



中翔國際集團有限公司
China International Holdings Limited

2023

ANNUAL REPORT



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OUR BUSINESS

**WATER
SUPPLY
SERVICES**

**WASTEWATER
TREATMENT
SERVICES**

**LAND AND
REAL ESTATE
PROPERTY
DEVELOPMENT**

CHAIRMAN'S STATEMENT



Dear Shareholders,

Greetings to you all.

On behalf of the Board of Directors of China International Holdings Limited (the “Company”), I am pleased to present the Annual Report of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2023.

In the past year, various regions in the world experienced some form of conflicts, regional instability and economic slowdown. Although the People’s Republic of China (the “PRC”) has reopened to the world after ending its zero-Covid policy, its overall economic performance has been on a slow recovery.

Looking back on the past year, the Group, its Board and Management have had to face significant stress on several fronts. On the one hand, the overall unstable economic environment had negatively impacted the business activities of the Group which in turn had dampened operating revenue and profit to some extent. On the other hand, a series of events arising from the disposal in late 2022 of the 50% equity interests in KYWJ Group, including litigations brought about by external parties, have taken a toll on management’s time

and resources. These have also brought stress on the Group’s cashflow situation.

Nevertheless, the Board, working with the Management and all our employees have continued to focus our efforts and energy on promoting the sustainable and stable development of the Group’s main businesses, including water supply services and wastewater treatment. At the same time, the Group will continue to explore and seek out suitable business and investment opportunities to help drive future growth.

REVIEW OF 2023

In FY2023, Group revenue decreased by 5.5% to RMB97.91 million from RMB103.6 million in FY2022 mainly due to the lower revenue recorded on wastewater treatment services at CIHL (Tianjin) Water Development Company Limited (“CIHL Tianjin Water”).

The Group’s administrative expenses in FY2023 rose to RMB11.32 million compared to RMB8.66 million recorded in FY2022, mainly due to higher professional and legal fees incurred in relation to an Independent Review commissioned by the Independent Directors in early 2023 as well as the ongoing litigations.

For the year under review, the Group recorded a net loss of RMB74.01 million compared to a net profit of RMB62.50 million in FY2022. This was mainly because of a provision of RMB59.50 million made in respect of a dividend received by the Group in FY2022 following a written judgement from the Yichang Dianjun District Court of the PRC on 2 February 2024 which ruled that the profit distribution resolution of Yichang Zeyou Real Estate Development Co. Ltd (“Yichang Zeyou”, formerly known as Yichang Xinshougang Real Estate Development Co. Ltd) dated and approved on 1 September 2022 was in violation of the relevant Company Law of the PRC. (The dividend was partly paid in cash and partly by way of completed property units in the KYWJ Group.)

At the end of 2023, the Group had cash and cash equivalents of RMB20.80 million. In the next financial year, the Group will actively focus more on cash flow generation from our water supply services and wastewater treatment services.

During the year under review, Tianjin Lingang Water Co. Ltd, a subsidiary of the Group, completed the expansion project to provide re-pressurized water

CHAIRMAN'S STATEMENT

“The Group will continue to focus on cash generation from its main business of water supply services and waste water treatment.”

Shan Chang

Non-Independent Non-Executive Chairman



from CIHL Tianjin Water's pipeline network for supply to local users. We successfully obtained the construction planning acceptance certificate in June 2023. The completed project will allow for increased sales of treated water to the related service areas.

In the past few years, the real estate industry in the PRC has witnessed a downturn, with many real estate companies experiencing difficult conditions, with some facing crisis situations. In view of this, the Group had decided back in 2022 to exit the real estate sector, when we disposed our 50% equity interests in KYWJ Group on 18 December 2022. Subsequent to the Group's exit, Yichang Zeyou faced a series of tax investigations brought on by the local authorities, which has also brought negative impact to the Group.

Moving forward, the Group will continue to focus on cash generation from its main business of water supply services and waste water treatment.

LOOKING AHEAD

The Group's water supply services, wastewater treatment services and water pipeline construction business in Tianjin are very dependent on the local economic environment and the general state of property development there. However, we will still continue to leverage on our advantages and further develop the Group's key water business and strengthen our position as a leading corporate enterprise in Tianjin.

The Group has no major investment plans for 2024 at present and will continue to focus on the execution of the existing business and improve value returns for our shareholders.

The management will make prompt disclosure when it becomes aware of any material or significant information concerning its operations.

STATEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (“ESG REPORT”)

In the context of global movement of green and low-carbon emission economy, the Group strives to meet the Rules of Listing Manual and Best Practice of SGX-ST required of the listed companies in the areas of environmental, social and governance capabilities. The Group seeks to effectively integrate the corporate social responsibility, sustainable development concept and good corporate governance into the actual business activities. The Group has also made reasonable efforts to develop the sustainable development capabilities in multiple dimensions and levels. The Group has been working on establishing a sustainability development governance framework and have invited internal audit consultants to assist in review of this year's ESG Report under the environmental, social and governance dimensions. We hope to further to improve and strengthen the disclosure quality of the Group's ESG Report.

The Group will release its FY2023 ESG Report on or before 30 April 2024.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude to all our shareholders, management, customers, business partners and employees for your unyielding faith, support and contributions to the Group during these very challenging times. We look forward to your continued support as we still strive to enhance the Group's financial performance.

I would also like to thank all my fellow Directors for their invaluable contributions. A special thanks goes to our long serving Independent Director, Mr Chee Teck Kwong Patrick, who has been with the Group for over 9 years and made positive contributions to the governance of the Group. In 2023, the Company actively implemented and improved the diversity of the Board. Two new independent directors with outstanding achievements in their respective professional fields joined the Board on 1 December 2023. We believe that their joining will introduce new blood and enhance the capabilities of the Board. We will continue to work together and do our best to improve the finances of the Company and enhance value for our shareholders.

Shan Chang
Non-Independent
Non-Executive Chairman

BOARD OF DIRECTORS

SHAN CHANG

*Non-Independent
Non-Executive Chairman*

Mr Shan is one of the founders and the Chairman of the Company. Mr Shan has over 30 years of experience in the construction industry in the PRC and Hong Kong and more than 30 years business and financial management experience in listed companies. Mr Shan holds an Executive Master of Business Administration degree from the Tsinghua University, a Master of Science degree in Engineering from the China Academy of Railway Science and a Bachelor of Science degree in Engineering from the Tongji University. Age 65.

Present Directorships

Listed companies:

China International Holdings Limited

Others (Non-listed companies):

- CIHL (Tianjin) City Development Limited
- China (Tianjin) Water Resources Limited
- CIHL Development Limited
- Pinnacle China Limited
- MKS Equities Limited
- CIHL (Tianjin) Haihe Development Co., Ltd
- Zhongxiang (Tianjin) Bridge Construction Co., Ltd
- Zhongxiang (Tianjin) Road and Bridge Construction Co., Ltd
- Beijing Zhongyuandatong Real Estate Development Co., Ltd

Past Directorships in listed companies held over the preceding 5 years

Nil

Other principal commitments:

Nil

ZHANG RONG XIANG

Managing Director

Mr Zhang is one of the founders of the Company. Mr Zhang has more than 30 years of experience in construction, civil engineering and seismic studies in the PRC and Hong Kong, including over 20 years with the Comprehensive Institute of Site Investigation and Surveying, Ministry of Construction of the PRC.

Mr Zhang holds an Executive Master of Business Administration degree from the Peking University, a Master of Science degree in Engineering from the China Academy of Building Research and a Bachelor of Engineering degree from the HeFei University of Technology. Mr Zhang is a member of the Council of the Architectural Society of China, a Registered Engineer for Construction Supervision and Registered Civil Engineer (Geot.) in the PRC. Age 62.

Present Directorships

Listed companies:

- China International Holdings Limited

Others (Non-listed companies):

- China (Tianjin) Water Resources Limited
- CIHL (Tianjin) City Development Limited
- Zhongxiang (Tianjin) Water Development Company Limited
- Tianjin Lingang Water Co., Ltd
- China Infrastructure Management (Hong Kong) Limited
- CIHL Development Limited
- Pinnacle China Limited
- MKS Equities Limited
- CIHL (Tianjin) Haihe Development Co., Ltd

- Beijing Century Aodu Kaiyuan Technology Co., Ltd
- Tianjin Ningqu Industry Development Co., Ltd
- Tianjin Zhongchengjianfa Development Co., Ltd
- Beijing Jinlongshidai Investment Co., Ltd
- Jing Wealth Investment Enterprise Limited
- Beijing Jinlong Sunshine Technology Development Co., Limited
- Zhongxiang (Tianjin) Bridge Construction Co., Limited
- Beijing Zhongyuan Datong Real Estate Development Co., Limited

Past Directorships in listed companies held over the preceding 5 years

Nil

Other principal commitments:

Nil

BOARD OF DIRECTORS

TEO WOON KENG JOHN

Lead Independent Non-Executive Director

Mr John Teo was first appointed as Independent Director on 3 June 2015, and is currently the Company's Audit Committee Chairman and Lead Independent Director. He is an accountant by profession with over 30 years of professional experience in finance, audit, and risk management, and had held senior management positions in large organizations across different industries.

Mr Teo is a Fellow of the Institute of Singapore Chartered Accountants (ISCA) and a member of its corporate governance and risk management subcommittee. He is a member and a Senior Accredited Director of the Singapore Institute of Directors. He holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and a MBA from University of Wales.

He was previously the chief financial officer of Singapore Pools Pte Ltd, managing director, finance, of Temasek Holdings (Pte) Ltd, chief financial officer of National University Hospital and audit manager in Price Waterhouse Singapore.

His current appointments include Executive Director, Asia Pacific Lottery Association Ltd, and independent director and chairman of the Audit Committee, IX Biopharma Limited, which is listed on the Catalist board of the Singapore Stock Exchange. He is also a director of the Ang Mo Kio-Thye Hua Kwan Hospital Ltd, a charity community hospital with 380 beds, and ISCA Cares Limited, a non-profit entity of the national accountancy body.

Among his past appointments, he was director of a government statutory board, the Energy Market Authority from 2008 to 2014 and was the chairman of its Audit Committee from April 2010. He was a member of the Auditing & Assurance Standards Committee of ISCA from 2008 to 2016, and of the Investment Advisory Committee of People's Association, Singapore from 2005 to 2017.

Mr Teo was conferred the Public Service Medal (PBM) and the Public Service Star (BBM) of the Republic of Singapore in 2002 and 2012 respectively. He is a Licenced Solemnizer of the Registry of Marriages and serves on the management committee of local community organizations. Age 66.

Present Directorships

Listed companies:

- China International Holdings Limited
- IX Biopharma Limited

Others (Non-listed companies):

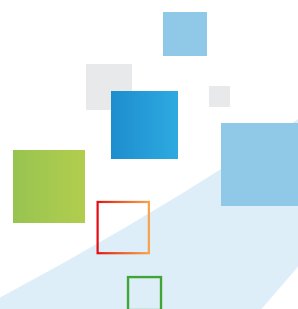
- Asia Pacific Lottery Association Ltd
- Ang Mo Kio Thye Hua Kwan Hospital Ltd
- ISCA Cares Limited

Past Directorships in listed companies held over the preceding 5 years

Nil

Other principal commitments:

- Executive Director, Asia Pacific Lottery Association Ltd



BOARD OF DIRECTORS

CHEE TECK KWONG PATRICK

Independent Non-Executive Director

Mr Chee Teck Kwong Patrick, PBM, holds a Bachelor of Law (Hons) Degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales.

He has been in private legal practice since 1980. He is now a Senior Legal Consultant with Withers KhattarWong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, and listing of companies. He has also advised on property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. He had initiated and was instrumental to the setting up of a full licensed KhattarWong's law practice in Vietnam.

Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators, and Singapore Institute of Directors. He had served several years in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some wellknown franchises in Singapore in the early 1990s. From 2002 to 2013, Mr Chee was the Organising Chairman of the "National Street Soccer League - Lee Hsien Loong Challenge Trophy".

Mr Chee also sits on the Board of other public listed companies, i.e., Sheng Siong Group Ltd, QAF Limited, MeGroup Ltd and Noel Gifts International Ltd. He is also Honorary Legal Advisor to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore.

Mr Chee is the recipient of the National Day Awards 2003 - "The Public Service Medal (Pingat Bakti Masyarakat)" from the President of Republic of Singapore. Age 69.

Present Directorships

Listed companies:

- China International Holdings Limited
- MeGroup Ltd
- QAF Limited
- Sheng Siong Group Ltd
- Noel Gifts International Ltd

Others (Non-listed companies):

Nil

Past Directorships in listed companies held over the preceding 5 years:

- Ramba Energy Limited
(now known as ENECO Energy Limited)
- CSC Holdings Limited
- Hai Leck Holdings Limited
- OneApex Limited

Other principal commitments:

- Lead Independent Director, MeGroup Ltd
- Independent Director, QAF Limited
- Lead Independent Director, Sheng Siong Group Ltd
- Independent Director, Noel Gifts International Ltd

BOARD OF DIRECTORS

ZHU JUN

Executive Director

Mr Zhu joined the Company in April 2003 and was re-elected as Executive Director of the Company on 25 April 2022. Mr Zhu Jun is responsible for the group's investor relations management and the company's investment, mergers and acquisitions of other major projects. Prior to joining the Company, Mr Zhu worked in banking, financial and capital market sector for more than 20 years as a senior executive. Mr Zhu holds a Master and a Bachelor degree in Economics from the Peking University. Age 59.

Present Directorships

Listed companies:

- China International Holdings Limited

Others (Non-listed companies):

- CIHL (Tianjin) Water Development Company Limited
- China (Hong Kong) Water Resources Limited
- China Infrastructure Management (Hong Kong) Limited
- CIHL Development Limited
- City Energy Holdings Limited
- Goldlink Asset Management (Asia) Limited
- Goldlink Capital Group Limited
- Goldlink Capital (HK) Limited
- Pacific Grow Holdings Ltd
- Goldlink Securities Limited
- China Goldlink Capital Ltd
- Superfaith International Finance Limited

Past Directorships in listed companies held over the preceding 5 years

Nil

Other principal commitments:

Nil

ZHANG YUN

Independent Director

Mr Zhang Yun was appointed to the Board as an independent director on 1 December 2023. Mr Zhang holds a bachelor degree from Sun Yat-sen University and a master degree of Economics and Management from Peking University. Mr Zhang owns more than 20 years of senior management and financial experiences, especially in equity investment and securities management, and is the founding partner of Shenzhen Riverbed Yucheng Private Equity Investment Enterprise. Mr Zhang sat on senior management positions including the companies of Financial Management Office, Nanjing Branch of People's Bank of China, Shenzhen Blue Sky Fund Management Co., LTD, China Electronics and Information Industry Group Co., Ltd and CITIC Construction Securities Co., Ltd, etc. Age 59.

Present Directorships

Listed companies:

- China International Holdings Limited

Others (Non-listed companies):

- Jiangsu Huatai Chenguang Pharmaceutical Co., Ltd

Past Directorships in listed companies held over the preceding 5 years

- Beijing TIVANI Medical Technology Co., Ltd

Other principal commitments:

Nil

BOARD OF DIRECTORS

NG HUI HSIEN

Independent Director

Ms Ng Hui Hsien was appointed to the Board as an independent director on 1 December 2023. Ms Ng has many years of audit and accounting experience with international accounting firms. She has served both listed and private company clients in statutory audits. She has also successfully team lead and assisted clients as reporting accountant in Initial Public Offering (IPO) on SGX.

Ms Ng graduated with a Bachelor of Science in Applied Accounting from Oxford Brookes University in 2004, and she is also a Chartered Accountant of Singapore and a fellowship member of Association of Chartered Certified Accountants. Age 43.

Present Directorships

Listed companies:

- China International Holdings Limited

Others (Non-listed companies):

- Radiant Management Services Holdings Limited
- Prime Talent Opportunities Pte Ltd
- Prime Accountant Solutions Pte Ltd

Past Directorships in listed companies held over the preceding 5 years

Nil

Other principal commitments:

Nil

SENIOR MANAGEMENT

SHEN XIA

Chief Financial Officer

Mr Shen joined the Company in May 2010 and was re-appointed as Chief Financial Officer on 15 August 2014. Mr Shen is responsible for corporate finance of the Group. Prior to joining the Company, Mr Shen had more than 30 years of experience in investment banking focusing on natural resources sector.

Mr Shen holds a Master degree from University of Oxford in England and a Bachelor degree from Zhejiang University in Hangzhou, China. Age 61.



