading investments	3,326	–	–	3,326
	131,205	1,000	2,897	135,102
Financial liabilities				
Trade and other payables	(151,683)	(827)	–	(152,510)
Bank borrowings (Note 25)	(379,000)	–	–	(379,000)
Loans from a related party	–	–	(906)	(906)
	(530,683)	(827)	(906)	(532,416)
Net financial (liabilities)/assets	(399,478)	173	1,991	(397,314)

NOTES TO FINANCIAL STATEMENTS

31 December 2015

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Currency risk (cont'd)

	RMB RMB'000	SGD RMB'000	USD RMB'000	Total RMB'000
Group (cont'd)				
2014				
Financial assets				
Cash and bank balances	88,921	61	1,758	90,740
Trade and other receivables	74,536	–	3,118	77,654
Held-for-trading investments	3,174	–	–	3,174
	166,631	61	4,876	171,568
Financial liabilities				
Trade and other payables	(228,345)	(1,046)	–	(229,391)
Bank borrowings (Note 25)	(411,000)	–	–	(411,000)
Loans from a related party	–	–	(854)	(854)
	(639,345)	(1,046)	(854)	(641,245)
Net financial (liabilities)/assets	(472,714)	(985)	4,022	(469,677)

A 10% strengthening of SGD and USD against RMB at the statement of financial position date would increase the Group's profit/(loss) before income tax by the amounts shown below. This analysis assumes that all other variables, including tax, remain constant.

	Profit before tax 2015 RMB'000	(Loss) before tax 2014 RMB'000
SGD	17	99
USD	199	(402)

A 10% weakening of the SGD and USD against RMB would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, including tax, remain constant.

The Company has not disclosed its exposure to foreign currency risk as the Company's risk exposure is not significant.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Interest risk

The Company's obtains additional financing through bank borrowings. The Company's policy is to obtain the most favourable interest rates available without increasing its interest rate risk. The Company constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at the statement of financial position date, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Information on the Company's financial instruments that are exposed to interest rate risk are disclosed in Note 25.

The Company's profit or loss is not affected by changes in interest rates as the interest bearing financial instruments carry interest at fixed rates. As such, sensitivity analysis is not necessary.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its obligations due to shortage of funds. The Group and the Company manages liquidity risk by maintaining adequate cash reserves in meeting its day to day operational needs, including having committed and/or stand-by credit facilities. Further discussion on the Group's liquidity risk is disclosed in Note 2(b).

The table below analyses the maturity profile of the financial liabilities of the Group and of the Company as at the statement of financial position date based on contractual undiscounted cash flows of the financial liabilities on the earlier date on which the Group and the Company can be required to pay.

			Cash flows		
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000	After 5 years RMB'000
Group					
2015					
Trade and other payables	152,510	152,510	152,510	–	–
Bank borrowings (Note 25)	379,000	387,083	387,083	–	–
Loans from a related party	906	906	906	–	–
	532,416	540,499	540,499	–	–
2014					
Trade and other payables	229,391	229,391	229,391	–	–
Bank borrowings (Note 25)	411,000	424,363	424,363	–	–
Loans from a related party	854	854	854	–	–
	641,245	654,608	654,608	–	–

NOTES TO FINANCIAL STATEMENTS

31 December 2015

34 Financial Instruments (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity risk (cont'd)

			←	Cash flows	→
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000	After 5 years RMB'000
Company					
2015					
Other payables	25,479	25,479	25,479	–	–
Loans from a related party	906	906	906	–	–
	26,385	26,385	26,385	–	–
2014					
Other payables	24,244	24,244	24,244	–	–
Loans from a related party	854	854	854	–	–
	25,098	25,098	25,098	–	–

Price risk

The Group is exposed to equity price risks arising from equity investments classified as held-for-trading. The held-for-trading investments are held for short-term profit-taking.

The sensitivity analysis below has been determined based on the exposure to equity price risks as at the statement of financial position date.

In respect of held-for-trading equity investments, if equity prices had been 10% higher/lower as at the statement of financial position date, the Group's profit/(loss) before income tax would decrease/increase by RMB333,000 (2014: RMB317,000).

(b) Fair Value

Fair value of the Group's/Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

34 Financial Instruments (cont'd)

(b) Fair Value (cont'd)

Fair value of the Group's/Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (cont'd)

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Group's held-for-trading investments (Note 18) which fair value measurement is classified as Level 1 under the fair value hierarchy.

The carrying amount of the Group's and Company's other financial assets and financial liabilities with a maturity of less than one year, which are primarily cash and bank balances, trade and other receivables, bank borrowings, trade and other payables and loans from a related party is a reasonable approximation of fair value because of their relatively short term period of maturity.

35 Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of net debts (total liabilities excluding deferred income and income taxes, less cash and bank balances) and equity of the Group (comprising all components of shareholders' equity).

The Group is not subject to any externally imposed capital requirements for the financial years ended 31 December 2015 and 2014, other than the statutory reserve requirements of the Group's subsidiaries in the PRC as disclosed in Note 23.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

35 Capital Management (cont'd)

The Group monitors capital with reference to a net debt-to-equity ratio, which as at the statement of financial position date is as follows:

	Group 2015 RMB'000	Group 2014 RMB'000
Total debts	533,629	643,633
Less: Cash and bank balances (Note 21)	(58,806)	(90,740)
Net debt	474,823	552,893
Total equity	156,486	95,332
Net debt-to-equity ratio	3.0	5.8

STATISTICS OF SHAREHOLDERS

As at 15 March 2016

Issued share capital	:	SGD25,819,935.00
Number of shares	:	301,500,000
Voting rights	:	one vote per share

Shareholders Distribution

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 - 99	1	0.06%	2	0.00%
100 - 1,000	38	2.43%	38,000	0.01%
1,001 - 10,000	1,018	65.05%	6,709,000	2.23%
10,001 - 1,000,000	499	31.88%	29,377,450	9.74%
1,000,001 and above	9	0.58%	265,375,548	88.02%
	1,565	100%	301,500,000	100%

Based on information available to the Company as at 15 March 2016, approximately 20.42% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Top Twenty Shareholders As At 15 March 2016

S/No.	Name	No. of Shares	Percentage
1	DBS NOMINEES PTE LTD	219,730,000	72.88%
2	JIN GUAN LIANG	16,649,500	5.52%
3	TEO CHENG TUAN DONALD	6,663,000	2.21%
4	MAYBANK KIM ENG SEURITIES PTE LTD	6,167,000	2.05%
5	OCBC SECURITIES PRIVATE LTD	5,924,048	1.96%
6	JIN CHENG INTERNATIONAL HOLDINGS LIMITED	3,800,000	1.26%
7	CHEN GANG	2,652,000	0.88%
8	TAN AH CHYE	2,600,000	0.86%
9	YANG JINKUI	1,190,000	0.39%
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LTD	950,000	0.32%
11	LAM YAT HOONG	540,000	0.18%
12	LEE KUM YOKE	495,000	0.16%
13	KALANDORO TJITRA SIANTAR	489,000	0.16%
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	468,000	0.15%
15	CITIBANK CONSUMER NOMINEES PTE LTD	439,800	0.15%
16	QIAN YUECHAO	395,000	0.13%
17	YEOH POH LENG	383,000	0.13%
18	GOH WOON KEAT	350,000	0.12%
19	YEO LAY CHU JANET	350,000	0.12%
20	SHARON CHOO HOWE SEONG	348,000	0.12%
		270,583,348	89.75%

STATISTICS OF SHAREHOLDERS

As at 15 March 2016

Substantial Shareholders

As shown in the Register of Substantial Shareholders

	No of Shares	
Name of Shareholders	Direct Interest	Deemed Interest
Jin Cheng International Holdings Limited (1)	220,623,000	–
Jin Guan Liang (2)	16,649,500	220,623,000

(1) Jin Cheng International Holdings Limited ("Jin Cheng") holds 216,823,000 shares in the company under DBS Nominees Pte Ltd.

(2) Jin Guan Liang is deemed to be interested in the shares held by Jin Cheng by virtue of the fact that he owns 100% of the issued share capital of Jin Cheng.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of China Jishan Holdings Limited (the "Company") will be held at Furama RiverFront Singapore, Jupiter III (Level 3), 405 Havelock Road, Singapore 169633 on Friday, 29 April 2016 at 10 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve Directors' Fees of RMB472,875 (2015: RMB478,500) to be paid half-yearly in arrears for the financial year ending 31 December 2016. **[Resolution 2]**

3. To re-elect the following Directors retiring pursuant to the Company's Constitution:-

   a) Mr Yu Ming Hai [retiring pursuant to Article 89] **[Resolution 3(a)]**

   b) Mr Xu Ping Wen [retiring pursuant to Article 89] **[Resolution 3(b)]**

4. To re-appoint Messrs Moore Stephens LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modifications, of which Resolution 5 will be proposed as Ordinary Resolution and Resolution 6 will be proposed as a Special Resolution:-

ORDINARY RESOLUTION

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Limited, the Directors of the Company be and they are hereby authorised to issue shares and convertible securities in the Company [whether by way of rights (renounceable or non-renounceable), bonus or otherwise] at any time and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 per centum of the total number of issued shares excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per centum of the total number of issued shares excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution and that such authority shall continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, unless revoked or varied at a general meeting of the Company."
   [See Explanatory Note (i)] **[Resolution 5]**

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

7. "That the Constitution of the Company be altered in the manner as set out in the Appendix to the Notice of Annual General Meeting dated 6 April 2016."
[See Explanatory Note (ii)] **[Resolution 6]**

BY ORDER OF THE BOARD

Chan Wai Teng Priscilla
Company Secretary
Singapore, 6 April 2016

NOTES:

A Member is entitled to appoint no more than two proxies to attend and vote in his place. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy. A proxy need not be a Member of the Company. Members wishing to vote by proxy at the meeting may use the proxy form enclosed. The completed proxy form must be lodged at the Registered Office of the Company at 1 Sophia Road #05-03 Peace Centre Singapore 228149 not less than 48 hours before the time appointed for the Meeting.

Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:-

(a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

Note to item no. 3:-

The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Messrs Yu Ming Hai and Xu Ping Wen.

Note to item no. 3(b):-

Mr Xu Ping Wen is an Independent Director, Chairman of the Remuneration Committee and member of the Audit and Risk Committee and Nominating Committee. He will continue in the said capacities upon re-election as a Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the capital of the Company (the "shares") and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue Shares pursuant to such instruments, up to an amount not exceeding in total 50 per centum of the total number of issued shares excluding treasury shares, with a sub-limit of 20 per centum of the total number of issued shares excluding treasury shares for issue other than on a pro-rata basis to existing shareholders of the Company, for such purposes as they consider would be in the interests of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.

The percentage of the issued share capital is based on the number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this Resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and (c) any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Rule 816(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) states that subject to Rule 816(2), a rights issue must provide for the rights to subscribe for securities to be renounceable in part or in whole in favour of a third party at the option of the entitled shareholders.

Rule 816(2)(a)(ii) states that an issuer can undertake non-renounceable rights issues in reliance on this general mandate to issue rights shares if the rights shares are priced at not more than 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the rights issue is announced. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the rights issue is announced. Rule 816(2)(b) states that the non-renounceable rights issue must comply with Part V of Chapter 8 of the Listing Manual of the SGX-ST except Rule 816(1).