CORPORATE INFORMATION

DIRECTORS

Mr Shan Chang,
Non-Independent Non-Executive Chairman

Mr Zhang Rong Xiang,
Managing Director

Mr Teo Woon Keng John,
Lead Independent Non-Executive Director

Mr Chee Teck Kwong Patrick,
Independent Non-Executive Director

Mr Zhu Jun,
Executive Director

Mr Zhang Yun,
Independent Director

Ms Ng Hui Hsien,
Independent Director

COMPANY SECRETARIES

Mr Lee Wei Hsiung
Ms Liu Xuan Min (FCG, FCS)

INDEPENDENT AUDITOR

CLA Global TS Public Accounting Corporation
80 Robinson Road #25-00
Singapore 068898
Director-in-charge: Chan Siew Ting
(since financial year ended 31 December 2021)

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Hong Kong

BEIJING OFFICE

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Beijing, PRC 100081

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SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda
Telephone: 1 441 295 5950
Fax: 1 441 292 4720

PRINCIPAL BANKERS

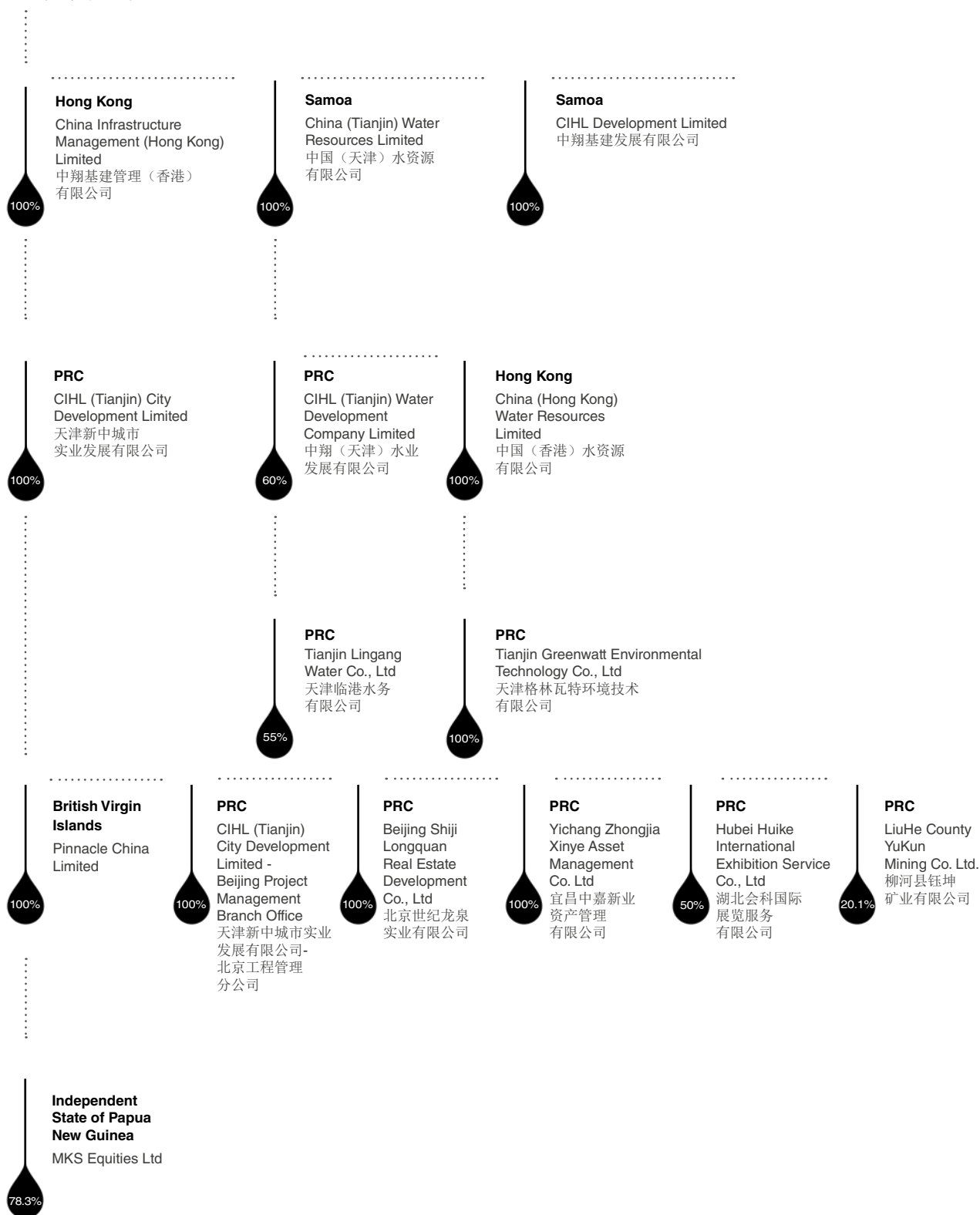
China Bohai Bank
HSBC Hong Kong

CORPORATE STRUCTURE

Bermuda

China International Holdings Limited

中翔國際集團有限公司



CORPORATE GOVERNANCE REPORT

The Board of Directors (“Board”) of China International Holdings Limited (“Company”) and its subsidiaries (“Group”) are committed to maintain a high standard of corporate governance which is essential to the long-term success of the business and performance of the Group.

This report describes the Group’s corporate governance structures and practices that were in place throughout the financial year ended 31 December 2023. The Board and the management of the Group (“Management”) had taken steps to align its corporate governance framework with the principles and provisions of the amended Code of Corporate Governance 2018 (the “Code 2018”) and accompanying Practice Guidance issued on 11 January 2023, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Unless otherwise stated, the Group has generally adhered to the principles and provisions as well as practice guidelines as set out in the amended Code 2018 during the financial year ended 31 December 2023 (“FY2023”).

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Company is led by the Board of Directors who collectively possess the skills, experience, insights and sound judgement, to further serve the interests of the Group. A formal letter of appointment setting out the Director’s duties and obligations has been provided to the current Directors.

PROVISION 1.1

Discharge of Duties and Independent Judgement

The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture and ensures proper accountability within the Group. All Directors objectively discharge their duties and responsibilities as fiduciaries and make decisions in the best interests of the Group at all times.

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board oversees the Management and affairs of the Group’s business and oversees processes for evaluating the adequacy and effectiveness of the Group’s internal controls and risk management systems. It focuses on the strategies and policies, with particular attention paid to growth and financial performance. The Board also considers sustainability issues. The Board works with the Management to achieve this and the Management remains accountable to the Board. Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the interests of the Company.

Conflict of Interest

The Board has clear policies and procedures for dealing with conflicts of interest. Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his/her knowledge. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. Where the Director faces a conflict of interest, he/she would recuse himself/herself from discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

PROVISION 1.2

Board Orientation, Competencies and Support

A formal letter of appointment will be furnished to every newly appointed director upon the appointment with information on their fiduciary and other general duties and obligations, on the Company's structure, governance framework, policies and/or processes. Newly appointed directors to the Company will be given orientation including briefings to familiarize them with the business and operations of the Group. The Company will furnish the opportunity for the directors to visit the Group's operational facilities and meet with the Management so as to gain a better understanding of the Group's business operations. The induction programme gives the directors an understanding of the Group's businesses to enable them to assimilate into their new role.

During FY2023, two new directors were appointed as independent directors ("IDs") onto the Board. As new directors without prior experiences as a director of a listed company, both Mr Zhang Yun and Ms Ng Hui Hsien have attended the modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID") on 19 September 2023 and 5 March 2024 respectively which is a mandatory requirement under the Listing Rules of the SGX-ST, unless the Nomination Committee ("NC") is of the view that the newly appointed directors have sufficient competencies to perform the role of a director.

Directors are provided the opportunity to develop and maintain their skills and knowledge on areas relevant to their duties as directors of a listed company and to their roles on Board Committees, such as those organised by the SID, Accounting and Corporate Regulatory Authority ("ACRA") and/or the SGX-ST. The Company funds and makes arrangements for the Directors to attend such training. The Board encourages, at the Company's expense, its members to participate in seminars and receive training to improve themselves in the discharge of their duties as Directors. All Directors are encouraged to attend the courses conducted by the SID on a regular basis.

The Management (with the assistance of external consultants, where considered appropriate) furnishes the Directors with information pertinent to the Group's business, including information to keep them apprised of issues and developments, both locally and in other jurisdictions, relevant to the Group's businesses, changes in laws, listing rules or accounting matters and regulatory and compliance issues. In addition, Directors are at liberty to request for further explanations, briefings or information as and when required.

During FY2023, the external auditors ("EA") had briefed the AC and the Board on changes or amendments to accounting standards. New releases issued by SGX-ST and ACRA which are relevant to the Directors had been circulated to the Board. During FY2023, Mr Teo Woon Keng John, as the Chairman of Audit Committee ("AC") and Lead Independent Director ("LID") of the Board, had attended the SGTI Forum regarding upholding ESG with strong Governance of Companies on 2 August 2023, Board Role Transformation Webcast held by SID on 13 September 2023 and SID Directors Conference 2023 held on 20 September 2023.

PROVISION 1.3

Board Approval

The Board has put in place internal policies for matters that require Board approval which has been clearly communicated to the Management in writing. The Board approves transactions exceeding certain threshold limits. The authority for transactions below such limits is delegated to Board Committees and/or the specific key Management to optimise operational efficiency guided by internal policies and limits of authority.

CORPORATE GOVERNANCE REPORT

Specifically, matters and transactions that require the Board's approval include, amongst others, the following:

- (1) approving the Group's goals, strategies and objectives;
- (2) monitoring the performance of Management;
- (3) overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management systems, financial reporting and compliance of the Group;
- (4) approving the appointment of Directors of the Company and Key Management Personnel of the Group;
- (5) approving the announcement of unaudited half yearly financial results, unaudited full year financial results and audited financial statements;
- (6) endorsing remuneration framework and key human resource matters of the Group;
- (7) convening of general meetings;
- (8) approving annual budgets, major funding proposals, major acquisition and major disposal of investments according to the Listing Manual of the SGX-ST; and
- (9) assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 and the rules and regulations applicable to a public listed company.

PROVISION 1.4

Delegation by the Board

To facilitate and assist the effective oversight function of the Board, certain functions have been delegated to various Board Committees i.e., Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"), each of which has its own clear written terms of reference ("TOR"). The TORs are reviewed on a regular basis to ensure their continued relevance with the Code.

The Management together with the Board Committees' support the Board in discharging its duties and responsibilities. The roles and powers of the Board Committees are set out separately in this Corporate Governance Report ("CG Report").

PROVISION 1.5

Board Meetings and Attendance

The dates of meetings of all the Board and Board Committee meetings, as well as the Annual General Meeting ("AGM"), are scheduled well in advance each year, in consultation of the Board. Though the Company is no longer required to do quarterly reporting under the new regulatory regime of SGX, the Board agreed to continue to meet on a quarterly basis and more frequently as and when required, to review and evaluate the Group's operations and performance and to address key policy matters of the Group, where necessary.

The Constitution of the Company allows Board and Board Committees' meetings to be conducted by way of teleconferencing to facilitate Board participation. In addition to the regular Board and Board Committees meetings, the Board and the Board Committees will also discuss, deliberate and approve the matters specially reserved to them by way of resolutions in writing in accordance with the Company's Constitution and Board Committees' term of references where applicable.

CORPORATE GOVERNANCE REPORT

The number of Board meetings, Board Committee meetings and AGM / Special General Meeting (“SGM”) held during FY2023 and the attendance of each Director, where relevant, are set out as follows:

	Board Meetings	AC Meetings	NC Meetings	RC Meetings	RMC Meetings	AGM	SGM
Number of Meetings	4	4	1	1	2	1	1
Mr Shan Chang	4	4	1	1	2	1	1
Mr Zhang Rong Xiang	4	–	–	–	2	1	1
Mr Zhu Jun	4	–	–	–	–	1	1
Mr Chee Teck Kwong Patrick	4	4	1	1	–	1	1
Mr Teo Woon Keng John	4	4	1	1	–	1	1
Mr Zhang Yun*	–	–	–	–	–	–	–
Ms Ng Hui Hsien*	–	–	–	–	–	–	–

*: Mr Zhang Yun and Ms Ng Hui Hsien were appointed to the Board as IDs on 1 December 2023. There were no meetings held in FY2023 after their appointment.

Multiple Board Representations

Directors with multiple board representation are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Company. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director’s number of listed company board representations and other principal commitments.

During FY2023, all the directors of the Company have declared their board representations and the NC has reviewed and has satisfied itself on the time commitment and attention given to the affairs of the company by the directors.

PROVISION 1.6

Access to Information

All Directors of the Company have unrestricted access to the Company’s information and records. Meeting notices, board papers for Board and Board Committee meetings are supplied to the Directors at least seven days prior to meetings in order for the Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees. If a director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/She will review the papers and materials and provide the Chairman of the Board or the Board Committee his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

CORPORATE GOVERNANCE REPORT

PROVISION 1.7

Access to Management and Company Secretary

The Board, the Board Committees and the Directors have separate and independent access to Management, the Company Secretary and external advisors (where necessary) at the Company's expense and are entitled to request from Management such information or clarification as required. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations. Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

Any of the Company Secretaries, or, when unavailable, an authorised designate, attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and Board Committees.

The appointment and removal of the company secretaries are subject to the approval of the Board. During FY2023, Ms Liu Xuan Min was appointed as the joint company secretary by the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

PROVISION 2.1

Board Independence

The independence of Independent Directors is assessed and reviewed at least annually by the NC. The NC considers the applicable Listing Rule 210(5)(d) and adopts the definition set out in provision 2.1 in the Code 2018 as to what constitutes an independent director in its review to ensure there is a strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Group.

During FY2023, the Board comprises seven (7) Directors, consisting of two (2) Executive Directors, one (1) Non-Executive Non-Independent Director and four (4) Independent Directors. For FY2023, each of the IDs have completed his/her annual declaration to confirm their independence based on the Listing Rule 210(5)(d) and provision 2.1 in the Code 2018, the NC is of the view that the Independent Directors, namely Mr Teo Woon Keng John, Mr Chee Teck Kwong Patrick, Mr Zhang Yun and Ms Ng Hui Hsien of the Company are independent. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

On 11 January 2023, Singapore Exchange Regulation (**SGX RegCo**) had announced that it will limit to nine years the tenure of independent directors serving on the board of issuers listed on Singapore Exchange Securities Trading Limited. The new requirements impose a hard tenure limit for Independent Directors of nine years, beyond which such directors will no longer be considered independent. However, such directors may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. To provide issuers sufficient time for board appointments, SGX RegCo has established transitional arrangements and will implement the nine-year limit at the issuer's AGMs for the financial year ending on or after 31 December 2023. During the transitional period, long-serving IDs whose tenure exceeds the nine-year limit may continue to be considered independent until the conclusion of the next AGM of the issuer for the financial year ending on or after 31 December 2023.

CORPORATE GOVERNANCE REPORT

As at the date of this report, Mr Chee Teck Kwong Patrick has served on the Board beyond nine (9) years since the date of his first appointment. Following the announcement made by SGX RegCo on 11 January 2023, Mr Chee Teck Kwong Patrick will retire at the conclusion of the forthcoming AGM to be held on 29 April 2024.

PROVISION 2.2 AND 2.3

Proportion of Non-Executive Directors

The Board noted that the Chairman is deemed not independent and Independent Directors are to make up a majority of the Board. The Board has appointed two new independent directors in FY2023 to comply with the requirements under provision 2.2 and 2.3.

PROVISION 2.4

Board Composition

The size and composition of the Board are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is appropriate to facilitate effective decision-making, and that the Board has an appropriate balance of independent Non-Executive Directors.

Members of the Board, have experience in accounting or finance, business management, legal or corporate governance, equity investment, relevant industrial knowledge, strategic planning and customer-based experience or knowledge. Their profiles of directors are set out on pages 3 to 7 of the Annual Report.

During the year under review, Non-Executive Director and Independent Non-Executive Directors contributed to the Board process by monitoring and reviewing management's performance against the established goals and objects. The Non-Executive Director and Independent Non-Executive Directors meet without the presence of Management, where necessary. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions constructively, the Independent Non-Executive Directors will bring independent and objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Company does not have any alternate directors.

Board Diversity Policy

The Company is committed to achieving board diversity and strives through its policy and practices to incorporate a balance of skill, knowledge, experience, diversity of perspective appropriate to its business so as to mitigate against group think. The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. Pursuant to the Board Diversity Policy, the NC reviews and assesses Board composition and recommends the appointment of new Directors with a view to ensuring that all Board appointments collectively reflect the diverse nature of the business environment in which the Group operates and be made on merit against objective criteria in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

Under the Board Diversity Policy, the Board strives to have one member with relevant experience in the Group's businesses or markets; and one member with professional qualification in accounting, legal or other professional background or discipline as may be determined by the Board to be necessary and/or beneficial to the Group. The Board recognises that gender is an important aspect of diversity and strives to have a Board composition where each gender has a representation on the Board.

CORPORATE GOVERNANCE REPORT

The current Board composition reflects the Company's commitment to Board diversity in terms of different professional experiences, skills, knowledge and gender and any further progress made towards the implementation of the policy will be disclosed in our Corporate Governance Report, as appropriate.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- (1) by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (2) evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

During FY2023, a female director was assessed and recommended by the NC to the Board as independent director of the Company.

Taking into consideration the nature and scope of the Group's operations, the NC and the Board are of the view that the current size and mix of the Board and the Board Committees provides an appropriate balance and diversity of relevant gender, skills, experience and expertise required for effective management of the Group while acknowledging that improvements to Board diversity practices are an ongoing process and that skill-set and core competencies required of the Board may change over time as the business of the Group develops.

Further details of the Board's mix of expertise, background and experience are set out in the profile of each of the Board members found at pages 3 to 7 of the Annual Report.

The NC will continue to assess on an annual basis the diversity of the Board and to ensure that the diversity would be better enhance and strength the core competencies for leading and governing the business of the Group.

Listing Rule 710A has been complied with.

PROVISION 2.5

Meeting of Independent Directors without Management

During FY2023, the Independent Non-Executive Directors met without the presence of Management, formally in Board Committee meetings and informally on an ad hoc basis at various times throughout the year. Formal meetings are recorded by minutes that are available to all Board members. In respect of ad hoc meetings, one of the Directors present will be assigned to provide feedback to the Chairman of the Board and other Directors on relevant issues arising from the discussion.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

PROVISION 3.1 AND 3.2

Separation of the Role and Responsibilities of Chairman and the Chief Executive Officer ("CEO")

The roles of the Non-Independent Non-Executive Chairman and Managing Director are separate, with a clear division of responsibilities between the two.

CORPORATE GOVERNANCE REPORT

The Non-Independent Non-Executive Chairman, Mr Shan Chang, plays a pivotal role in steering the strategic direction and growth of the Company due to his considerable business experience. The role of the Non- Executive Chairman includes:

- (1) leading the Board to ensure its effectiveness in all aspects of its role;
- (2) setting the agenda and ensuring that adequate time is available for the discussion of all agenda items, in particular, strategic issues;
- (3) promoting a culture of openness and debate at the Board;
- (4) ensuring that the Directors receive complete, adequate and timely information;
- (5) ensuring effective communication between Management and the Board;
- (6) ensuring effective communication with the shareholders of the Company;
- (7) encouraging constructive relations within the Board and between the Board and Management;
- (8) facilitating the effective contribution of non-executive directors in particular;
- (9) promoting high standards of corporate governance.

The Managing Director, Mr Zhang Rong Xiang, assumes full executive responsibilities over the business directions and operational decisions of the Group in accordance with the Group's pre-determined goals, strategies and objectives.

PROVISION 3.3

Appointment of Lead Independent Director

Taking cognisance that the Chairman of the Board is deemed to be not independent, the Board has designated a Lead Independent Director to enable independent decision making of the Board and to ensure that there is an appropriate balance of power and authority on the Board, the Independent Directors are responsible for providing a non-executive perspective to the activities of the Group and contributing a balanced viewpoint to all Board deliberations.

In accordance with the Code 2018, the Company has appointed Mr Teo Woon Keng John as the Lead Independent Director, who will avail himself to shareholders when they have concerns which contact through the normal channels fail to resolve or for which such contact is inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

PROVISION 4.1

Establishment and Duties of the NC

The NC is responsible for reviewing the composition and effectiveness of the Board and determining whether the Directors possess the requisite qualifications and expertise and whether the independence of the Directors is compromised pursuant to the guidelines set out in the Code.

CORPORATE GOVERNANCE REPORT

The key duties of the NC includes but not limited to the following:

- (1) to review annually the independent of each Director with reference to the guideline set out in the Code;
- (2) to review all nominations for new appointments and re-election of Directors, put forth their recommendations for approval by the Board and ensure the new directors are aware of their duties and obligation;
- (3) to determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
- (4) to review Board succession plans, in particular, the Chairman and CEO;
- (5) to assess the effectiveness of the Board as a whole and NC; and
- (6) to review training and professional development programs for the Board.

Each member of the NC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of his re-nomination as a Director.

PROVISION 4.2

Composition of the NC

The NC comprises five Non-Executive Directors, majority of whom are independent, including the NC chairman. The NC members are:

Mr Chee Teck Kwong Patrick (Chairman)
Mr Teo Woon Keng John
Mr Shan Chang
Mr Zhang Yun*
Ms Ng Hui Hsien*

*: Mr Zhang Yun and Ms Ng Hui Hsien were appointed as members of NC on 1 December 2023.

PROVISION 4.3

Process for Selection and Appointment of New Directors

The NC has formalised a procedure for the selection, appointment and re-election of Directors. Letters of appointment will be issued to new Independent Non-Executive Directors setting out their duties, obligations and terms of appointment as appropriate while a service agreement accompanied with supporting documents setting out duties, responsibilities and terms of appointment will be given to newly appointed Director.

In the case of a new Director to be appointed, inter alia, an evaluation of a candidate's qualifications and experience with due consideration being given to ensure that the Board consists of members who as a whole will collectively possess the relevant core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge.

The search for new Directors, if any, will, if considered necessary, be made through executive search companies, contacts and/or recommendations. Shortlisted persons will be evaluated by the NC before being recommended to the Board for consideration.

CORPORATE GOVERNANCE REPORT

Process for Re-appointment of Directors

In accordance with the Bye-Laws of the Company, one-third of Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation at the annual general meeting of the Company, and a Director appointed during the year shall hold office until the next annual general meeting of the Company. The retiring Directors may offer themselves for re-election.

The NC has reviewed and recommended the nomination of Mr Shan Chang and Mr Zhu Jun who will be retiring by rotation in accordance with Regulation 104 of the Bye-Laws of the Company, for re-election as Directors of the Company at the forthcoming Annual General Meeting of the Company.

The NC has reviewed and recommended the nomination of Mr Zhang Yun and Ms Ng Hui Hsien who will be retiring by rotation in accordance with Regulation 107(B) of the Bye-Laws of the Company, for re-election as Directors of the Company at the forthcoming Annual General Meeting of the Company.

The table below provides information pertaining to each Director's date of appointment and date of the last re-election:

Director	Date of first appointment	Date of last re-election
Mr Shan Chang	7 Nov 1998	25 April 2022
Mr Zhang Rong Xiang	15 Jan 1999	24 April 2023
Mr Zhu Jun	25 Jun 2003	25 April 2022
Mr Chee Teck Kwong Patrick	16 Jun 2008	23 April 2021
Mr Teo Woon Keng John	3 June 2015	24 April 2023
Mr Zhang Yun	1 December 2023	–
Ms Ng Hui Hsien	1 December 2023	–

The names and additional information of the directors who are seeking re-election at the forthcoming AGM to be held on 29 April 2024 are stated in the Notice of AGM set out on pages 152 to 162 of this Annual Report.

PROVISION 4.4

Continuous Review of Directors' Independence

The Board and the NC review on annual basis whether or not a Director is independent, taking into account the definition of independence under the Code, inter alia, one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The Board and the NC also reviewed each individual Director's judgement and conduct in carrying out his /her duties for FY2023. Together with the NC, the Board affirmed that Mr Teo Woon Keng John, Mr Zhang Yun and Ms Ng Hui Hsien continue to be independent pursuant to the definition of Independence under the Code.

The Board and the NC have assessed the independence of each Director, including Directors whose tenure had exceeded nine years from the date of his/her first appointment. The independency has been subjected to a vigorous review by the NC.

CORPORATE GOVERNANCE REPORT

Pursuant to Listing Rule 210(5)(d)(iv), a Director will not be independent if he/she has been a director of the Company for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the Company.

Mr Chee Teck Kwong Patrick was appointed to the Board on 16 June 2008. He has served beyond nine (9) years since the date of his appointment and will remain as independent director until the conclusion of the forthcoming annual general meeting of the Company pursuant to Transitional Practice Note 4 Transitional Arrangements regarding the Tenure Limit for Independent Directors.

As part of the Board renewal process and to comply with Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST, Mr Chee Teck Kwong Patrick has indicated to the Board that he will not be seeking for re-election at the forthcoming AGM and will accordingly retire as an independent director at the conclusion of the forthcoming AGM to be held on 29 April 2024.

Further details of the cessation is disclosed in the Company's SGXNet announcements made on 12 April 2024. The Board extends its appreciation to Mr Chee Teck Kwong Patrick for his invaluable contribution to the Board. The Board renewal has progressed as planned. New Independent Directors, Mr Zhang Yun and Ms Ng Hui Hsien were appointed on 1 December 2023.

The NC and the Board have formed a view that none of the Independent Non-Executive Directors has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. During FY2023, there was no alternate director on the Board.

PROVISION 4.5

Time Commitments of Directors

The NC has reviewed the multiple board representations of the Directors and whether competing time commitments were faced when the Directors serve on multiple boards, in addition to the principal commitments of Directors on annual basis.

The NC has received assurance from the Directors who are holding multiple board representations, in particular the Directors holding listed company board representations, that their time and effort in carrying out their duties as Directors of the Company will not be compromised. The NC has also considered the number of listed company board representations held by each Director. In FY2023, no Independent Non-Executive Directors held more than six (6) listed company board representations.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding multiple listed company board representations and principal commitments of some Directors of the Company, as the Board and the Board Committees experienced minimal competing time commitments among its Board and Board Committees meetings in FY2023, which are planned and scheduled in advance.

Please refer to Annual Report pages 3 to 7 for listed company directorships and principal commitments of each director.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

PROVISION 5.1 AND 5.2

Board Evaluation Process

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience and relevant skills set which are critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has in place a performance evaluation process where effectiveness of the Board as a whole is carried out as well as for the respective board committees, namely AC, RC and NC, on an annual basis following the conclusion of each financial year.

Board Evaluation Criteria

The evaluation questionnaire focuses on a set of performance criteria relating but not limited to the size and composition of the Board, the Board's access to information pertaining to the Company, the efficiency and effectiveness of Board processes, the board accountability, the interactions with CEO & Management and the standards of conduct of Directors. All Directors are required to complete the evaluation questionnaire. The findings of the evaluation questionnaire are collated and analysed, and thereafter present to the NC for discussion. The NC will then present the findings of the evaluation questionnaire and make its recommendation to the Board.

The evaluation questionnaire, which allows for comparison with industry peers, is approved by the Board and they address how the Board has enhanced long term shareholder value. The Board has not changed any of such performance criteria or questions during FY2023.

Evaluation of Board, Board Committees and Directors

Informal evaluation of the performance of the Board is undertaken on a continuous basis by the NC with inputs from the Executive Directors and the Non-Executive Chairman. The latter will act on the results of the evaluation and where appropriate, in consultation with the NC, will propose the appointment of new Directors or seek the resignation of current Directors.

Although the Directors are not evaluated individually, the factors taken into considerations for the renomination of a Director include the Director's attendance at meetings held during the financial year and the contributions made by that Director at those meetings.

Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented as and when appropriate, if any.

The performance evaluation of the Board as a whole as well as for the respective board committees, namely AC, RC and NC for FY2023 had been conducted. The Board is of the view that the Board and its Board Committees and all Directors individually and severally contributed effectively and demonstrated full commitment to their roles, accordingly, the performance of the Board for FY2023 was satisfactory.

The annual evaluation process is undertaken as an internal exercise, there was no external consultant involved in the Board evaluation process in FY2023.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

PROVISION 6.1

Responsibilities of the RC

The key responsibilities of the RC include but not limited to the following:

- (1) to recommend to the Board a framework of remuneration for Executive Directors and Key Management Personnel of the Group that is aligned with the interests of shareholders and ensure that such remuneration is appropriate to attract, motivate and retain the right talents for the Group;
- (2) to review and recommend to the Board for their endorsement on the annual remuneration packages for Executive Directors, Key Management Personnel and employees related to Directors or controlling shareholders of the Group, if any, which include a performance-related variable bonus component.
- (3) to review and recommend to the Board the benefits under any long-term incentive schemes, if any, for Executive Directors and Key Management Personnel of the Group;
- (4) to review and recommend the remuneration package of employees related to Directors or controlling shareholder of the Group, if any; and
- (5) to review the contracts of service of the Executive Directors and Key Management Personnel of the Group.

Each member of the RC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the RC in respect of matters concerned him, if any.

PROVISION 6.2

Composition and Roles of the RC

The RC comprises five Non-Executive Directors, and the majority of whom, including the RC Chairman are independent. The RC Members are:

Mr Chee Teck Kwong Patrick (Chairman)
Mr Shan Chang
Mr Teo Woon Keng John
Mr Zhang Yun*
Ms Ng Hui Hsien*

*: Mr Zhang Yun and Ms Ng Hui Hsien were appointed on 1 December 2023.

The RC holds at least one meeting in each financial year.

CORPORATE GOVERNANCE REPORT

PROVISION 6.3

Review of Remuneration

The recommendations of the RC pertaining to the service contracts of Directors are submitted for endorsement by the Board before the execution of any such service contracts.

In reviewing the remuneration packages for Executive Directors and Key Management Personnel of the Group, as well as employees related to the Directors and controlling shareholders of the Group, if any, the RC will consider their contributions as well as the financial performance and the commercial needs of the Group and ensure that they are adequately but not excessively remunerated by the Group.

Further, the RC will take into consideration remuneration packages and employment conditions within the industry and within similar organisation structure as well as the Group's relative performance and the performance of individual employee.

The RC ensures that the remuneration packages of employees relating to the Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC aims to be fair and avoid rewarding poor performance during the course of RC's duties including in the event of termination, termination clauses should be fair and not overly generously in respect of contract services entered into with Executive Directors and Key Management Personnel of the Group.

PROVISION 6.4

Consultation of Remuneration

The RC has access to expert advice from external remuneration consultation, where required. In FY2023, the Board has not engaged any professional advice on remuneration matters.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

PROVISION 7.1

Remuneration of Executive Directors and KMPs

The Company adopts a remuneration policy for Executive Directors and Key Management Personnel ("KMP") of the Group that comprise 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 profit-sharing or a variable bonus that is linked to the performance of the Group and the individual performance for the preceding financial year.

Currently, the Company had adopted the CIHL Employee Share Option Scheme and CIHL Performance Share Plan which approved on 29 June 2020.

CORPORATE GOVERNANCE REPORT

Even though there are no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or KMPs of the Group in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group, the Group will not hesitate to take legal action against the personnel responsible in the event of such exceptional circumstances or misconduct resulting in financial loss to the Group.

PROVISION 7.2

Remuneration of Non-Executive Directors

Directors' fees payable/paid to the Non-Executive Directors are set in accordance with a remuneration framework comprising a basic fee, allowance, and an incremental fixed fee, taking into account of the level of responsibilities such as taking the roles of chairman, LID and member of Board Committees.

The Board, after the recommendation of the RC, has recommended the aggregate Directors' fees of RMB1,300,000 to the Non-Executive Directors of the Company for financial year ending 31 December 2024, to be paid monthly in arrears, for shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled for 29 April 2024.

PROVISION 7.3

The Appropriateness of Remuneration

The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and KMPs to successfully manage the Company for the long term.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

PROVISION 8.1

Remuneration Criteria

The compensation packages for employees including the Executive Directors and the KMP comprised a fixed component (in the form of a basic salary) and a variable component (normally consist of allowance and cash-based annual bonus) and benefits-in-kind, where applicable, considering amongst other factors, the individual's performance, the performance of the Group and industry practices.

The independence of the Non-Executive Directors is not compromised by their compensation. The RC recommends Directors' Fees for the Board's endorsement and approval by shareholders at the Company's annual general meeting and the fees are determined having regard to the scope and extent of the Directors' responsibilities and obligation to the Company. No Director is involved in deciding his own remuneration.

During FY2023, there are no termination, post-employment and retirement benefits that may be granted to the Directors.

CORPORATE GOVERNANCE REPORT

Disclosure of Remuneration

i) Remuneration of Directors

The breakdown of the total remuneration proportion (other than share options and share awards granted) of each director of the Company for the year ended 31 December 2023 is set out below:

Directors	Fee	Salary	Allowance	Bonus	Total
	%	%	%	%	%
Below S\$250,000					
Mr Zhang Rong Xiang	–	94	–	6	100
Mr Zhu Jun	–	69	26	5	100
Mr Shan Chang	100	–	–	–	100
Mr Teo Woon Keng John	88	–	12	–	100
Mr Chee Teck Kwong Patrick	91	–	9	–	100
Mr Zhang Yun*	100	–	–	–	100
Ms Ng Hui Hsien*	100	–	–	–	100

* Mr Zhang Yun and Ms Ng Hui Hsien were appointed on 1 December 2023.

ii) Remuneration of KMP

The breakdown of the total remuneration proportion (other than share options and share awards granted) of the KMP of the Company for the year ended 31 December 2023 is set out below:

Key Management Personnel	Fee	Salary	Allowance	Bonus	Total
	%	%	%	%	%
Below S\$250,000					
Mr Shen Xia	–	75	20	5	100

Though the Board is of the opinion that due to the confidentiality and sensitivities attached to remuneration matters, it would not be in the best interests of the Group to disclose the amount of remuneration of each individual Director and KMP as recommended by the Code, the RC would further review the practice of the industry and make a best recommendation for the Company in line with the requirements of the code in the next year's annual report.

PROVISION 8.2

Remuneration of Immediate Family Members

There are no employees of the Group who are immediate family members of a Director or a substantial Shareholder and whose remuneration exceeds S\$100,000 during FY2023.

CORPORATE GOVERNANCE REPORT

PROVISION 8.3

Forms of Remuneration and Other Payments and Benefits

The Company had adopted the CIHL Employee Share Option Scheme and CIHL Performance Share Plan on 29 June 2020. Details of the CIHL Employee Share Option Scheme and CIHL Performance Share Plan can be found on pages 37 to 40 of this Annual Report.

The Company is of the view that its practices are consistent with the intent of Principle 8 of the Code, as well as appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company pursuant to Principle 7 of the Code.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

PROVISION 9.1

Oversight of Risk Management

The Board recognises the importance of sound internal controls and risk management practices and acknowledges its responsibility for the systems of internal controls and risk management of the Group. In this regard, the role of the Board includes:

- (1) ensuring that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets;
- (2) determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;
- (3) determining the levels of risk tolerance and risk policies of the Company;
- (4) overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and
- (5) reviewing the adequacy and effectiveness of the risk management and internal control systems annually.