(ii) The Special Resolution 6 proposed in item 7 above is to adopt a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 (the "Companies Act") introduced pursuant to (1) the Companies (Amendment) Act 2005 which took effect from 30 January 2006 and (2) the Companies (Amendment) Act 2014 which took effect in phases on 1 July 2015 and 3 January 2016 respectively, (collectively the "Amendment Acts"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 and incorporate amendments to (inter alia) take into account the changes to the Companies Act introduced pursuant to the Amendment Acts. Please refer to the Appendix to the Notice of Annual General Meeting dated 6 April 2016.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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APPENDIX DATED 6 APRIL 2016

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your shares in the capital of China Jishan Holdings Limited, you should hand this document to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

CHINA JISHAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Reg. No. 200310591E

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO THE PROPOSED AMENDMENTS TO THE CONSTITUTION

APPENDIX

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"2016 AGM"	:	The annual general meeting of the Company to be held on 29 April 2016
"Appendix"	:	This appendix to the notice of annual general meeting dated 6 April 2016
"Articles of Association"	:	Articles
"Board" or "Board of Directors"	:	The board of directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"Company"	:	China Jishan Holdings Limited
"Depositors"	:	The term "Depositors" shall have the meaning ascribed to it by section 81SF of the SFA
"Depository Register"	:	The term "Depository Register" shall have the meaning ascribed to it by section 81SF of the SFA
"Director"	:	A director for the time being of the Company
"Group"	:	The Company and its subsidiary
"Listing Manual"	:	The listing manual of the SGX
"Memorandum"	:	The Memorandum of Association of the Company
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
"SGX"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
"%"	:	Percentage and per centum

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Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Appendix, shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual as the case may be, unless the context otherwise requires.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replace from time to time.

Any reference to a time of a day in this Appendix is a reference to Singapore time.

Any discrepancies in this Appendix between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

APPENDIX

CHINA JISHAN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Reg. No. 200310591E

Directors :

Jin Guan Liang (Executive Chairman)
Jin Rong Hai (Executive Director/ Chief Executive Officer)
Yu Ming Hai (Executive Director)
Lien Kait Long (Lead Independent Director)
Yip Wei Jen (Independent Director)
Xu Ping Wen (Independent Director)

Registered Office :

1 Sophia Road,
#05-03 Peace Centre
Singapore 228149

6 April 2016

To: The Shareholders of China Jishan Holdings Limited

Dear Sir / Madam,

1. INTRODUCTION

The Company will be holding its annual general meeting on 29 April 2016 at 10:00am at Furama RiverFront Singapore, Jupiter III (Level 3), 405 Havelock Road, Singapore 169633 (the "**2016 AGM**"). Notice of the 2016 AGM (the "**Notice of AGM**") and the Proxy Form have been circulated with the Company's 2015 Annual Report on 6 April 2016.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for the amendments to the Company's Constitution at the 2016 AGM.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The SGX assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Appendix.

2. THE PROPOSED AMENDMENTS TO THE CONSTITUTION

2.1 Rationale for the amendments to the Constitution

The Companies (Amendment) Act 2005, which took effect from 30 January 2006, introduced wide-ranging changes to the Companies Act. The key changes include the abolition of the concepts of 'par value' and 'authorised capital', reforming the capital maintenance regime, the introduction of the concept of treasury shares, and liberalizing the amalgamation process for companies.

The Companies (Amendment) Act 2014, which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, introduced wide-ranging changes to the Companies Act. The changes aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the introduction of the multiple proxies regime to enfranchise indirect investors and CPF investors, and the merging of the memorandum and articles of association of a company into one document called the "constitution".

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The Company is accordingly proposing to amend its memorandum and articles of association which were in force immediately before 3 January 2016 (the "**Constitution**"), and incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2005 and the Companies (Amendment) Act 2014.

Rule 730(2) of the Listing Manual provides that if an issuer amends its articles or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment; therefore, the proposed amendments to the Constitution also contains updated provisions which are consistent with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual. In addition, the Company is taking this opportunity to include provisions in the Constitution to address the personal data protection regime in Singapore, and also to streamline and rationalise certain other provisions.

2.2 Summary of amendments

The following is a summary of the significant amendments to the Constitution, and should be read in conjunction with the proposed amendments which are set out in Annex A to this Appendix:

2.2.1 General

All references to the "Articles of Association" or "these presents" have been amended to the "Constitution", for consistency with the updated terminology in the Companies Act.

2.2.2 Clause 3

It is no longer necessary to state the objects of the Company in the Memorandum. In accordance with Section 23(1) of the Companies Act, subject to the provisions of the Companies Act, any other written law and its memorandum and articles of association, a company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and for these purposes, has full rights, powers and privileges. Hence, it is proposed that Clause 3 of the existing Memorandum be amended so as to provide the Company with full rights, powers and privileges to engage in any business, activity or transaction (as allowed by law) if it deems fit.

2.2.3 Clause 5, Article 3, Article 8(A), Article 9(A), Article 12(A), Article 18, Article 21, Article 23 Article 45, Article 49, Article 126 and Article 134

In line with the abolition of the concepts of the authorised capital and par value pursuant to the Companies Amendment Act 2005, it is proposed to amend the Clause 5 of the existing Memorandum, Article 3, Article 8(A), Article 9(A), Article 12, Article 18, Article 21, Article 23 Article 45, Article 49, Article 126 and Article 134 by removing references to the authorised share capital of the Company, the nominal value/nominal amount and par value of shares of the Company and share premium account of the Company.

2.2.4 Article 2

Article 2, which is the interpretation section of the Constitution, has a new provision stating that the expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289 (the "**SFA**"). This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Companies (Amendment) Act 2014.

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2.2.5 Article 7

Article 7, which relates to the Company's power to charge interest on capital where shares are issued to defray expenses on (inter alia) construction works, additionally clarifies that the Company may pay interest on the paid-up share capital, except treasury shares, and may charge the same to capital as part of the cost of the construction. This is in line with section 78 of the Companies Act.