In FY2023, the Management carried out an annual review of the Group's key risks and the effectiveness of the key internal controls of the Group.

Establishment of RMC

The Board has established a Risk Management Committee from FY2013 as part of the Group's effort to strengthen its risk management processes and framework, in overseeing the formulation and reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls and to report to the Board twice a year its observations on any matters under its purview.

CORPORATE GOVERNANCE REPORT

PROVISION 9.2

Assurance from the CEO, CFO and KMPs

The Board has received assurance from the CEO and CFO that, as at 31 December 2023, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of Group's operations and finances.

The Board has also received assurance from the CEO and the key management personnel responsible for risk management and internal control systems as at 31 December 2023. Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as the said assurances received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2023 to address and mitigate any financial, operational, compliance risks and information technology risks, including sanctions-related risks which the Group considers relevant and material to its operations.

The Board noted that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities. The Board and Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

PROVISION 10.1

Duties of the AC

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel of the Group, to enable them to discharge its functions properly.

The AC has full access to Management and full discretion to invite any Director and officer to attend AC meetings held from time to time.

The key responsibilities of the AC include but not limited to the following:

- (1) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and the announcements relating to the Group's financial performance;
- (2) to review the assurance from CEO and the CFO on the financial records and financial statements;
- (3) to review scope, audit plans and reports of the external auditor and the internal auditor;
- (4) to review and report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management system;

CORPORATE GOVERNANCE REPORT

- (5) to review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST;
- (6) to review and recommend to the Board of the release of the unaudited half yearly financial results and unaudited full year financial results;
- (7) to review and recommend the re-appointment of the external auditor, and the remuneration of the external auditor;
- (8) to oversee co-ordination where more than one auditing firm or auditing corporation is involved in the Group's external audit;
- (9) to review the independence of the external auditor annually;
- (10) to review all non-audit services provided by the external auditor to determine if the provision of such services will affect the independence of the external auditor; and
- (11) to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

External Audit

For FY2023, there were no non-audit fees paid to the external auditor, CLA Global TS Public Accounting Corporation ("CLA Global TS") and the AC is satisfied with the independence and objectivity of CLA Global TS.

The AC has also considered the performance of CLA Global TS based on factors such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Company's and the Group's audit as well as the size and complexity of the Company and of the Group. Accordingly, the AC has recommended the re-appointment of CLA Global TS as external auditor of the Company for the ensuing year.

The aggregate amount of fees paid to external auditor, as well as its fees is disclosed in page 81 of the Annual Report.

The Company confirms that Rules 712 and 716 of the Listing Manual of SGX-ST have been complied with, specifically, the Board and the AC are satisfied that the appointment of different auditing firms for the Company and its subsidiaries, associates and joint venture will not compromise the standard and effectiveness of the audit of the Company for FY2023.

All of the Group's significant foreign-incorporated subsidiaries, associates and joint venture were audited directly by Shanghai CLA Global TS Certified Public Accountants - 上海珂拉伦腾欣会计师事务所 ("Shanghai CLA Global TS"), a subsidiary of CLA Global TS Public Accounting Corporation ("CLA Global TS"), for group consolidation purposes.

Shanghai CLA Global TS does not issue separate opinions on the Group's subsidiaries, associate and joint venture's financial statements. The work performed by Shanghai CLA Global TS was reviewed and cleared by the Group's Auditors, CLA Global TS, as part of their audit of the Group in accordance with ISA 600 Special Consideration – Audit of Group Financial Statements (including the work of component auditors). CLA Global TS has issued a Disclaimer of Opinion to the Group's consolidated financial statements for FY2023.

Therefore, the AC confirms that the Company has complied with the Listing Rule 715 (2).

CORPORATE GOVERNANCE REPORT

Whistle blowing policy

The Group has in place a whistle blowing policy to allow its employees the mechanism to raise concerns on possible improprieties in financial reports, fraudulent acts and other such irregularities without fear of reprisals. The mechanism is endorsed by the Audit Committee and reports or concerns of improprieties are made directly to the Chairman of the Audit Committee.

Under the Company's whistle-blowing policy, the confidentiality of the whistleblower's identity, the nature of the report, and the suspected person's identity is to be strictly maintained by all parties investigating such complaints, unless it is required by law, by the order or directive of a court of law or other regulatory authority that the identity of the whistleblower to be revealed.

The Company ensures that the confidentiality of the whistleblower's identity will be strictly maintained. In circumstances where the nature of investigation necessitates the disclosure of the whistleblower's identity then the AC Chairman, or the Chairman of the Board or any such person heading the investigation will inform and explain to the whistleblower of the need to reveal his/her identity.

The Audit Committee will review the whistle-blowing policy from time to time to ensure that they remain relevant and comply with Listing Rule 1207(18B).

The Audit Committee reviews all whistle blowing complaints at its quarterly meetings, ensuring that any investigation and appropriate follow-up actions are taken. In instances of serious offences and/or criminal activities occur, the Audit Committee and the Board have access to the appropriate external advisors and where necessary, a formal report with the relevant government or regulatory authority will be filed.

In FY2023, there were no incident of whistle blowing cases in the Group.

Activities Carried by AC

During the year under review, the key activities carried out by AC included but is not limited to:

- (1) reviewed and recommended unaudited half yearly financial results and unaudited full year financial results to the Board for approval;
- (2) reviewed annual audit plans and reports presented by the internal auditor and external auditor;
- (3) received and discussed with the external auditor on the changes of International Financial Reporting Standards that may have a direct impact on the Group's financial statements ahead of the effective dates;
- (4) reviewed re-appointment of the external auditor and determining its independence before making a recommendation for the Board's approval;
- (5) reviewed and reported to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system;
- (6) reviewed interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and
- (7) reviewed the Group's audited financial statements with Management and external auditor of the Company. Accordingly, the AC is of the view that the Group's financial statements for FY2023 are fairly presented in conformity with relevant International Financial Reporting Standards in all material aspects.

CORPORATE GOVERNANCE REPORT

PROVISION 10.2 AND 10.3

Composition of the AC

The AC comprises five Non-Executive Directors, all of whom are non-executive directors, and majority of whom, including the AC chairman, are independent. The AC members are:

Mr Teo Woon Keng John (Chairman)
Mr Shan Chang
Mr Chee Teck Kwong Patrick
Mr Zhang Yun*
Ms Ng Hui Hsien*

*: Mr Zhang Yun and Ms Ng Hui Hsien served as the members of AC from 1 December 2023.

Each member of the AC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the AC in respect of matters concerned him, if any.

Each of them has extensive knowledge and experience in the fields of corporate finance, law and business. The Board is of the view that the AC members are appropriately qualified in discharging their duties and responsibilities and are capable of exercising sound and independent judgement in view of their requisite expertise and experience.

PROVISION 10.3

Interest of Conflict between AC Members and Auditors

None of the members of the AC is a partner or director of the Group's auditing firms or auditing corporations or was a former partner or former director of the Group's auditing firms or auditing corporations. None of them has any financial interest in the Group's auditing firms or auditing corporations.

PROVISION 10.4

Internal Audit

The Company has out sourced its internal audit function to Crowe Horwath First Trust Risk Advisory Pte Ltd ("Crowe Horwath"). Crowe Horwath is a corporate member of the Institute of Internal Auditors Singapore, and is staffed with professionals with relevant qualifications and experience. The internal audit function primary line of reporting would be to the AC.

Crowe Horwath carries out their internal audit functions based on work plan agreed with the AC, where different aspects of internal control are reviewed for each year, and also take into consideration key risk facts identified. Crowe Horwath have submitted a report dated 20 February 2024 to the AC, reporting, inter alia, that (i) having performed the system review procedures of the Company's internal controls and (ii) save for certain matters highlighted to the Company which have been duly noted by Management, based on their review of the adequacy and effectiveness of the Company system of internal controls or measures, they did not identify any significant deficiencies or non-compliance of controls or measures implemented by Management under such procedures and systems.

The Company cooperates fully with Crowe Horwath in terms of allowing unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC is satisfied that the internal audit function of the Group is independent, effective and that the internal auditors are adequately qualified and resourced, and has the appropriate standing in the Company to discharge its duties effectively. The AC reviews, at least annually, the adequacy and effectiveness of the internal audit functions.

CORPORATE GOVERNANCE REPORT

In performing its functions, the AC reviews the overall scope of both internal audit and external audit, and the assistance and resources given by Management to the internal auditor and the external auditor.

PROVISION 10.5

Meeting Auditors without the Management

The AC also meets with the internal auditor and the external auditor annually after the conclusion of each financial year, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDERS' RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them, to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

PROVISION 11.1

Conduct of AGM

The shareholders of the Company are entitled to receive notice of general meetings, annual report, offer information statement or circulars, whichever is applicable via mail. Such documents are also made available at SGXNET. To facilitate shareholders to exercise their ownership rights, the Board ensures adequate and material information concerning to the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST are released to SGX-ST through SGXNET in a timely and fair manner.

PROVISION 11.2

Voting at AGM

All resolutions put forth at general meetings to be voted are by a poll and the results of each resolution is announced at general meetings and released subsequently to SGX-ST.

Resolutions on each distinct issue are tabled separately at general meetings. For resolutions tabled under special business, a descriptive explanation of the effects of a resolution will be disclosed in the notice of general meeting.

PROVISION 11.3

Interaction with Shareholders

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the directors and the Management questions regarding matters affecting the Company and the Group.

CORPORATE GOVERNANCE REPORT

The Chairmen of the AC, NC and RC are available to address shareholders' questions at general meetings like Annual General Meetings and Extraordinary General Meetings. The Management will be present to facilitate in addressing shareholders' queries at general meetings. All the Directors were present at the last Annual General Meeting held on 24 April 2023.

The external auditor of the Company will also be present at the Annual General Meeting of the Company to address any shareholders' queries that they may have on the consolidated audited financial statements of the Group.

PROVISION 11.4

Shareholders' Participation

The Company supports active shareholder participation at general meetings. Individual shareholders and corporate shareholders, who are unable to attend general meetings of the Company, are entitled to appoint not more than two proxies to vote on their behalf at the general meetings of the Company. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 48 hours before the time set for the general meetings.

PROVISION 11.5

Minutes of GM

The proceedings of general meetings, including questions and answers exchanged among the Board, the Management and the shareholders, will be recorded in minutes and made available to the shareholders of the Company upon their request.

PROVISION 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. The dividend that the Directors of the Company may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors of the Company:

- (1) the level of the earnings of the Group;
- (2) the financial condition of the Group;
- (3) the projected levels of the Group's capital expenditure and other investment plans;
- (4) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
- (5) other factors as the Directors of the Company may consider appropriate.

Considering the above-mentioned factors, the Board is of the view not to propose any dividend payment for FY2023.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholder during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

PROVISION 12.1

Disclosure of Information on Timely and Fair Manner

The Board is committed to maintain a high standard of corporate governance by disclosing to its stakeholders, including its shareholders and investors, with adequate and material price sensitive information concerning the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST through SGXNET to SGX-ST in a timely and fair manner.

The announcements, including but not limiting to the Group's unaudited financial results for each of the first three quarters of its financial year, the Group's unaudited full year financial results, and the material updates of the Group's business development prepared in accordance with disclosure requirements of the Listing Manual of the SGX-ST are also released through SGXNET in a timely manner.

Following the amendments to Rule 705 of the Listing Manual which took effect as of 7 February 2020, the Company is no longer required to continue with quarterly reporting of the Company and the Group's unaudited financial statements, and instead, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis, as required under the revised Listing Manual.

The Board believes that announcement of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep Shareholders and potential investors updated on the Company's and the Group's state of affairs.

The Company does not practice selective disclosure as the relevant material and price-sensitive information are released to SGX-ST through SGXNET in a timely and fair manner.

PROVISION 12.2 AND 12.3

Investor Relations Practices

The shareholders of the Company, including institutional investors and retail investors, are encouraged to attend general meetings, especially Annual General Meeting which serves as the primary channel to express their views and raise their questions regarding the Group's businesses and prospects.

In addition, the Management will address shareholders' questions and concerns in respect of the Group's businesses should they approach the Company through emails or calls.

While the Company does not have a dedicated investor relations team, the Company recognises the importance of regular, effective and timely communication with the shareholders.

The Group also maintains a website at www.cihgrp.net where the public can access to information relating to the Company. The Company continuously reviews ways to enhance its corporate reporting process and the ease of access to information released.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

PROVISION 13.1 AND 13.2

Stakeholder's Engagement

Since FY2017, the Company has started a sustainability framework that outline its sustainability efforts. The Company's efforts on sustainability are focused on creating sustainable value for key stakeholders, which include environment, communities, customers, staff, regulators and shareholders. We will continually review the Group's sustainable business strategy to improve the stewardship and reporting format. In FY2023, the Group will report its sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative (GRI) reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) in the four key areas of governance, strategy, risk management and metrics and targets. The Company will publish its FY2023 Sustainability Report on or before 30 April 2024.

The Company's engagement with its material stakeholders can be refer to the Sustainability Report which was announced on 29 April 2023.

PROVISION 13.3

Corporate Website

The Company maintains a corporate website at www.cihgrp.net to communicate and engage stakeholders.

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES

- Listing Manual Rule 1207(19)

The Group has adopted an internal policy that complies with and is consistent with Rule 1207(19) of the SGX-ST Listing Manual in relation to dealings in the securities of the Company.

The Group has procedures in place prohibiting the Company, its directors and officers from dealing in the Company's shares during the period commencing one month from the announcement of the Company's half year and full year results ("Prohibited Periods"), or if they are in possession of unpublished material price-sensitive information of the Group.

Directors, officers and employees of the Company are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside of the Prohibited Periods. They are discouraged from dealing in the Company's shares on short-term considerations and should be mindful of the law on insider trading.

The Company confirms that it has complied with Rule 1207(19) of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (“IPTs”)

- Listing Manual Rule 907

The Company has established guidelines on IPTs (as defined in Chapter 9 of the SGX-ST Listing Manual) and has set out procedures for the review and approval of any IPT.

The AC reviews all material IPTs and keeps the Board informed of such transactions. Before making its recommendations to the Board for its approval, the AC ensures that such IPTs are carried out on normal commercial terms or entered into on an arm’s length basis and are not prejudicial to the interests of the Group and its minority shareholders. Measures are taken to ensure that the terms and conditions of interested person transactions are not more favourable than those granted to non-related persons under similar circumstances.

For FY2023, the Company did not enter into any IPTs and hence, no announcement is required under the rules of the SGX-ST Listing Manual.

MATERIAL CONTRACTS

- Listing Manual Rule 1207(8)

Save for the service contracts between the Executive Directors and as disclosed elsewhere in the financial statements for FY2023, there were no material contracts (including loans) of the Group involving the interests of any Directors or controlling shareholders entered into during FY2023 that is required to be disclosed under Rule 1207(8) of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of China International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 44 to 144 are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Shan Chang
Mr Zhang Rong Xiang
Mr Zhu Jun
Mr Chee Teck Kwong Patrick
Mr Teo Woon Keng John
Mr Zhang Yun (Appointed on 1 December 2023)
Ms Ng Hui Hsien (Appointed on 1 December 2023)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than as disclosed under “Share options and performance share plan” in this statement.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At 31.12.2023	At 31.12.2022
Company		
<i>(No. of ordinary shares of S\$0.05 (FY2022: S\$0.05) each)</i>		
Mr Shan Chang	70,000	–
Mr Zhang Rong Xiang	280,550	210,550
Mr Zhu Jun	70,000	–
Mr Chee Teck Kwong Patrick	106,372	65,000
Mr Teo Woon Keng John	100,000	65,000

The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

Share options and performance share plan

(a) CIHL Share Option Scheme

The Group adopted CIHL Share Option Scheme (the "2020 Scheme") on 29 June 2020. As at reporting date, the following share options have been granted by the Company to the directors pursuant to the 2020 Scheme:

Name of director	No. of unissued ordinary shares of the Company under option					
	Granted in financial year ended 31.12.2023	Aggregate granted since commencement of scheme to 31.12.2023	Lapsed in financial year ended 31.12.2023	Expired in financial year ended 31.12.2023	Aggregate exercised since commencement of scheme to 31.12.2023	Aggregate outstanding as at 31.12.2023
Mr Shan Chang	400,000	1,000,000	–	–	–	1,000,000
Mr Zhang Rong Xiang	500,000	1,250,000	–	–	–	1,250,000
Mr Zhu Jun	500,000	1,250,000	–	–	–	1,250,000
Mr Chee Teck Kwong Patrick	400,000	1,000,000	–	–	–	1,000,000
Mr Teo Woon Keng John	400,000	1,000,000	–	–	–	1,000,000
	<u>2,200,000</u>	<u>5,500,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,500,000</u>

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Share options and performance share plan (Cont'd)

(a) CIHL Share Option Scheme (Cont'd)

During the financial year ended 31 December 2020, there were 2,200,000 share options granted to the above directors of the Company on 3 July 2020 at the exercise price of S\$0.294. All share options granted shall be vested after the first anniversary. The expiry date of the share options is on 2 July 2025. The fair value of share options granted during the financial year ended 31 December 2020 was estimated to be S\$565,000, equivalent to RMB2,863,000 using the Binomial Option Pricing Model.