2.2.6 Article 13(A)

The requirement to disclose the amount paid on the shares in the share certificate relating to those shares has been removed in article 13(A), which relates to share certificates. A share certificate need only state (inter alia) the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. This follows the amendments to section 123(2) of the Companies Act pursuant to the Companies (Amendment) Act 2014.

2.2.7 Article 42

A Depositor shall only be entitled to attend a general meeting if his name appears on the Depository Register maintained by CDP 72 hours before the relevant general meeting (previously 48 hours). This is in line with the new Section 81SJ of the SFA.

2.2.8 Article 47

Article 47, which relates to the convening of the Company's annual general meeting, now provides that the interval between the close of the financial year of the Company and the Company's annual general meeting shall not exceed 4 months, or such period as may be prescribed by the SGX-ST and the provisions of the Companies Act from time to time. This change is in line with paragraph (10) of Appendix 2.2 of the Listing Manual.

2.2.9 Article 50(A)

Article 50(A) is proposed to be amended pursuant to Practice Note 7.5, paragraph 3.3 of the Listing Manual of SGX, which states that if a member submits a proxy form and subsequently attends the General Meeting in person and votes, the appointment of the proxy should be revoked.

2.2.10 Article 59

Article 59, which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting. This is in line with section 178 of the Companies Act, as amended pursuant to the Companies (Amendment) Act 2014.

2.2.11 Articles 63 and 69

Articles 63 and 69, which relate to the votes of members, have new provisions stating that:

(a) if required by the listing rules of any stock exchange upon which the Shares are listed, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by such stock exchange). This change is in line with Rule 730A of the Listing Manual;

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(b) save as otherwise provided in the Companies Act, a Shareholder who is a "relevant intermediary" may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new section 181(1C) of the Companies Act;

(c) in the case of a Shareholder who is a "relevant intermediary" and who is represented at a general meeting by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new section 181(1D) of the Companies Act;

(d) the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. This is in line with new section 81SJ(4) of the SFA; and

(e) the Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

2.2.12 Article 71

Article 71, which relates to the deposit of proxies, has been amended to extend the cut-off time for the deposit of instruments appointing proxies from 48 to 72 hours before the time appointed for holding the general meeting. This is in line with section 178(1)(c) of the Companies Act, as amended pursuant to the Companies (Amendment) Act 2014.

2.2.13 Article 81

Article 81, which relates to the power of Directors to hold an office of profit and to contract with the Company, has been expanded to extend the obligation of a Director to disclose interests in transactions or proposed transactions with the Company, or any office or property held which might create duties or interests in conflict with those as Director, to also apply to a Chief Executive Officer (or person(s) holding an equivalent position). This is in line with section 156 of the Companies Act, as amended pursuant to the Companies (Amendment) Act 2014.

2.2.14 Articles 91 and 94

Article 94, which relates to the vacation of office of a Director in certain events, now additionally provides that a Director shall cease to hold office if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. Consequential changes have been made to Article 91, which relates to the filling of the office vacated by a retiring Director in certain default events, to provide that a retiring Director is deemed to be re-elected in certain default circumstances except, additionally, where he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. These changes are in line with paragraph (9)(n) of Appendix 2.2 of the Listing Manual.

In addition, references to the retirement of Directors in relation to attaining a retiring age have been removed in the Constitution. This is in line with the repealment of Section 153 of the Companies Act pursuant to the Companies (Amendment) Act 2014 which removes the maximum age limit for directors in the Companies Act.

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2.2.15 Article 109

Article 109 which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company is to be managed by, or under the direction of or, additionally, under the supervision of, the Directors. This is in line with section 157A of the Companies Act, as amended pursuant to the Amendment Act.

2.2.16 Article 120

Article 120, which relates to the keeping of Company records, has been updated to provide that such records may be kept either in hard copy or electronic form. This is in line with new sections 395 and 396 of the Companies Act.

2.2.17 Article 148

Article 148, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or to be incurred by him in defending court proceedings or regulatory investigations.

2.2.18 Article 149

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. The new article 149 specifies, inter alia, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

The proposed amendments to the Constitution is set out in Annex A to this Appendix. The proposed amendments to the Constitution is subject to Shareholders' approval.

3. DIRECTORS' RECOMMENDATIONs

The Directors are of the opinion that the proposed amendments to the Constitution is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Special Resolution No. 6, being the Special Resolution relating to the proposed amendments to the Constitution at the 2016 AGM.

4. ANNUAL GENERAL MEETING

The 2016 AGM is being convened on 29 April 2016 at 10:00am at Furama RiverFront Singapore, Jupiter III (Level 3), 405 Havelock Road, Singapore 169633 for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolutions set out in the Notice of AGM. The notice of the 2016 AGM and the Proxy Form have been circulated with the Company's Annual Report on 6 April 2016.

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5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf will find attached to the Company's Annual Report on 6 April 2016 a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 1 Sophia Road, #05-03 Peace Centre, Singapore 228149, not less than 48 hours before the time fixed for the 2016 AGM.

The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he finds that he is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed amendments to the Constitution and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 1 Sophia Road, #05-03 Peace Centre, Singapore 228149, during normal business hours for three (3) months from the date hereof:

(a) The Constitution of the Company; and

(b) The Annual Report of the Company for the financial year ended 31 December 2015.

Yours faithfully

For and on behalf of the Board of Directors
China Jishan Holdings Limited

Yu Ming Hai
Executive Director

APPENDIX

ANNEX A

Proposed Amendments to the Constitution of the Company

1. General

All references to the "Articles of Association" or "these presents" have been amended to the "Constitution", for consistency with the updated terminology in the Companies Act.

2. Clause 3

The original Clause 3 (relating to the objects of the Company) has been deleted and replaced with Article C, as set out below:

"C. Subject to the provisions of the Act and any other written law and its Constitution, the Company shall have full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction, to which may seem to the Company capable of being conveniently carried on in connection with its business or activities or operations, calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

~~*3. The objects for which the Company is established are:-*~~

~~*(1) To carry on the business of investment holding in Singapore or elsewhere and investing in and entering into joint ventures, partnerships or other arrangements with companies.*~~

~~*(2) To invest the capital and other moneys including, without limitation, funds obtained from outside borrowings, of the Company in the purchase or upon the security of shares, stocks, debentures, debenture stocks, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature, whether constituted or carrying on business in Singapore or elsewhere wheresoever and shares, stocks, debentures, debenture stocks, bonds, warrants, rights, coupons, mortgages, obligations and other securities issued or guaranteed by any government, state, or dominion, public body or authority, supreme, municipal, local or otherwise.*~~

~~*(3) To acquire and hold any such shares, stocks, debentures, debenture stock, scrip, loans, bonds, obligations, notes, securities and investments by original subscription, tender, purchase, participation in syndicates, exchange or otherwise, and whether or not fully paid up, and to make payments thereon as called up or in advance of calls or otherwise, and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof, and to vary or transpose by sale, exchange or otherwise from time to time as may be considered expedient any of the Company's investments for the time being.*~~

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~~(4) To enter into any joint arrangement or arrangements for sharing profits, union of interests, joint venture, reciprocal concessions or co-operation with any company, firm or person carrying on or proposing to carry on any business and hold, sell or dispose of assets, shares, stocks or securities of any such company, firm or person and to guarantee and secure the contracts or liabilities of or the payment of the dividends or capital of any shares, stock or securities of and subsidise or assist any such company, firm or person.~~

~~(5) To carry on all or any of the businesses of proprietors or owners of lands, buildings, plantations and immovable property of any tenure or description and wheresoever situate, including flats, maisonettes, apartments, suites, houses, shops, offices, hotels, restaurants, clubs, godowns, warehouses, factories and all other buildings.~~

~~(6) To purchase or otherwise acquire for investment or resale or as security any immovable property including lands, houses, building, tenements, premises and plantations of any tenure and wheresoever situate or any interest therein, and any movable property of any description of any interest therein and to hold, lease, sub-lease, sell, let and deal in all manner of freehold and leasehold land and generally to acquire, deal in, traffic by way of sale, lease, sub-lease, exchange or otherwise property of every description, whether immovable or movable, wheresoever situate, and whether for valuable consideration or not~~

~~(7) To develop and turn to account any immovable property including lands, houses, buildings, tenements, premises and plantations acquired by or in which the Company is interested, and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining, furnishing, fitting up and improving buildings and by planting, paving, draining, farming, cultivating, letting on a building lease or agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants, purchasers and others.~~

~~(8) To carry on the business of land and estate developers anywhere and to buy, sell, take on lease or otherwise to acquire, and to sell, let on lease or license and generally turn to account lands, estates (whether building industrial agricultural or otherwise) and buildings of every description, and any rights, interests, and privileges therein or appertaining thereto or connected therewith, and generally to develop and improve any such lands and estates by consolidating, amalgamating, connecting, subdividing excising the same or any part thereof and by laying out, constructing and maintaining roads, pleasure gardens, recreation ground, car parks, sewers, drains and waterworks and other conveniences or facilities and by erecting buildings thereon of any description whatsoever.~~

~~(9) To carry on business as builders and contractors and to construct, execute, carry out, equip, improve, work, develop, administer, maintain, manage or control buildings and works of all kinds to dismantle or demolish any such buildings and works.~~

~~(10) To act as nominees, managers, receivers, stewards or agents in any capacity and undertake or direct the management of property, lands, and estates of any tenure or kind of any persons whether members of the Company or not in the capacity of stewards or receivers or otherwise, and to undertake and execute any trusts the undertaking of which may seem desirable and either gratuitously or otherwise and for any person, firm, company or authority whatsoever.~~

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~~(11) To undertake and execute any contracts for works involving the supply or use of plant and machinery and equipment of every description and for that purpose to sell or let on hire the same and to carry out any ancillary or other works comprised in such contracts.~~

~~(12) To buy, sell, manufacture, repair, alter, improve, exchange, let out on hire, import, export and deal in all works, plant, machinery tools, utensils, appliances, apparatus, products, materials substances, articles and things capable of being used in any business which this Company is competent to carry on or required by any customers of or persons having dealings with the company or commonly dealt in by persons engaged in any such business or which may seem capable of being profitably dealt with in connection therewith and to manufacture, experiment with, render marketable and deal in all products of residual and by-products incidental to or obtained in any of the businesses carried on by the Company.~~

~~(13) To consolidate, connect or sub-divide any of the properties of the Company and to lease or dispose of the same in any manner and on such terms as the Company may determine.~~

~~(14) To guarantee the payment or performance of any debts, contracts or obligations, or become surety for any person, firm or company, for any purpose whatsoever, and to act as agents for and render services to customers and others, and generally to give guarantees and indemnities.~~

~~(15) To purchase, charter, take in exchange, or otherwise acquire and hold ships, vessels and craft of any kinds or interests therein and to maintain, repair, improve, alter, sell exchange or let out to hire or charter or otherwise deal with and dispose of any ships or vessels aforesaid.~~

~~(16) To carry on all or any of the businesses of ship-owners, managers of shipping property, omnibus owners or managers, passengers or freight contractors, carriers by land and seal, barge owners, lightermen, forwarding agents, ice merchants, refrigerating, storekeepers, warehousemen, wharfingers and general traders.~~

~~(17) To apply for, purchase or otherwise acquire any patents, brevets d'invention, licenses, concessions and the like, conferring any exclusive or non-exclusive or limited right to use any secret or other information as to any invention or preparation which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights or information so acquired.~~