During the financial year ended 31 December 2021, there were 1,100,000 share options granted to the above directors of the Company on 31 May 2021 at the exercise price of S\$0.288. All share options granted shall be vested after the first anniversary. The expiry date of the share options is on 30 May 2026. The fair value of share options granted during the financial year ended 31 December 2021 was estimated to be S\$220,000, equivalent to RMB1,059,000 using the Binomial Option Pricing Model.

During the financial year ended 31 December 2023, there were 2,200,000 share options granted to the above directors of the Company on 29 May 2023 at the exercise price of S\$0.102. All share options granted shall be vested after the first anniversary. The expiry date of the share options is on 29 May 2028. The fair value of share options granted during the financial year ended 31 December 2023 was estimated to be S\$54,000, equivalent to RMB282,000 using the Binomial Option Pricing Model.

During the financial year ended 31 December 2023, Mr Shen Xia who is a key management personnel of the Company, has been granted 500,000 share options and an aggregate of 1,250,000 share options since commencement of 2020 Scheme. Mr Shen Xia has resigned as an Executive Director of the Company on 21 December 2021 and remains as the chief financial officer of the Company.

Details of the share options are disclosed in Note 28 to the financial statements.

Since the commencement of the 2020 Scheme to the end of the financial year ended 31 December 2023, save as disclosed above:

- (i) no employees of the Company or its subsidiaries have received 5% or more of the total number of share options available under the 2020 Scheme;
- (ii) no share options have been granted to controlling shareholders of the Company or their associates; and
- (iii) no share options have been granted at a discount of more than 20% to the prevailing market price of the shares.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

The 2020 Scheme is administered by the Remuneration Committee, members of which included Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Share options and performance share plan (Cont'd)

(b) CIHL Performance Share Plan (the "PSP")

The PSP (the "2020 PSP") was approved by the shareholders of the Company at a Special General Meeting held on 29 June 2020. The PSP shall complement the 2020 Scheme and serve as an additional and flexible incentive tool. As at the reporting date, the following PSP have been granted by the Company to the directors pursuant to the 2020 PSP:

Name of director	No. of unissued ordinary shares of the Company under PSP					
	Granted in financial year ended 31.12.2023	Aggregate granted since commencement of scheme to 31.12.2023	Lapsed in financial year ended 31.12.2023	Expired in financial year ended 31.12.2023	Aggregate released since commencement of scheme to 31.12.2023	Aggregate outstanding as at 31.12.2023
Mr Shan Chang	100,000	300,000	–	–	(200,000)*	100,000
Mr Zhang Rong Xiang	100,000	300,000	–	–	(200,000)*	100,000
Mr Zhu Jun	100,000	300,000	–	–	(200,000)*	100,000
Mr Chee Teck Kwong Patrick	50,000	150,000	–	–	(100,000)	50,000
Mr Teo Woon Keng John	50,000	150,000	–	–	(100,000)	50,000
	400,000	1,200,000	–	–	(800,000)	400,000

* A cash settlement was granted in lieu of the shares which would have been allotted to the respective Directors based on the aggregate Market Value of such Shares on 5 July 2021, 1 June 2022, 5 July 2022 and 1 June 2023 respectively. Pursuant to the rules of the PSP, the "Market Value" is determined based on the average of the highest and lowest trading price of a Share on the Singapore Exchange Securities Trading Limited on the three (3) immediately preceding trading day.

Details of the PSP are disclosed in Note 28 to the financial statements.

Under the rules of the PSP, all directors and employees of the Group as well as the employees of associates are eligible to participate in the PSP at the absolute discretion of the Remuneration Committee.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the 2020 Scheme shall not exceed 15% of the issued ordinary share capital (excluding treasury shares) of the Company at any time.

The Remuneration Committee oversees the administration of the PSP in accordance with the rules of the PSP. The PSP is administered by the Remuneration Committee, members of which included Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

None of the directors in the Remuneration Committee participated in any deliberation or decision in respect of shares granted to himself.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Share options and performance share plan (Cont'd)

(b) CIHL Performance Share Plan (the "PSP") (Cont'd)

Since the commencement of PSP to the end of the financial year ended 31 December 2023, save as disclosed above:

- (i) no employees of the Company or its subsidiaries have received 5% or more of the total number of share awards available under the PSP; and
- (ii) no share awards have been granted to controlling shareholders of the Company or their associates.

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Mr Teo Woon Keng John (Chairman)

Mr Shan Chang

Mr Chee Teck Kwong Patrick

Mr Zhang Yun

(Appointed on 1 December 2023)

Ms Ng Hui Hsien

(Appointed on 1 December 2023)

All members of the AC were independent non-executive directors, except for Mr Shan Chang who is non-independent and non-executive chairman.

The AC carried out its functions in accordance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual and the Code of Corporate Governance, including a review of the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 and the Independent Auditors' Report thereon. The AC has full access to management, has discretion to invite any director or executive officer to attend its meetings and is given the resources required for it to discharge its functions.

The AC has also reviewed the following:

- (1) Reviewed and recommended unaudited quarterly financial results and unaudited full year financial results to the Board for approval;
- (2) Reviewed annual audit plans and reports presented by the internal auditor and independent auditor;
- (3) Received and discussed with the independent auditor on the changes of International Financial Reporting Standards that may have a direct impact on the Group's financial statements ahead of the effective dates;
- (4) Reviewed re-appointment of the independent auditor and determining its independence before making a recommendation for Board's approval;
- (5) Reviewed and reported to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system;

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

Audit committee (Cont'd)

- (6) Reviewed interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and
- (7) Reviewed the Group's audited financial statements with Management and independent auditor of the Company. Accordingly, the AC is of the view that the Group's financial statements for FY2023 are fairly presented in conformity with relevant International Financial Reporting Standards in all material aspects.

No non-audit fees were paid to the independent auditors for the financial year ended 31 December 2023. The AC is satisfied with the independence and objectivity of the independent auditor, CLA Global TS Public Accounting Corporation ("CLA Global TS"); and has recommended to the Board that CLA Global TS be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Shan Chang
Director

Zhang Rong Xiang
Director

2 April 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of China International Holdings Limited
(Incorporated in Bermuda with Limited Liability)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of China International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 44 to 144.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Independent review

As disclosed in Note 35 to the financial statements, on 4 April 2023, the Board of Directors of the Company announced that in consultation with Singapore Exchange Regulation ("SGX RegCo"), the Company has appointed an Independent Reviewer to perform an independent review on the disposal of the Group's 50% equity interests in Beijing Kaiyuan Wanjia Management Consulting Company Limited (the "Independent Review"). The Independent Reviewer will report its findings to SGX Regco and the Audit Committee of the Company.

As at the date of this report, the Independent Review has not been concluded and the outcome of which is still uncertain. Accordingly, we are unable to ascertain the extent of pervasiveness and/or significance of any adjustments, impacts and other areas of uncertainties that may arise from the Independent Review on the consolidated financial statements of the Group, if any.

Our opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2022 was disclaimed on a similar basis.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the Members of China International Holdings Limited
(Incorporated in Bermuda with Limited Liability)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position of the Company in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with IESBA Code.

The engagement director on the audit resulting in this independent auditor's report is Chan Siew Ting.

**CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore
2 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	5	97,913	103,604
Cost of sales and services provided		(70,729)	(77,871)
Gross profit		27,184	25,733
Other income	6(a)	3,892	61,223
Other (losses)/gains - net	6(b)	(71,897)	2,470
Expenses			
- Administrative		(11,322)	(8,658)
- Other operating		(25,689)	(28,021)
- Finance	7	(4,589)	(3,592)
Share of net loss of joint venture accounted for using the equity method	17	(556)	(87)
(Loss)/profit before income tax		(82,977)	49,068
Income tax credit	10	8,966	13,429
(Loss)/profit for the financial year		(74,011)	62,497
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Revaluation surplus on an owner-occupied property became an investment property		5,085	–
Other comprehensive income for the financial year, net of tax		5,085	–
Total comprehensive (loss)/income for the financial year		(68,926)	62,497
(Loss)/profit for the financial year attributable to:			
Equity holders of the Company		(73,702)	66,840
Non-controlling interests		(309)	(4,343)
		(74,011)	62,497
Total comprehensive (loss)/income for the financial year attributable to:			
Equity holders of the Company		(68,617)	66,840
Non-controlling interests		(309)	(4,343)
		(68,926)	62,497
(Loss)/earnings per share for net (loss)/profit attributable to the equity holders of the Company (RMB (Fen) per share)			
- Basic (loss)/earnings per share	11	(95.74)	88.15
- Diluted (loss)/earnings per share	11	(95.74)	87.33

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	208,337	237,386	–	–
Intangible assets	13	14,885	9,094	–	–
Investment properties	14	103,740	91,100	–	–
Goodwill arising on consolidation	15	20,303	20,303	–	–
Investments in subsidiaries	16	–	–	*	196,000
Investment in a joint venture	17	96,357	96,913	–	–
Other receivables	22	–	30,000	–	–
Deferred income tax assets	19	20,101	12,519	–	–
		<u>463,723</u>	<u>497,315</u>	<u>*</u>	<u>196,000</u>
Current assets					
Inventories	20	3,187	3,678	–	–
Other current assets	21	18,950	19,876	–	–
Trade and other receivables	22	240,603	213,362	546,361	417,558
Cash and cash equivalents	23	20,801	63,372	1	1
		<u>283,541</u>	<u>300,288</u>	<u>546,362</u>	<u>417,559</u>
LIABILITIES					
Current liabilities					
Borrowings	24	29,998	60,960	–	–
Lease liabilities	12	117	89	–	–
Trade and other payables	25	144,823	136,542	45,285	127,041
Provision	27	59,500	–	–	–
Current income tax liabilities		161	2,623	–	–
		<u>234,599</u>	<u>200,214</u>	<u>45,285</u>	<u>127,041</u>
Net current assets		<u>48,942</u>	<u>100,074</u>	<u>501,077</u>	<u>290,518</u>
Total assets less current liabilities		<u>512,665</u>	<u>597,389</u>	<u>501,077</u>	<u>486,518</u>
Non-current liabilities					
Borrowings	24	48,535	43,931	–	–
Lease liabilities	12	92	–	–	–
Deferred income	26	13,040	13,855	–	–
Deferred income tax liabilities	19	10,998	11,558	–	–
		<u>72,665</u>	<u>69,344</u>	<u>–</u>	<u>–</u>
Net assets		<u>440,000</u>	<u>528,045</u>	<u>501,077</u>	<u>486,518</u>
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	28(a)	19,452	18,898	19,452	18,898
Reserves	30	922,810	934,329	895,216	894,590
Accumulated losses		(612,287)	(551,807)	(413,591)	(426,970)
		<u>329,975</u>	<u>401,420</u>	<u>501,077</u>	<u>486,518</u>
Non-controlling interests	16	110,025	126,625	–	–
TOTAL EQUITY		<u>440,000</u>	<u>528,045</u>	<u>501,077</u>	<u>486,518</u>

* Less than RMB1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax		(82,977)	49,068
Adjustments for:			
- Amortisation of intangible assets	9	389	244
- Depreciation of property, plant and equipment	12	33,961	24,987
- Amortisation of deferred income	26	(815)	(815)
- Gain on disposal of property, plant and equipment	6(b)	(1,118)	(3)
- Gain on disposal of associate	6(b)	–	(2,000)
- Interest and other finance expenses	7	4,589	3,592
- Expenses of share option and share award plan	8	274	582
- Interest income	6(a)	(270)	(522)
- Fair value loss on investment properties	6(b)	13,701	–
- Share of net loss of joint venture accounted for using the equity method	17	556	87
- Reversal of impairment loss on amount due from associates	9	–	(6,951)
- Dividend income from associate	18	–	(59,500)
- Provision for liabilities on legal case	6(b)	59,500	–
- Impairment losses on contract assets	22	8,665	17,869
- Unrealised currency translation (gain)/loss		(54)	508
		36,401	27,146
Change in working capital:			
- Inventories		491	(1,429)
- Other current assets		(175)	(6,850)
- Trade and other receivables		(36,914)	(51,502)
- Trade and other payables		7,358	2,679
Cash generated from/(used in) operations		7,161	(29,956)
Cash from government's preferential tax policy		–	3,746
Income tax paid		(3,339)	(5,151)
Net cash generated from/(used in) operating activities		3,822	(31,361)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Proceeds from disposal of associate	18	–	2,000
Interest received		270	522
Purchases of intangible assets	13	–	(81)
Investment in a joint venture	17		
- Capital		–	(5,000)
- Debt		–	(92,000)
Advances to a joint venture		(1,127)	(300)
Purchases of property, plant and equipment		(3,587)	(23,892)
Purchase of investment properties	14	(661)	(10,236)
Proceeds from disposal of property, plant and equipment		–	3
Dividend received from associate	31	–	11,000
Repayment of amount due from associate		–	107,236
Net cash used in investing activities		<u>(5,105)</u>	<u>(10,748)</u>
Cash flows from financing activities			
Interest and other finance expenses		(3,469)	(3,426)
Principal payment of lease liabilities		–	(106)
Repayments of amount due to a non-controlling shareholder		(8,291)	(18,000)
Proceeds from borrowings			
- Non-related parties		18,401	27,933
Repayments of borrowings			
- Non-related parties		(45,998)	(15,700)
Increase in restricted cash		(12)	–
Dividend payment – cash	29	(1,900)	–
Share awards vested – cash		(37)	(382)
Net cash used in financing activities		<u>(41,306)</u>	<u>(9,681)</u>
Net decrease in cash and cash equivalents		(42,589)	(51,790)
Cash and cash equivalents			
Beginning of financial year		63,372	115,613
Effects of currency translation on cash and cash equivalents		6	(451)
End of financial year	23	<u>20,789</u>	<u>63,372</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

Material non-cash items

During the financial year ended 31 December 2022, the material non-cash transaction includes settlements of amount due from former associate, Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries (“KYWJ Group”), which were classified within trade and other receivables amounting to RMB48,764,000. This amount was repaid by way of residential units from the KYWJ Group (Note 14).

Reconciliation of liabilities arising from financing activities

	1 January 2023 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash movement			31 December 2023 RMB'000
				Addition RMB'000	Interest expense RMB'000	Foreign exchange movement	
Borrowings	104,891	18,292	(45,998)	–	1,348	–	78,533
Accrued interest	1,283	–	(3,464)	–	3,235	–	1,054
Lease liabilities	89	–	(122)	241	6	(5)	209

	1 January 2022 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash movement			31 December 2022 RMB'000
				Addition RMB'000	Interest expense RMB'000	Foreign exchange movement	
Borrowings	92,658	27,933	(15,700)	–	–	–	104,891
Accrued interest	1,117	–	(3,416)	–	3,582	–	1,283
Lease liabilities	183	–	(116)	–	10	12	89

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

	Attributable to equity holders of the Company											
	Share capital RMB'000	Share premium RMB'000	Share contributed surplus RMB'000	Capital reserve RMB'000	Statutory reserves* RMB'000	Capital redemption reserve RMB'000	Currency translation reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
2023												
Beginning of financial year	18,898	70,695	810,044	7,764	34,601	8,324	(2,147)	5,048	(551,807)	401,420	126,625	528,045
Total comprehensive loss for the financial year	-	-	-	-	-	-	-	-	(73,702)	(73,702)	(309)	(74,011)
Deconsolidation of subsidiaries arising from deregistration	-	-	-	(7,282)	(10,553)	-	-	-	17,835	-	(16,291)	(16,291)
Transfer	-	-	-	-	605	-	-	-	(605)	-	-	-
Revaluation surplus	-	-	-	-	-	-	-	5,085	-	5,085	-	5,085
Dividend payment (Note 29)	-	-	-	-	-	-	-	-	-	-	-	-
- Cash	-	-	-	-	-	-	-	-	(1,900)	(1,900)	-	(1,900)
- Scrip	462	481	-	-	-	-	-	-	(943)	-	-	-
- Dividend payables	-	-	-	-	-	-	-	-	(1,165)	(1,165)	-	(1,165)
Share based payment	-	-	-	-	-	-	-	274	-	274	-	274
Share awards vested (Note 28 (c))	-	-	-	-	-	-	-	(37)	-	(37)	-	(37)
- Cash	-	-	-	-	-	-	-	(184)	-	-	-	-
- Scrip	92	92	-	-	-	-	-	-	-	-	-	-
End of financial year	19,452	71,268	810,044	482	24,653	8,324	(2,147)	10,186	(612,287)	329,975	110,025	440,000
2022												
Beginning of financial year	18,874	70,643	810,044	7,764	33,427	8,324	(2,147)	4,924	(617,473)	334,380	130,968	465,348
Total comprehensive income/(loss) for the financial year	-	-	-	-	-	-	-	-	66,840	66,840	(4,343)	62,497
Transfer	-	-	-	-	1,174	-	-	-	(1,174)	-	-	-
Share based payment	-	-	-	-	-	-	-	582	-	582	-	582
Share awards vested (Note 28 (c))	-	-	-	-	-	-	-	(382)	-	(382)	-	(382)
- Cash	-	-	-	-	-	-	-	(76)	-	-	-	-
- Scrip	24	52	-	-	-	-	-	-	-	-	-	-
End of financial year	18,898	70,695	810,044	7,764	34,601	8,324	(2,147)	5,048	(551,807)	401,420	126,625	528,045

* As stipulated by the relevant laws and regulations for foreign investment enterprises in PRC, the PRC subsidiaries of the Group are required to provide for statutory surplus reserve fund and voluntary contribution of enterprise expansion fund. Appropriations to such reserve funds are made out of a total of 10.5% of net profit after tax of the statutory financial statements of the PRC subsidiaries and the amount and allocation basis are decided by their respective board of directors annually. The statutory surplus reserve fund can be used to make up prior financial year losses of the PRC subsidiaries, if any and can be applied to convert into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation. The appropriations to the statutory surplus reserve fund and enterprise expansion fund are reflected in the statutory reserves under shareholders' funds.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

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

1. General information

China International Holdings Limited (the “Company”) is listed on the main board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Company is an exempted company incorporated in Bermuda with limited liability under the Companies Act of Bermuda.