~~(18) To sell, exchange, dispose of, turn to account or otherwise deal with the whole or any part of the undertaking, property, assets and rights of the Company, either together or in portions for such consideration as may be agreed and in particular for stocks, shares, debentures, debenture stocks or other securities of any company purchasing the same.~~

~~(19) To acquire the whole or any part of the undertaking, property, assets, rights, and liabilities of any person or company possessed of property suitable for the purposes of this Company or carrying on any business which this Company is authorised to carry on.~~

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~~*(20) To enter into any partnership or joint-purse arrangement or arrangement for sharing profits, union of interest or co-operation with any company, firm or person carrying on or proposing to carry on any business within the objects of this Company, and to acquire and hold, sell or dispose of shares, stock or securities of any such company, and to guarantee the contracts or liabilities of, or the payment of the dividends, interest or capital of any shares, stock or securities of and to subsidise or otherwise assist any such company.*~~

~~*(21) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of this Company or the promotion of which shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company, and to acquire and hold or dispose of shares, stocks or securities of and guarantee the payment of the dividends, interest or capital of any shares, stock or securities issued by or any other obligations of any such company.*~~

~~*(22) To amalgamate with any other company whose objects are or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid up shares or otherwise) of the undertaking, subject to the liabilities of this or any other company as aforesaid, with or without winding up, or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.*~~

~~*(23) To borrow or raise or secure the payment of money for the purposes of or in connection with the Company's business in such manner and on such terms as the Company may think fit.*~~

~~*(24) To mortgage and charge the undertaking and all or any of the movable and immovable property and assets, present or future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures stocks and further to secure any securities of the Company by a trust deed or other assurance.*~~

~~*(25) To receive money on deposit or loan upon such terms as the Company may approve, and to guarantee the obligations and contracts of customers and others.*~~

~~*(26) To do all or any of the above things in any part of the world and either as principals, agents, contractors or otherwise and either alone or in conjunction with others and either by or through local managers, agents, sub-contractors, trustees or otherwise.*~~

~~*(27) To make donations for patriotic or for charitable purposes.*~~

~~*(28) To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependants or connections of such persons in such manner as the Company shall think fit and in particular by building or contributing to the building of houses or dwellings or by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institution, funds or trust and by providing, subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.*~~

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~~*(29) To do all such other things as in the opinion of the Company or its Directors are incidental to or conducive to the attainment of any of the above objects or any objects of a like or similar nature.*~~

~~*The objects or all or any of the objects specified in each paragraph above of this clause shall except and unless where otherwise expressed in such paragraph be in no way limited or restricted by reference to or inference from the terms of any other paragraph or group of paragraphs aforesaid and shall be capable of being pursued as an independent object and either alone or in conjunction with all or any one or more of the other objects specified in the same or in any other paragraph or group of paragraphs and the discontinuance or abandonment of all or any of the businesses or objects hereinbefore referred to shall not prevent the Company from carrying on any other business authorised to be carried on by the Company and it is hereby expressly declared that in the interpretation of this clause the meaning of any of the Company's objects shall not be restricted by reference to any other object or by the juxtaposition of two or more of them and that in the event of any ambiguity this clause shall be construed in such a way as to widen and not to restrict the powers of the Company.*~~

~~*And it is hereby further declared that the word "company" in this clause except where used in reference to this Company shall wherever the context so permits be deemed to include -any corporation (wherever incorporated) partnership or other body of persons whether incorporated or not, and whether domiciled in the Republic of Singapore or elsewhere."*~~

3. Clause 5, Article 3, Article 8(A), Article 9(A), Article 12(A), Article 18, Article 21, Article 23 Article 45, Article 49, Article 126 and Article 134

3.1 The original Clause 5 has been renumbered as Article E, with the proposed amendment set out in bold below:

*"~~**The authorised share capital of the Company is S$100,000,000/- divided into 100,000,000 shares of S$1- each.**~~ The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential deferred qualified or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise."*

3.2 The proposed amendment to Article 3 is set out in bold below:

*"~~**(A) The authorized share capital of the Company is S$100,000,000 divided into 4,000,000,000, shares of S$0.025.**~~*

~~(B)~~ The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law, regulation or guidelines enacted, promulgated or issued by any relevant competent authority (including the Designated Stock Exchange (if applicable)) from time to time (hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Relevant Laws."

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3.3 The proposed amendments to Article 8(A) are set out below:

"(A) The rights attached to shares issued upon special conditions shall be clearly defined in ~~***the Memorandum and Articles***~~ ***this Constitution*** and the rights attaching to shares of a class other than ordinary shares shall be expressed. ~~***In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference***~~ ***Preference*** *shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear."*

3.4 The proposed amendments to Article 9(A) is set out below:

"Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters ~~***in nominal value***~~ *of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of* ~~***these presents***~~ ***this Constitution*** *relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third* ~~***in nominal value***~~ *of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters* ~~***in nominal value***~~ *of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting."*

3.5 The proposed amendment to Article 12(A) is set out below in bold:

"(A) The Company may reduce its share capital or any capital redemption reserve fund, ~~***share premium account***~~ *or other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law."*

3.6 The proposed amendment to Article 18 is set out below in bold:

"The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares ~~***(whether on account of the nominal value of the shares or, when permitted, by way of premium)***~~ *but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed and may be made payable by instalments."*

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3.7 The proposed amendments to Article 21 are set out below in bold:

*"~~**Any sum (whether on account of the nominal value of the share or by way of premium)**~~ **Any sum** which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of ~~**these presents**~~ **this Constitution** be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of ~~**these presents**~~ **this Constitution** as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified."*

3.8 The proposed amendment to Article 23 is set out below in bold:

*"The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys ~~**(whether on account of the nominal value of the shares or by way of premium)**~~ uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits."*

3.9 The proposed amendment to Article 45 is set out below in bold:

*"The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units ~~**(not being greater than the nominal amount of the shares from which the stock arose)**~~ as the Directors may from time to time determine."*

3.10 The proposed amendments to Article 49 are set out below in bold:

*"Any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of ~~**these presents**~~ **this Constitution** entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-*

(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

*(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. ~~**in nominal value**~~ **of the** ~~**shares giving that**~~ **total voting rights of all the members having the right to vote at the meeting**;*

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Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to the Designated Stock Exchange."