The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is in the People’s Republic of China (the “PRC”).

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries, joint venture and associates are disclosed in Notes 16, 17 and 18 to the financial statements respectively.

The Chinese government reformulated its policy towards COVID-19 at the end of 2022. Although these policy moves have resulted in an improvement in the economic climate in PRC, at this point in time the Group remains cautiously optimistic about the general economic conditions for the next twelve months.

The Group will continue to keep a vigilant watch on the challenges which may arise from the uncertainties in the wider macro environment. The Group’s significant estimates and judgements applied are disclosed in Note 4 to the financial statements.

2. Summary of material accounting policies

These policies have been consistently applied to all the financial years presented, unless otherwise stated. The financial statements are for the group consisting of China International Holdings Limited and its subsidiaries (the “Group”).

2.1 Basis of preparation

- (i) Compliance with International Financial Reporting Standards (“IFRS”)

The financial statements of the Group have been prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (“IASB”).

The financial statements are presented in Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (RMB’000) as indicated.

- (ii) Historical cost convention

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates – amendments to IAS 8*
- *International Tax Reform – Pillar Two Model Rules – amendments to IAS 12*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Directors have assessed the basis of preparation on going concern basis for this set of financial statements and is of the opinion that the Group will be able to pay its debt as and when they fall due, and realise its assets and extinguish its liabilities in the ordinary course of business. Accordingly, the directors believe that the use of the going concern assumption in preparing these financial statements remains appropriate.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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 to direct the activities of 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 acquisition method of accounting is used to account for business combinations by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.2 Principles of consolidation and equity accounting (Cont'd)

(a) Subsidiaries (Cont'd)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2(d) below), after initially being recognised at cost in the consolidated financial position.

(c) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has an investment in a joint venture.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see Note 2.2(d) below), after initially being recognised at cost in the consolidated financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.2 Principles of consolidation and equity accounting (Cont'd)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(f) Related parties

A related party is a person or entity that is related to the Group.

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

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

- (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 ventures of the same third party.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.2 Principles of consolidation and equity accounting (Cont'd)

(f) Related parties (Cont'd)

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies: (Cont'd)

(iv) One entity is a joint venture 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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(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 it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position and/or respective entities of the Group. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, including executive directors. The Board of Directors, including executive directors, are responsible for allocating resources and assessing performance and position of the operating segments, and makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.5 Foreign currency translation (Cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance expenses. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "Other (losses)/gains – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation by transferring a promise good or service to a customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) Water supply income

The Group supply grey water to the customers. Revenue is recognised at a point over time when control of the water has been transferred to the customers, being when the customer has full discretion over the usage of the water, and there is no unfulfilled obligation that could affect the customer's usage. Usage is measured by meters installed at the customer's locations.

The revenue is then measured at the transaction price per unit of usage that is agreed under contract. In most of the cases, payments are received in advance from customer, nevertheless, no element of financing is deemed present as the timing of the transfer of the water is at the discretion of the customer.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Construction of water pipeline

Revenue from construction of water pipeline is recognised at a point in time when the control has been transferred to the customer, being when the promised services have been handed over and acknowledged by the customers. The Group does not has an enforceable right to payment until the water pipeline has been handed over to the customers.

The revenue is measured at the transaction price agreed under contract. In most of the cases, payments are received in advance from customer, nevertheless, no element of financing is deemed present as such payment terms is an industry practice to protect the performing company from the customers' failure to adequately complete some or all of its obligations under the contract.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For costs incurred for uncompleted contract are disclosed as other current asset in Note 2.14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.6 Revenue recognition (Cont'd)

(iii) Wastewater treatment services

Revenue from wastewater treatment services is recognised overtime based on the volumes treated and are recognised when the services rendered, being when the Group has satisfied the performance obligations of the contract and has a present right to payment and the collection of the consideration is probable. The Group considered and estimated the most likely amount of consideration which the Group expects to be entitled to, in exchange for transferring the promised services to the customer. The consideration estimated is to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Contract asset is recognised based on the estimated consideration when the performance obligations are satisfied. The contract asset will then be transferred to trade receivables when the Group's right to consideration in exchange for the services rendered to the customer become unconditional.

(iv) Land development construction contracts

The Group performs construction and upgrade services to the land for the customer. Revenue is recognised when control over the agreed services has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the services over time or at a point in time. For these contracts, revenue is generally recognise over time by reference to the Group's progress towards completing the services. The measurement of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. The customer is invoiced when the milestone of the contract is reached. If the values of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(v) Temporary wastewater treatment services income

Temporary wastewater treatment services income is recognised at a point in time when the Group satisfied the performance obligation of the contract, and the Group has the present right to payment and the collection of the consideration is probable. The Group considered and estimated the most likely amount of consideration which the Group expects to be entitled to, in exchange for transferring the promised services to the customer. The consideration estimated is to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(vi) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.6 Revenue recognition (Cont'd)

(vii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(viii) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint venture and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.7 Income tax (Cont'd)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

(i) Where the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment" in the statements of financial position.

Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2.18 to the financial statements.

(b) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate .

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.8 Leases (Cont'd)

(i) Where the Group is the lessee (Cont'd)

(b) Lease liabilities (Cont'd)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(c) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.8 Leases (Cont'd)

- (ii) Where the Group is the lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Lease income from operating leases is recognised in statement of comprehensive income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

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 statement of comprehensive income over the lease term on the same basis as the lease income.

2.9 Development properties

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 and estimated net realisable value. Net realisable value of development properties is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development comprises 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.

2.10 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, less cash subject to restriction.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer to Note 2.15 to the financial statements for the classification, recognition and measurement of financial asset and Note 22 to the financial statements for the Group's impairment policies.

2.13 Inventories

Inventories comprise of raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is determined by reference to the underlying specific contracts in progress in which the inventories will ultimately be used.

2.14 Other current assets

Other current assets, comprise costs incurred in fulfilling a contract with a customer, are recognised only if (a) these costs relate directly to a contract or to an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (c) the costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

The assets recognised are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. An impairment loss is recognised in profit or loss to the extent that the carrying amount of these other current assets exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2.15 Financial assets

(a) Classification

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows of the financial assets.

The Group reclassifies debt investments when and only when its business model from managing those assets changes.

(b) 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. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.15 Financial assets (Cont'd)

(c) Measurement

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Subsequent measurement for debt instruments classified as amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets classified at amortised cost, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets classified at amortised cost, the Group applies general approach. Refer to Notes 3(b) and 22 to the financial statements respectively for further disclosure on the impairment policy.

2.16 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.17 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.17 Property, plant and equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	<u>Useful lives</u>
Leasehold land and buildings	20 years
Water plant and its ancillary facilities	10 and 20 years
Plant and machinery	10 years
Office equipment	5 years
Renovation	3 years
Motor vehicles	5 years

The assets useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to Note 2.10 to the financial statements for further disclosure on the impairment policy.

Construction in progress represents water plant and its ancillary facilities, and is stated at cost less impairment losses. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and available for use. Depreciation begins when the relevant assets are available for use.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in profit or loss.

2.18 Investment properties

Investment properties include leasehold office buildings, residential units, stores and parking spaces that are held for long-term rentals yields and/or for capital appreciation respectively. They are carried at fair value. Changes in fair values are presented in statement of comprehensive income as part of "Other (losses)/gains – net".

Investment properties are initially recognised at cost including all direct costs attributable to the property and subsequently carried at fair value, determined annually by independent professional values on the highest-and-best-use basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.18 Investment properties (Cont'd)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.19 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in statement of comprehensive income as a gain from bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Computer software

Intangible assets acquired separately are measured on initial recognition at cost. Costs associated with maintaining the computer software are expensed off when incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any. These costs are amortised to statement of comprehensive income using the straight-line method over their estimated useful lives of 3 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.19 Intangible assets (Cont'd)

(c) Land-use rights

Land-use rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over approximately 50 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets, other than goodwill, are reviewed at least at each reporting date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is recognised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive income as other income or finance expenses.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the statement of comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Other borrowing costs are expensed in the period in which they are incurred.

2.23 Provisions

Provisions for warranty and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.24 Employee benefits (Cont'd)

(ii) Pension obligations (Cont'd)

The Group is required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

Contributions to Mandatory Provident Fund, a defined contribution retirement scheme, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in the statement of comprehensive income as and when incurred.

The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as employee benefit expense in the period in which the related services are performed. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the CIHL Share Option Scheme (the "2020 Scheme").

The fair value of options granted under the 2020 Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- (a) including any market performance conditions (eg the entity's share price);
- (b) excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- (c) including the impact of any non-vesting conditions (eg the requirement for employees to save).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.24 Employee benefits (Cont'd)

(v) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.25 Government grant

Grants from the government are recognised as a receivable at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.26 Financial guarantees

The Group's subsidiaries have issued corporate guarantees to bank for bank borrowing of the Group's other subsidiary. These guarantees are financial guarantees as they require the subsidiaries to reimburse the banks if the subsidiary fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantees are initially recognised at their fair values and subsequently measured at a higher of:

- (a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15; and
- (b) the amount of expected loss allowance computed using the impairment methodology under Note 2.15 to the financial statements.

2.27 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

2. Summary of material accounting policies (Cont'd)

2.28 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification, measurement and exposure limits.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in PRC. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in the Hong Kong dollar ("HKD"), United States dollar ("USD") and Singapore dollar ("SGD"). The Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will closely monitor its foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

At 31 December 2023, if the HKD had strengthened/weakened by 2% (2022: 9%) against the RMB with all other variables held constant, the recalculated post-tax profit for the financial year would have been RMB15,000 (2022: RMB344,000) higher/lower, mainly as a result of foreign exchange losses/gains on translation of HKD-denominated cash and bank balances and accruals.

At 31 December 2023, if the SGD had strengthened/weakened by 4% (2022: 10%) against the RMB with all other variables held constant, the recalculated post-tax profit for the financial year would have been RMB45,000 (2022: RMB111,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of SGD-denominated cash and bank balances and accruals.

At 31 December 2023, if the USD had strengthened/weakened by 2% (2022: 9%) against the RMB with all other variables held constant, the foreign exchange gains/losses on translation of USD-denominated financial assets are not expected to have any significant impact to post-tax profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

3. Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks arises primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The table below sets out the carrying amounts as at 31 December, by maturity or re-pricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
2023			
Financial assets			
<i>Fixed rate</i>			
Short term deposit	5,000	–	5,000
<i>Floating rate</i>			
Cash at bank	15,675	–	15,675
Financial liabilities			
<i>Fixed rate</i>			
Borrowings	28,000	32,749	60,749
Lease liabilities	117	92	209
	28,117	32,841	60,958
<i>Floating rate</i>			
Borrowings	1,998	15,786	17,784

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

3. Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risks (Cont'd)

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
2022			
Financial assets			
<i>Fixed rate</i>			
Short term deposit	10,004	–	10,004
<i>Floating rate</i>			
Cash at bank	53,296	–	53,296
Financial liabilities			
<i>Fixed rate</i>			
Borrowings	43,000	3,228	46,228
Lease liabilities	89	–	89
	43,089	3,228	46,317
<i>Floating rate</i>			
Borrowings	58,663	–	58,663

The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities, and the impact of the exposure to interest rate risk from financial assets at variable rate is not significant.

If the RMB interest rates had been higher/lower by 0.1% (2022: 0.1%) with all other variables including tax rate being held constant, the post-tax profit would have been lower/higher by RMB738,000 (2022: RMB2,680,000) as a result of higher/lower interest expense on these borrowings.

The Company does not have exposure to interest rate risk as it does not hold variable financial assets and liabilities.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Refer to Note 22 to the financial statements for the details of the Group's exposure to credit risk in relation to trade receivables, other receivables and contract assets. Cash and cash equivalent are subject to immaterial credit loss as bank deposits are placed with banks with high credit-rating.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

3. Financial risk management (Cont'd)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient funds to enable the Group and the Company to meet contractual and financial obligations when due and the availability of funding through credit facilities. At the end of the reporting period, assets held by the Group and the Company for maintaining liquidity risk included cash and cash equivalents as disclosed in Note 23 to the financial statements.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains a level of cash and cash equivalents, deemed adequate by management for working capital purposes so as to mitigate the effectiveness of cash flows.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Group				
2023				
Trade and other payables	52,389	–	–	52,389
Borrowings	29,998	55,331	–	85,329
Lease liabilities	117	100	–	217
	<u>82,504</u>	<u>55,431</u>	<u>–</u>	<u>137,935</u>
2022				
Trade and other payables	51,725	–	–	51,725
Borrowings	60,960	46,872	–	107,832
Lease liabilities	89	–	–	89
	<u>112,774</u>	<u>46,872</u>	<u>–</u>	<u>159,646</u>
Company				
2023				
Other payables	45,285	–	–	45,285
2022				
Other payables	127,041	–	–	127,041

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

3. Financial risk management (Cont'd)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, repurchase shares, raise new debts, redeem existing debts or sell assets to reduce debts.

Management monitors capital based on the return on shareholders' fund. The return on shareholders' fund was Nil (2022: 16.7%) for the current financial year ended 31 December 2023. The return on shareholders' fund is calculated as net profit attributable to equity holders of the Company divided by shareholders' equity.

According to the Rule 723 of the Listing Manual of the SGX-ST, at least 10% of the Company's shares should be held in the hands of the public.

Apart from the above, the Group and the Company are not subject to any other externally imposed capital requirements.

(e) Fair value measurement

The fair value measurement hierarchy have been defined as follows:

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

See Note 14 to the financial statements for disclosure of the investment properties that are measured at fair value. The fair value of current financial assets and liabilities carried at amortised cost approximates their carrying amounts.

(f) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

3. Financial risk management (Cont'd)

(f) Offsetting financial assets and financial liabilities (Cont'd)

The following table presents the recognised financial instruments that are offset in the Company's statement of financial position as at 31 December 2023 and 2022 respectively.

	Gross amounts of recognised financial assets/ (liabilities) RMB'000	Gross amounts of recognised financial liabilities/ (assets) set off in the statement of financial position RMB'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position RMB'000
Company			
As at 31 December 2023			
Due from subsidiaries	1,047,993	(501,694)	546,299
Due to subsidiaries	(543,399)	501,694	(41,705)
As at 31 December 2022			
Due from subsidiaries	946,103	(528,606)	417,497
Due to subsidiaries	(653,114)	528,606	(124,508)

(g) Financial instruments by category

The aggregate carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Financial assets				
Trade and other receivables ⁽¹⁾	209,366	212,099	546,359	417,556
Cash and cash equivalents	20,801	63,372	1	1
Financial assets, at amortised cost	230,167	275,471	546,360	417,557
Financial liabilities				
Borrowings	78,533	104,891	–	–
Lease liabilities	209	89	–	–
Trade and other payables ⁽²⁾	52,389	51,725	45,285	127,041
Financial liabilities, at amortised cost	131,131	156,705	45,285	127,041

⁽¹⁾ Excluding prepayments and advances

⁽²⁾ Excluding receipts in advance

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade receivables, other receivables and contract assets

As at 31 December 2023, the Group's trade receivables, contract assets and other receivables amounted to RMB24,907,000 (2022: RMB15,437,000), RMB178,905,000 (2022: RMB161,876,000) and RMB5,554,000 (2022: RMB4,721,000) respectively.

The Group measured the loss allowance of trade receivables and contract assets at an amount equal to lifetime expected credit losses ("ECL") by assessing the probability of default that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment for the remaining group of debtors. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. At every reporting date the historical observed default rate will be updated and changes in the forward-looking estimates will be analysed.

The Group generally measured the loss allowance of other receivables at an amount equal to 12-month ECL by taking into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the receivables in estimating the probability of default. When the credit quality deteriorates and the resulting credit risk of other receivables increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

The total loss allowance recognised for trade and other receivables and contract assets as at 31 December 2023 was RMB29,524,000 (2022: RMB31,863,000) and RMB26,534,000 (2022: RMB17,869,000) respectively. Details of the loss allowance on trade receivables, other receivables and contract assets are disclosed in Note 22 to the financial statements.

(b) Revenue from wastewater treatment services

Revenue from wastewater treatment services involved significant judgements and assumptions as the consideration is variable. In estimating the revenue, the Group has considered the most likely amount of consideration which the Group expects to be entitled to, in exchange for transferring the promised services to the customer. The consideration estimated is to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Refer to Note 5 to the financial statements for the revenue recognised in current financial year.

(c) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, cash-generating units ("CGUs") have been based on fair value less costs of disposal calculations. These calculations require the use of estimates.

The sensitivity analysis on the key assumptions applied in the calculations are disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

4. Critical accounting estimates and judgements (Cont'd)

(d) Investment properties

Fair value measurement of investment properties and legal titles of investment properties

Investment properties are initially recognised at cost including all direct costs attributable to the property and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. A consideration amount of estimates and judgements are required in determining the fair value of investment properties.

As at 31 December 2023, notwithstanding the fact that the Group has not obtained the relevant legal titles of certain investment properties, management considers that the Group obtained the ownership of those investment properties through contractual arrangements with relevant counter parties.

Details of the valuation techniques used in determining the fair value of investment properties and legal titles of investment properties are disclosed in Note 14 to the financial statements.

(e) Investment in a joint venture – Hubei Huike International Exhibition Service Co., Ltd (“Huike”)

The Group’s 50% equity interests in Hubei Huike International Exhibition Service Co., Ltd (“Huike”) is accounted for under the equity method. The Group’s interest in Huike is carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investment in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income, less impairment of investment (if any).

Management exercises judgements in estimating the recoverable amount of its investment in a joint venture. Investment in a joint venture is reviewed at the end of each reporting period to determine whether there is any indication that the investment had suffered an impairment loss. If any such indication exists, the recoverable amount is estimated to determine the extent of the impairment loss (if any).

The carrying amount of the investment in a joint venture is disclosed in Note 17 to the financial statements.

(f) Provision for liabilities on legal case

The Group made a provision for liabilities on legal case amounted to RMB59,500,000 during the financial year ended 31 December 2023. Provisions in respect of liabilities on legal case is subject to many uncertainties and the outcome cannot be predicted with assurance. Significant judgement is required in assessing the probability and making estimates in respect of these contingencies, and the Group’s final liabilities may ultimately be materially different. The Group’s estimated liabilities in respect of the legal cases are determined on a case-by-case basis and represent an estimate of probable losses after considering, among other factors, the progress of the legal case and the opinions and views of legal counsel. As at 31 December 2023, the proceedings are still on-going. The outcome of the proceedings remains uncertain. Further disclosures are made in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

4. Critical accounting estimates and judgements (Cont'd)

- (g) Investments in former associates - Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries ("KYWJ Group")

The Group's 50% equity interests in Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries ("KYWJ Group") is accounted for under the equity method. The Group's interests in KYWJ Group is carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investment in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income, less impairment of investment (if any).

During the financial year ended 31 December 2022, the Group's share of loss after tax from KYWJ Group amounted to RMB32.6 million and as at 31 December 2022 the carrying amount of investment in KYWJ Group was reduced to Nil. Included in the share of loss after tax from KYWJ Group was a write down and provision for losses made to certain development properties held by KYWJ Group to its net realisable value.

Management has exercised judgements and used estimates in determining the net realisable values of the development properties held by KYWJ Group. References were made to comparable properties, management's expected net selling prices and estimated development expenditure. However, market conditions may change and affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may have to be further written down in future periods. Further disclosures are made in Note 18 to the financial statements.

The total loss allowance recognised for amount due from KYWJ Group as at 31 December 2023 was RMB15,225,000 (2022: RMB15,225,000). Details of the loss allowance on amount due from KYWJ Group are disclosed in Notes 4(a) and 22 to the financial statements.

5. Revenue

	Group	
	2023	2022
	RMB'000	RMB'000
Revenue from:		
- Supply of grey water	22,820	17,474
- Construction of water pipeline	44,013	42,196
- Wastewater treatment services	31,080	43,934
	<u>97,913</u>	<u>103,604</u>

All streams of revenue are recognised at a point in time, except for revenue from supply of grey water and wastewater treatment services are recognised over time.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

6. (a) Other income – net

	Group	
	2023	2022
	RMB'000	RMB'000
Interest income from:		
Financial assets measured at amortised cost		
- Banks	270	522
Rental income from investment properties (Note 14)	1,757	1,094
Dividend income from an associate ⁽¹⁾	–	59,500
Other	1,865	107
	3,892	61,223

⁽¹⁾ During the financial year ended 31 December 2022, dividend of RMB59,500,000 was declared by the Group's associate, Beijing Kaiyuanwanjia Management Consulting Limited. The dividend was repaid by way of cash and certain completed residential units held by Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries. The dividend of RMB59,500,000 has been recognised as other income in FY2022 as the carrying amount of investment in associate was RMB Nil as at the date of declaration. Details of the transactions are disclosed in Notes 14, 18 and 22 to the financial statements respectively.

6. (b) Other (losses)/gains - net

	Group	
	2023	2022
	RMB'000	RMB'000
Currency exchange gains, net	186	467
Net fair value losses on investment properties (Note 14)	(13,701)	–
Gain on disposals of property, plant and equipment	1,118	3
Gain on disposals of associate (Note 18(iii))	–	2,000
Provision for liabilities on legal case (Note 27)	(59,500)	–
	(71,897)	2,470

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

7. Finance expenses

	Group	
	2023	2022
	RMB'000	RMB'000
Interest expense on:		
- Bank borrowings	3,398	4,226
- Short-term borrowing from a non-related party	1,185	163
- Lease liabilities (Note 12(a)(ii))	6	10
	<u>4,589</u>	<u>4,399</u>
Less: Amount capitalised in property, plant and equipment	–	(807)
Amount recognised in (loss)/profit	<u>4,589</u>	<u>3,592</u>

8. Employee benefit expense

	Group	
	2023	2022
	RMB'000	RMB'000
Salaries, allowances and bonuses	16,600	17,033
Pension costs of defined contribution plans	3,020	2,717
Employee share based payment (Note 28(b) and Note 28(c))	274	582
	<u>19,894</u>	<u>20,332</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

9. (Loss)/profit before income tax

The Group's (loss)/profit before income tax is arrived at after charging/(crediting) the following:

	Group	
	2023	2022
	RMB'000	RMB'000
Included in cost of sales and services provided:		
Cost of inventories consumed	4,428	12,850
Depreciation of property, plant and equipment	31,165**	21,869**
Employee benefit expense	6,663	6,590
Utility costs	5,413	4,879
Water pipeline installation and construction costs	13,498	13,354
Chemical costs and other treatment costs	7,499	15,843
Included in administrative and other operating expenses:		
Fees on audit services paid/payable to:		
- auditor of the Company	1,062	995
- other auditors	84	102
Fees on non-audit services paid/payable to:*		
- other auditors	1,176	103
Amortisation of intangible assets (Note 13)	389	244
Depreciation of property, plant and equipment	1,981**	2,303**
Employee benefit expense	13,231	13,742
Legal and professional fees	2,561	1,175
Reversal of impairment loss on amount due from associates (Note 22(c)(iii))	–	(6,951)
Impairment loss on contract assets	8,665	17,869
Travelling	1,141	301
Utilities	76	84

* No non-audit services fees paid/payable to independent auditor of the Company during the current and prior financial years.

** Depreciation of property, plant and equipment is presented as net of amortisation of deferred income amounted to RMB815,000 (2022: RMB815,000) (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

10. Income tax credit

Tax expense attributable to (loss)/profit is made up of:

	Group	
	2023	2022
	RMB'000	RMB'000
(Loss)/profit for the financial year		
Current income tax – PRC enterprise income tax	4,436	3,946
Deferred income tax	(7,347)	(7,550)
	(2,911)	(3,604)
Over provision in prior financial years		
Current income tax – PRC enterprise income tax	(5,456)	(3,916)
Deferred income tax	(599)	(5,909)
	(6,055)	(9,825)
Total income tax credit	(8,966)	(13,429)

Pursuant to relevant laws and regulations in PRC, subsidiaries in PRC are required to pay PRC enterprise income tax at a standard rate of 25% (2022: 25%).

No provision for income tax of Hong Kong entities since there is no assessable profit for the current and prior financial years.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries, in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

10. Income tax credit (Cont'd)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of the principal place of operation of the Group as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
(Loss)/profit before income tax	(82,977)	49,068
Adjusted for: Share of loss of joint venture net of tax	556	87
(Loss)/profit before tax exclude share of loss of joint venture	(82,421)	49,155
Tax calculated at PRC income tax rate of 25% (2022: 25%)	(20,605)	12,289
Tax effects of:		
- Income not subject to tax	(1,676)	(16,405)
- Expenses not deductible for tax purposes	17,033	2,721
- Over provision of tax in prior financial years	(6,055)	(9,825)
- Deferred tax asset not recognised	2,700	627
- Tax incentives	(363)	(1,131)
- Others	-	(1,705)
Income tax credit	(8,966)	(13,429)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RMB20,310,000 (2022: RMB14,923,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses can be carried forward up to a period of 5 years. During the current financial year ended 2023, unrecognised tax losses of RMB5,412,000 (2022: RMB1,385,000) has expired.

11. (Loss)/earnings per share

Basic

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

11. (Loss)/earnings per share (Cont'd)

Basic (Cont'd)

The calculation of basic (loss)/earnings per share is as follows:

	2023	2022
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(73,702)	66,840
Weighted average number of ordinary shares in issue ('000)	76,988	75,823
Basic (loss)/earnings per share (RMB (Fen))	(95.74)	88.15

Diluted

For the purpose of calculating diluted (loss)/earnings per share, net (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and performance share plan.

For share options, the weighted average number of ordinary shares outstanding has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net (loss)/profit.

For performance share plan, the weighted average number of ordinary shares outstanding has been adjusted as if all outstanding share awards granted pursuant to the performance share plan ("Share Awards") will be vested.

2023

The share options granted of 6,750,000 and the share awards granted of 600,000 are anti-dilutive as the Group recorded a loss for the financial year ended 31 December 2023.

2022

The calculation of diluted earnings per share is as follow:

	2022
Profit attributable to equity holders of the Company (RMB'000)	66,840
Weighted average number of ordinary shares in issue ('000)	75,823
Adjustment for share awards ('000)	711
	76,534
Diluted earnings per share (RMB (Fen))	87.33

The share options granted of 4,050,000 are anti-dilutive as the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

12. Property, plant and equipment

Group	Leasehold land and buildings RMB'000	Water plant and its ancillary facilities RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
2023								
Cost								
Beginning of financial year	40,409	291,236	1,539	2,245	4,627	3,772	41,617	385,445
Transfer	-	39,465	-	-	-	-	(39,465)	-
Additions	242	149	-	61	-	-	1,730	2,182
Disposals	(4,214)	-	-	(13)	-	-	-	(4,227)
Expired lease contract	(1,708)	-	-	-	-	-	-	(1,708)
Reclassification	6,273	933	-	-	-	-	(2,886)	4,320
Currency translation differences	(17)	-	-	-	-	-	-	(17)
End of financial year	40,985	331,783	1,539	2,293	4,627	3,772	996	385,995
Accumulated depreciation								
Beginning of financial year	19,396	118,515	497	1,628	4,627	3,396	-	148,059
Depreciation charge	1,906	31,666	154	107	-	128	-	33,961
Disposals	(1,334)	-	-	(11)	-	-	-	(1,345)
Expired lease contract	(1,708)	-	-	-	-	-	-	(1,708)
Reclassification	(952)	-	-	-	-	-	-	(952)
Currency translation differences	(357)	-	-	-	-	-	-	(357)
End of financial year	16,951	150,181	651	1,724	4,627	3,524	-	177,658
Net book value								
End of financial year	24,034	181,602	888	569	-	248	996	208,337

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

12. Property, plant and equipment (Cont'd)

Group	Leasehold	Water plant			Motor	Renovation	Construction	Total
	land and	and its	Plant and	Construction				
	buildings	ancillary	machinery	in progress	vehicles	in progress		
	RMB'000	facilities	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
2022								
Cost								
Beginning of financial year	42,995	289,605	1,539	31,017	4,041	4,627	376,211	
Transfer	-	1,524	-	(1,564)	-	-	-	
Additions	-	107	-	12,164	-	-	12,364	
Disposals	(2,643)	-	-	(269)	(269)	-	(3,187)	
Currency translation differences	57	-	-	-	-	-	57	
End of financial year	40,409	291,236	1,539	41,617	3,772	4,627	385,445	
Accumulated depreciation								
Beginning of financial year	19,593	96,443	344	-	3,524	4,627	126,020	
Depreciation charge	2,207	22,072	153	-	141	-	24,987	
Disposals	(2,643)	-	-	(275)	(269)	-	(3,187)	
Written-off	-	-	-	-	-	-	-	
Currency translation differences	239	-	-	-	-	-	239	
End of financial year	19,396	118,515	497	-	3,396	4,627	148,059	
Net book value								
End of financial year	21,013	172,721	1,042	41,617	376	-	237,386	

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

12. Property, plant and equipment (Cont'd)

- (i) The Group's leasehold land and buildings are located in PRC.
- (ii) In March 2006, CIHL (Tianjin) Water Development Company Limited ("Water Development") obtained approval from the local government agency, to authorise the use of the parcel of land directly associated with water plant and its ancillary facilities for the purpose of supplying grey water for a period of 50 years. As at 31 December 2023, the legal title for the use of the above-mentioned parcel of land has not been transferred to Water Development. Notwithstanding the fact that the Group has not obtained the relevant legal title of the land use rights, management considers that the Group obtained the right to use through contractual arrangement with the local government agency.
- (iii) For the financial year ended 31 December 2023, bank borrowings are secured on the Group's water plant and its ancillary facilities with carrying amounts of RMB35,831,000 (Note 24).

For the financial year ended 31 December 2022, bank borrowings are secured on the Group's leasehold land and buildings and construction in progress with carrying amounts of RMB17,914,000 and RMB40,190,000 respectively (Note 24).

- (iv) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such lease assets are disclosed in Note 12(a) to the financial statements.
- (v) During the financial year ended 31 December 2023, the Group transferred 1 office unit of investment property to an owner-occupied property.

(a) Leases – The Group as a lessee

This note provides information for leases where the Group is a lessee. The Group leases office space for administrative purposes. For leases where the Group is a lessor is disclosed in Note 14 to the financial statements.

- (i) Amounts recognised in statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group	
	2023	2022
	RMB'000	RMB'000
Right-of-use assets		
Buildings	252	129
Lease liabilities		
Current	117	89
Non-current	92	–
	209	89

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

12. Property, plant and equipment (Cont'd)

(a) Leases – The Group as a lessee (Cont'd)

- (ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Group	
	2023	2022
	RMB'000	RMB'000
Depreciation charge of right-of-use assets - buildings	115	110
Interest expense (included in finance cost) (Note 7)	6	10
Expense relating to short-term leases (included in administrative expenses and other operating expenses)	6	–

- (iii) Addition of right-of-use assets during the financial year ended 31 December 2023 was RMB242,000 (2022: RMB Nil).

- (iv) The total cash outflow for leases in financial year ended 31 December 2023 was RMB122,000 (2022: RMB116,000).

13. Intangible assets

Group	Computer software RMB'000	Land use right RMB'000	Total RMB'000
2023			
Cost			
Beginning of financial year	408	9,595	10,003
Additions	–	6,180	6,180
End of financial year	408	15,775	16,183
Accumulated amortisation			
Beginning of financial year	310	599	909
Amortisation charge (Note 9)	55	334	389
End of financial year	365	933	1,298
Net book value			
End of financial year	43	14,842	14,885

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

13. Intangible assets (Cont'd)

Group	Computer software RMB'000	Land use right RMB'000	Total RMB'000
2022			
Cost			
Beginning of financial year	327	9,595	9,922
Additions	81	–	81
End of financial year	408	9,595	10,003
Accumulated amortisation			
Beginning of financial year	266	399	665
Amortisation charge (Note 9)	44	200	244
End of financial year	310	599	909
Net book value			
End of financial year	98	8,996	9,094

14. Investment properties

	Group	
	2023 RMB'000	2022 RMB'000
Beginning of financial year	91,100	32,100
Additions ⁽¹⁾	31,178	59,000
Reclassification – net ⁽²⁾	(763)	–
Added value tax ⁽³⁾	(4,074)	–
Net fair value losses recognised in profit or loss (Note 6 (b))	(13,701)	–
End of financial year	103,740	91,100

⁽¹⁾ During the financial year ended 31 December 2023, included in additions are acquisition of investment properties by way of offsetting against amount due from Baoding Zhongshang Real Estate Development Limited amounting to RMB30,000,000 for 15 residential units (Note 22(e)).

During the financial year ended 31 December 2022, included in additions are acquisition of investment properties by way of cash amounting to RMB10,236,000 for 307 underground parking spaces and 6 store units, and by way of offsetting against amount due from KYWJ Group amounting to RMB48,764,000 for 6 residential units and 1 office building (Note 14(iv)).

⁽²⁾ During the financial year ended 31 December 2023, the Group transferred 1 office unit of owner-occupied property to investment property.

⁽³⁾ During the financial year ended 31 December 2023, added value tax of RMB4,074,000 in respect of investment properties in Yichang was reclassified as trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

14. Investment properties (Cont'd)

(i) Leasing arrangements

The properties located in Beijing are leased to a non-related party under operating leases with rentals receivable monthly.

Minimum lease payments receivable on leases of investment properties are as follows:

	2023 RMB'000	2022 RMB'000
Not later than one year	817	1,677
Between one and five years	581	1,565
	<u>1,398</u>	<u>3,242</u>

(ii) Investment properties pledged as security

For the financial year ended 31 December 2023, investment properties with carrying amounts of RMB32,610,000 (2022: RMB32,100,000) are mortgaged to secure bank borrowing and carrying amounts of RMB47,130,000 (2022: RMB59,000,000) are mortgaged to secure borrowings from a non-related party (Note 24).