3.11 The proposed amendment to Article 126 is set out below in bold:

"No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes or, pursuant to Section 69 of the Act ~~**and in the form of stock dividends, out of the share premium account.**~~. Any dividend unclaimed after six (6) years from the date of declaration shall be made forfeit and revert to the Com*pany."*

3.12 The proposed amendment to Article 134 is set out below:

"The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 4(A)), capitalize any sum standing to the credit of any of the Company's reserve accounts as representing profits available for distribution under the provisions of the Statutes or, pursuant to Sections 69 or 70 of the Act, ~~**the Company's share premium account or**~~ *capital redemption reserve, by appropriating such sum to the persons registered as the holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares or (subject to any special rights previously conferred on any shares or class of shares for the time being issued) unissued shares of any other class not being redeemable shares, for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalization, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned."*

4. Article 2

The following definitions in Article 2 (which sets out the interpretation section of the Constitution) have been deleted, and replaced with a new provision as set out below in bold:

~~***""Depositor"***~~	~~***A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a Sub-Account Holder.***~~
~~***"Depository Agent"***~~	~~***A member company of the Singapore Exchange Securities Trading Limited, a trust company (registered under the Trust Companies Act, Chapter 336), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act, Chapter 186), or any other person or body approved by CDP who or which:-***~~

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~~*(a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the Depository Agent;*~~

~~*(b) deposits book-entry securities with CDP on behalf of the sub-account holders; and*~~

~~*(c) establishes an account in its name with CDP.*~~

~~*"Depository Register"*~~	~~*A register maintained by CDP in respect of book-entry securities.*~~
~~*"Direct Holder"*~~	~~*A person who has a securities account directly with CDP and not through a Depository Agent.*~~

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in the Securities and Futures Act, Cap. 289."

5. Article 7

The proposed amendment to Article 7 (relating to the Company's power to charge interest on capital where shares are issued to defray expenses on (*inter alia*) construction works) is set out below in bold:

*"Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital (**except treasury shares**) as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act."*

6. Article 13(A)

The proposed amendments to Article 13(A) (relating to share certificates) is set out below in bold:

*"Every certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, **whether the shares are fully paid up or partly paid up**, and the amount ~~**paid up**~~ **(if any) unpaid thereon**. The facsimile signatures may be re-produced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class."*

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7. Article 42

The proposed amendment to Article 42 (relating to depositors) is set out below in bold:

"A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-

(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP ~~**forty-eight (48)**~~ ***seventy-two (72)*** *hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;*

(b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;

(c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and

(d) the provisions in ~~**these presents**~~ ***this Constitution*** *relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes)."*

8. Article 47

The proposed amendment to Article 47 (relating to the convening of the Company's annual general meeting) is set out below in bold:

"An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. ***The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed 4 months, or such period as may be prescribed by the Designated Stock Exchange and the provisions of the Act from time to time.*** *All other General Meetings shall be called Extraordinary General Meetings."*

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9. Article 50(A)

The proposed amendment to Article 50(A) (relating to the appointment of proxy) is set out below in bold:

"Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. ***However, if a member submits a proxy form and subsequently attends the General Meeting in person and votes, the appointment of such proxy shall be revoked."***

10. Article 59

The proposed amendments to Article 59 (relating to the method of voting at a general meeting where mandatory polling is not required) is set out below in bold:

"At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

(a) the chairman of the meeting; or

(b) not less than two members present in person or by proxy and entitled to vote; or

(c) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than ~~one-tenth~~**5 per cent** *of the total voting rights of all the members having the right to vote at the meeting; or*

(d) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than ~~one-tenth~~**5 per cent** *of the total sum paid on all the shares conferring that right,*

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting."

11. Articles 63 and 69

11.1 The proposed amendment to Article 63 (relating to the votes of members) is set out below in bold:

"(A) If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).

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*(B) Subject to **Article 63(A) and** any special rights or restrictions as to voting attached by or in accordance with ~~these presents~~ **this Constitution** to any class of shares, ~~on a show of hands~~ every member who is present in person or by proxy shall ~~have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.~~*

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote, provided that:

(i) in the case of a Member who is not a relevant intermediary, and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) .

(ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

***(C) For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by CDP to the Company.** A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company."*

11.2 The proposed amendments to Article 69 (relating to the votes of members) are set out below in bold:

*"(A) **Save as otherwise provided in the Act:***

*(a) **a** member **who is not a relevant intermediary** shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.*

(b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member.

(B) A proxy need not be a member of the Company.

(C) In any case where a Member is a Depositor, the Company shall be entitled and bound:-

(a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by CDP to the Company; and

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(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(D) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy."

12. Article 71

The proposed amendment to Article 71 (relating to the deposit of proxies) is set out below in bold:

*"An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than ~~**forty-eight**~~ **seventy-two** hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates."*

13. Article 81

The proposed amendment to Article 81 (relating to the power of Directors to hold an office of profit and to contract with the Company) is set out below in bold:

"A Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof. ***However, every Director and Chief Executive Officer (or person(s) holding an equivalent position) shall observe the provisions of the Act relating to the disclosure of the interests of the Directors and Chief Executive Officers (or person(s) holding an equivalent position) in transactions or proposed transactions with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be.***

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting."

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14. Articles 91 and 94

14.1 The proposed amendments to Article 91 (relating to the filling of the office vacated by a retiring Director in certain default events) is set out below in bold:

"The Company at the meeting at which a Director retires under any provision of ~~***these presents***~~ ***this Constitution*** *may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:-*

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or

(b) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or

~~(b)~~(c) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or

~~(c)~~(d) where the default is due to the moving of a resolution in contravention of the next following Article.

~~***(d) where such Director has attained any retiring age applicable to him as Director.***~~

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break."

14.2 The proposed amendments to Article 94 (relating to the vacation of office of a Director in certain events) are set out below in bold:

"The office of a Director shall be vacated in any of the following events, namely:-

(a) if he shall become prohibited or disqualified by the Statutes or any other law from acting as a Director; or

(b) if he is disqualified from acting as a Director in any jurisdiction for reasons other than on technical grounds; or

~~(b)~~(c) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or

~~(c)~~(d) if he shall become bankrupt or have a receiving order made against him or shall make arrangement or composition with his creditors generally; or

~~(d)~~(e) if he becomes of unsound mind, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or

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~~(e)~~(f) *is absent, for more than six months and without leave of the Directors, from meetings of the Directors held during that period; or*

~~(f)~~(g) *if he is removed by the Company in General Meeting pursuant to* ***~~these presents~~ this Constitution****."*

15. Article 109

The proposed amendments to Article 109 (relating to the general powers of the Directors to manage the Company's business) are set out below in bold:

"The business and affairs of the Company shall be managed by or under the direction ***or supervision*** *of the Directors, who may exercise all such powers of the Company as are not by the Statutes or by* ***~~these presents~~ this Constitution*** *required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of* ***~~these presents~~ this Constitution****, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article."*

16. Article 120

The proposed amendments to Article 120 (relating to the keeping of Company records) is set out below in bold:

"Any register, index, minute book or book of account required to be kept by the Company under the Statutes may ***~~be kept either by making entries in a bound book or (subject to reasonable precautions against falsification and for discovery of falsification, and to the provision of proper facilities for inspection to the persons entitled to inspection) by recording in any other permanent manner.~~, subject to and in accordance with the Act, be kept in hard copy form or in electronic form, and arranged in the manner that the Directors think fit. If such records are kept in electronic form, the Directors shall ensure that they are capable of being reproduced in hard copy form, and shall provide for the manner in which the records are to be authenticated and verified. In any case where such records are kept otherwise than in hard copy form, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification and facilitating the discovery of any falsifications.*** *The Company shall cause true English translations of all accounts, minute books or other records required to be kept by the Company under the Statutes which are not kept in English to be made from time to time at intervals of not more than seven days, and shall keep the translations with the originals for so long as the originals are required under the Statutes to be kept. The Company shall also keep at the Office certified English translations of all instruments, certificates, contracts or documents not written in English which the Company is required under the Statutes to make available for public inspection."*

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17. Article 148

The proposed amendment to Article 148 (relating to the Directors' indemnification) is set out below in bold:

"Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or ***to be incurred*** *by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court. Without prejudice to the generality of the foregoing, no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust"*

18. Article 149

The proposed new Article 149 (which addresses the personal data protection regime) is set out below in bold:

"(A) ***A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:-***

(a) ***implementation and administration of any corporate action by the Company (or its agents or service providers);***

(b) ***internal analysis and/or market research by the Company (or its agents or service providers;***

(c) ***investor relations communications by the Company (or its agents or service providers);***

(d) ***administration by the Company (or its agents or service providers) of that member's holding of shares in the capital of the Company;***

(e) ***implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;***

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(f) *processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any general meeting (including adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any general meeting (including any adjournment thereof);*

(g) *implementation and administration of, and compliance with, any provision of this Constitution;*

(h) *compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and*

(i) *purposes which are reasonably related to any of the above purposes.*

(B) Any Member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Articles 148(A)(f) and 148(A)(h)."

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CHINA JISHAN HOLDINGS LIMITED
(Company Registration No.: 200310591E)

PROXY FORM

Important
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We ____

of ____
being a *member/members of China Jishan Holdings Limited, hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Furama RiverFront Singapore, Jupiter III (Level 3), 405 Havelock Road, Singapore 169633 on Friday, 29 April 2016 at 10 a.m. and at any adjournment thereof.

The proxy is required to vote as indicated with an "X" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his discretion.

Resolution No.		For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 together with the Auditors' Report thereon.		
2.	To approve payment of Directors' Fees for the financial year ending 31 December 2016.		
3(a).	To re-elect Mr Yu Ming Hai as a Director.		
3(b).	To re-elect Mr Xu Ping Wen as a Director.		
4.	To re-appoint Messrs Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration.		
5.	To authorise the Directors to issue/allot shares in the Company.		
6.	To approve the proposed adoption of the new Constitution of the Company.		

Signed this __________ day of _______________ 2016

Total No. of Shares in:	No. of Shares
1) CDP Register	
2) Register of Members	

____
Signature(s) of Member(s)
or Common Seal of Corporate Shareholder

IMPORTANT : PLEASE READ NOTES OVERLEAF

NOTES:

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the Annual General Meeting. Such proxy need not be a member of the Company.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. Where a member appoints more than one proxy, he must specify the proportion of his shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

4. The instrument appointing a proxy must be signed by the appointer or his duly authorised attorney or if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.

5. A corporation which is a member may also appoint by resolution of its directors or other governing body, an authorised representative or representatives in accordance with its Constitution and Section 179 of the Singapore Companies Act, Chapter 50, to attend and vote on its behalf.

6. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company, 1 Sophia Road #05-03 Peace Centre Singapore 228149 not less than 48 hours before the time appointed for holding the Annual General Meeting.

7. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register, he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the aggregate number of Ordinary Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.

8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered in his name in the Depository Register at least 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2016.

China Jishan Holdings Limited
No. 276 Zhongxing Middle Road,
2nd Floor, Block A Xiandai Building,
Shaoxing City, Zhejiang, PRC 312000