(iii) Amounts are recognised in profit or loss for investment properties

	Group	
	2023 RMB'000	2022 RMB'000
Rental income (Note 6(a))	1,757	1,094
Direct operating expenses from property that generated rental income (including repairs and maintenance)	(367)	(386)
	<u>1,390</u>	<u>708</u>

(iv) Measuring investment properties at fair value

The Group's investment properties that are located in Beijing, PRC are held as office building to generate rental income. The properties are measured at fair value. Changes in fair values are presented in consolidated statement of comprehensive income as part of other (losses)/gains-net.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

14. Investment properties (Cont'd)

(iv) Measuring investment properties at fair value (Cont'd)

As at reporting date, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Unexpired term of lease
2023				
Webok-times Center, No.17 Zhongguancun South Main Street, Haidian District, Beijing, PRC	5 office units (2103 - 2107) at level 21 of a 23-storey office building	Office	Leasehold	48 years
Hongkun Huayu phases III, No.2 Group, Yiling District, Yichang City, Hubei Province, PRC	170 underground parking spaces	Vacant	Leasehold	19 years
Group 8, Guobin Phase 2, Yiling District, Yichang City, Hubei Province, PRC	66 underground parking spaces	Vacant	Leasehold	19 years
Guobin phases 1-3, Yiling District, Yichang City, Hubei Province, PRC	69 underground parking spaces	Vacant	Leasehold	19 years
"New" Phase 3-3, Hongkun Huayu Phases, Yiling District, Yichang City, Hubei Province, PRC	4 residential units – Town House (联排别墅)	Vacant	Leasehold	53 years
"New" Phase 3-3, Hongkun Huayu Phases, Yiling District, Yichang City, Hubei Province, PRC	2 residential units – Town House (双拼别墅)	Vacant	Leasehold	53 years
"New" Phase 3-3, Hongkun Huayu Phases, Yiling District, Yichang City, Hubei Province, PRC	1 Office building	Vacant	Leasehold	23 years
Guobin phases 1-3 store units, Yiling District, Yichang City, Hubei Province, PRC	6 stores units	Vacant	Leasehold	23 years
Zhong Shang-Po Xin Bay, Jingke Village, Yizhou Town, Yi County, Baoding City, Hebei Province, the PRC	15 residential units	Vacant	Leasehold	64 years

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

14. Investment properties (Cont'd)

(iv) Measuring investment properties at fair value (Cont'd)

As at reporting date, the details of the Group's investment properties are as follows: (Cont'd)

Location	Description	Existing use	Tenure	Unexpired term of lease
2022				
Webok-times Center, No.17 Zhongguancun South Main Street, Haidian District, Beijing, PRC	5 office units (2104 - 2108) at level 21 of a 23-storey office building	Office	Leasehold	49 years
Hongkun Huayu phases III, No.2 Group, Yiling District, Yichang City, Hubei Province, PRC	170 underground parking spaces	Vacant	Leasehold	20 years
Group 8, Guobin Phase 2, Yiling District, Yichang City, Hubei Province, PRC	66 underground parking spaces	Vacant	Leasehold	20 years
Guobin phases 1-3, Yiling District, Yichang City, Hubei Province, PRC	71 underground parking spaces	Vacant	Leasehold	20 years
"New" Phase 3-3, Hongkun Huayu Phases, Yiling District, Yichang City, Hubei Province, PRC	4 residential units – Town House (联排别墅)	Vacant	Leasehold	54 years
"New" Phase 3-3, Hongkun Huayu Phases, Yiling District, Yichang City, Hubei Province, PRC	2 residential units – Town House (双拼别墅)	Vacant	Leasehold	54 years
"New" Phase 3-3, Hongkun Huayu Phases, Yiling District, Yichang City, Hubei Province, PRC	1 Office building	Vacant	Leasehold	24 years
Guobin phases 1-3store units, Yiling District, Yichang City, Hubei Province, PRC	6 stores units	Vacant	Leasehold	24 years

As at 31 December 2023 and as at the date of the authorisation of these financial statements, the legal titles for certain investment properties have not been transferred to the Group's subsidiaries Yichang Zhongjia Xinye Asset Management Co., Ltd, ("Zhongjia") and CIHL (Tianjin) City Development Limited ("XZCID") amounted to RMB38,720,000 and RMB24,000,000 (net of fair value adjustments) respectively. The respective counter parties have started the process to effect the transfer of the titles.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

14. Investment properties (Cont'd)

(iv) Measuring investment properties at fair value (Cont'd)

During the financial year ended 31 December 2023, the process to effect the transfer of the titles for Zhongjia has been put on hold due to the on-going litigation (Note 27). Notwithstanding the fact that Zhongjia and XZCID has not obtained the relevant legal titles of certain investment properties, management considers that Zhongjia and XZCID obtained the ownership of the investment properties through contractual arrangements with KYWJ Group and Baoding Zhongshang Real Estate Development Limited respectively.

Fair value hierarchy

	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties:			
31 December 2023			
- Office buildings - PRC	–	51,690	–
- Parking spaces - PRC	–	6,610	–
- Residential - PRC	–	41,560	–
- Retail units - PRC	–	3,880	–
	–	103,740	–
31 December 2022			
- Office buildings - PRC	–	57,100	–
- Parking spaces - PRC	–	6,640	–
- Residential - PRC	–	23,770	–
- Retail units - PRC	–	3,590	–
	–	91,100	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's investment properties have been generally derived using the market value approach, by making reference to sales evidence as available in the market. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and property type. The most significant input in this valuation approach is the selling price per square metre.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

14. Investment properties (Cont'd)

- (iv) Measuring investment properties at fair value (Cont'd)

Valuation techniques used to derive Level 2 fair values (Cont'd)

Investment properties are carried at fair value which has been determined based on valuations performed at the end of the reporting period. The valuations are based on the properties' highest-and-best-use, performed by Censere Group Limited (FY2022: Ravia Global Appraisal Advisory Limited), an independent valuer with a recognised and relevant professional qualification. They have recent experience in the location and category of the properties being valued.

There were no changes in valuation technique and transfers into and out of fair value hierarchy levels during the financial years ended 31 December 2023 and 2022 respectively.

15. Goodwill arising on consolidation

	Group	
	2023	2022
	RMB'000	RMB'000
Cost and carrying amount		
Beginning and end of financial year	20,303	20,303

Goodwill arising from business combination is allocated to water supply service cash-generating unit ("CGU") comprising CIHL (Tianjin) Water Development Co., Limited ("Water Development") in PRC at acquisition. This CGU is expected to benefit from that business combination.

The recoverable amount of the CGU was determined based on fair value less costs of disposal calculations. The fair value is within level 3 of the fair value hierarchy.

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less cost of disposal and value in use. Given the nature of the CGU's activities, information on the fair value of the CGU is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the fair value less costs of disposal is determined based on the net present value of the future estimated cash flows expected to be generated from the continued use of the CGU (based on the most recent plans), including any expansion projects, and its eventual disposal, using assumptions a market participant may take into account. These cash flows were discounted using a pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The assumptions for the fair value less costs of disposal calculations are those regarding the discount rate, revenue growth rate and budgeted gross margin during the period. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past performance and expectations on market development.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

15. Goodwill arising on consolidation (Cont'd)

Management prepares cash flow forecasts derived from the most recent financial budgets approved by the directors covering a ten-year period with a growth rate of 6.9% (2022: 7.1%). Discount rate of approximately 10% (2022: 11%) was used for the cash flow forecasts as at 31 December 2023.

Management is of the opinion that a ten-year period is appropriate as the rights to use the parcel of land associated with water plant and its ancillary facilities for supplying of grey water are more than ten years and the nature of the business of this CGU is considered fairly stable.

If the estimated growth rate used in the fair value less cost of disposal calculation for this CGU had declined by 10.7% (2022: 12.5%), estimated pre-tax discount rate applied to the discounted cash flows for this CGU had raised by 12.5% (2022: 14.6%), the recoverable amount of the CGU would equal to the carrying amount.

16. Investments in subsidiaries

	Company	
	2023	2022
	RMB'000	RMB'000
Unlisted investments, at cost		
Beginning of financial year	240,011	240,011
Deregistration of subsidiary	(240,000)	–
End of financial year	11	240,011
Less: Impairment losses	(11)	(44,011)
	*	196,000

* Less than RMB1,000

Movement in allowance for impairment of investment in subsidiaries:

	Company	
	2023	2022
	RMB'000	RMB'000
Beginning of financial year	44,011	44,011
Deregistration of subsidiary	(44,000)	–
End of financial year	11	44,011

An allowance for impairment loss was made in respect of the Company's investment in certain loss-making subsidiaries to the recoverable amounts, taking into consideration the financial conditions of the subsidiaries. No reversal of impairment loss on the investment in subsidiaries was made for the financial years ended 31 December 2023 and 2022 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

16. Investments in subsidiaries (Cont'd)

The Company has fully impaired its investment in Tianjin Bridges Investments Limited ("TBIL"), a wholly-owned subsidiary of the Company, amounting to RMB44,000,000 in the prior financial years. During the financial year ended 31 December 2023, TBIL has been deregistered from the Companies Registry of Samoa. Accordingly, the impairment of investment in TBIL has been written off.

The Group's principal subsidiaries as at 31 December 2023 and 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of companies	Principal activities	Place of business/ incorporation	Issued and paid-up capital	Ownership interest held by parent*		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2023	2022	2023	2022	2023	2022
Held by the Company									
(a)/(b)/(h) Tianjin Bridges Investments Limited ("TBIL")	Investment holding	Samoa	US\$28,915,663	–	100	–	100	–	–
(a)/(b) China Infrastructure Management (Hong Kong) Limited ("CIMHK")	Provision of management services to the Group	Hong Kong	HK\$10,000	100	100	100	100	–	–
(a)/(b) China (Tianjin) Water Resources Limited ("CTWRL")	Investment holding	Samoa	US\$1	100	100	100	100	–	–
(a)/(b) CIHL Development Limited ("CHIL Dev")	Investment holding	Samoa	US\$1	100	100	100	100	–	–
Held by TBIL									
(a)/(b)/(h) CIH Haimen (Tianjin) Enterprise Limited ("Haimen")	Dormant	PRC	RMB48,000,000	–	–	–	75	–	25

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

16. Investments in subsidiaries (Cont'd)

Name of companies	Principal activities	Place of business/ incorporation	Issued and paid-up capital	Ownership interest held by parent*		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2023	2022	2023	2022	2023	2022
<u>Held by CTWRL</u>									
(a)/(c)/(f) CIHL (Tianjin) Water Development Co., Ltd. ("Water Development")	Construction of water pipeline and supply of grey water	PRC	RMB60,000,000	–	–	60	60	40	40
(b) China (Hong Kong) Water Resources Limited ("CHKWRL")	Investment holding	Hong Kong	**	–	–	100	100	–	–
<u>Held by CHKWRL</u>									
(a) Tianjin Greenwatt Environmental Technology Co., Ltd	Sales of environmental product and environmental service	PRC	**	–	–	100	100	–	–
<u>Held by Water Development</u>									
(a)/(c)/(f) Tianjin Lingang Water Co., Ltd	Construction of water pipeline and supply of grey water	PRC	RMB20,000,000	–	–	33	33	67	67
<u>Held by CHIL Dev</u>									
(a)/(d) CIHL (Tianjin) City Development Limited ("XZCID")	Investment holding and property investment	PRC	RMB50,000,000	–	–	100	100	–	–
<u>Held by PCL</u>									
(b) MKS Equities Ltd	Investment holding	Papua New Guinea	Kina2,000	–	–	78	78	22	22

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

16. Investments in subsidiaries (Cont'd)

Name of companies	Principal activities	Place of business/ incorporation	Issued and paid-up capital	Ownership interest held by parent*		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2023	2022	2023	2022	2023	2022
<u>Held by XZCID</u>									
(a)/(b) Pinnacle China Ltd ("PCL")	Investment holding	British Virgin Islands	US\$1	–	–	100	100	–	–
(a)/(e) Beijing Shiji Longquan Enterprise Co., Limited ("SJLQ")	Provision of engineering and land leveling service for preliminary land development projects	PRC	RMB10,000,000	–	–	100	100	–	–
(a)/(g) Yichang Zhongjia Xinye Asset Management Co., Ltd	Property management services	PRC	RMB3,000,000	–	–	100	100	–	–

* Parent is referring to the Company

** No paid-up share capital as at 31 December 2023

(e) For the purposes of preparing the consolidated financial statements of the Group, these financial statements have been audited/reviewed by Shanghai CLA Global TS Certified Public Accountants, PRC.

(b) Not required to be audited under the laws of country of incorporation.

(e) Audited by Lixin Zhong Lian CPAs, PRC for local statutory purposes.

(e) Audited by Beijing Zhongtianxinda Accounting Networks and Associations Co., Ltd., PRC. XZCID operates a branch office 天津新中城市實業發展有限公司北京工程管理分公司 ("XZCID Beijing Branch") with statutory registration in Beijing, PRC for local statutory purposes.

(e) Audited by Zhong Rui Certified Public Accountant Co., Ltd., PRC for local statutory purposes.

(f) CIHL (Tianjin) Water Development Co., Ltd. and its subsidiary, Tianjin Lingang Water Co., LTD, collectively known as (the "Water Development Group").

(g) Incorporated on 1 September 2022.

(h) Deregistered during the financial year ended 31 December 2023. The deregistrations are not material to these financial statements, no further disclosure is made.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

16. Investments in subsidiaries (Cont'd)

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited-Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries, associates and joint venture would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

The local statutory auditors of foreign-incorporated subsidiaries, associates and joint venture were appointed to meet respective local statutory requirements where applicable. All of the significant foreign-incorporated subsidiaries, associates and joint venture were audited directly by Shanghai CLA Global TS Certified Public Accountants (“Shanghai CLA Global TS”), a subsidiary of CLA Global TS Public Accounting Corporation (“CLA Global TS”) for group consolidation purposes. Shanghai CLA Global TS does not separately issue an opinion on the financial statements of the Group’s subsidiaries, associates and joint venture. The work performed by Shanghai CLA Global TS was reviewed and cleared by the Company’s Auditors, CLA Global TS, as part of their audit of the Group in accordance with International Standard of Auditing 600 Special Consideration - Audit of Group Financial Statements (including the work of component auditors). Therefore, the Audit Committee and Board of Directors of the Company confirmed that the Group has complied with the Listing Rule 715 (2) of The Singapore Exchange Securities Trading Limited-Listing Rules.

MKS Equities Ltd

Subsequent to the expiration of the exploration license PPL294 in March 2020 as disclosed in Note 18(ii) to the financial statements, the Group has been supporting the local partners to submit an application for a new exploration license. MKS Equities Ltd has obtained a new petroleum prospecting license, PPL 666, of an oil and gas exploration project in February 2021. The petroleum prospecting license will expire in February 2027. Details of the exploration right license are as follows:

<u>Name of license</u>	<u>Location</u>	<u>Area of license</u>	<u>Expiration date</u>
Petroleum Prospecting License (License number: 666)	Independent State of Papua New Guinea	Approximately 3,310 km ²	February 2027

Carrying amount of non-controlling interests

	Group	
	2023	2022
	RMB'000	RMB'000
Water Development and its subsidiaries ("Water Development Group")	110,025	110,557
Other subsidiaries with non-controlling interests	–	16,068
	<u>110,025</u>	<u>126,625</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

16. Investments in subsidiaries (Cont'd)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests ("NCI") that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2023 and 2022.

Summarised statement of financial position

	← Water Development Group →	
	2023	2022
	RMB'000	RMB'000
As at 31 December		
Current		
Assets	268,606	255,645
Liabilities	(193,657)	(187,791)
Total current net assets	74,949	67,854
Non-current		
Assets	228,803	257,334
Liabilities	(43,258)	(63,791)
Total non-current net assets	185,545	193,543
Net assets	260,494	261,397
Accumulated NCI	110,025	110,557

Summarised statement of comprehensive income

	← Water Development Group →	
	2023	2022
	RMB'000	RMB'000
Revenue	97,938	103,673
Loss before income tax	(2,477)	(20,895)
Income tax credit	1,574	10,122
Loss for the financial year	(903)	(10,773)
Loss for the financial year allocated to NCI	(532)	(4,108)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

16. Investments in subsidiaries (Cont'd)

Summarised cash flows

	← Water Development Group →	
	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
Cash from operations	30,504	10,820
PRC income tax (paid)/refunded	(2,441)	2,220
Net cash generated from operating activities	28,063	13,040
Net cash used in investing activities	(2,406)	(22,685)
Net cash used in financing activities	(37,570)	(6,185)
Net decrease in cash and cash equivalents	(11,913)	(15,830)
Cash and cash equivalents		
Beginning of financial year	24,643	40,473
End of financial year	12,730	24,643

17. Investment in a joint venture

	Group RMB'000
2023	
<i>Investment at equity method</i>	
Beginning of the financial year	96,913
Share of loss of joint venture	(556)
End of financial year	96,357
2022	
<i>Investment at equity method</i>	
Beginning of the financial year	–
Addition ⁽¹⁾	5,000
Deemed investment ⁽²⁾	92,000
Share of loss of joint venture	(87)
End of financial year	96,913

⁽¹⁾ Addition during the financial year ended 31 December 2022 refer to the subscription of 50% equity interests by the Group as an investment in a joint venture. Hubei Huike International Exhibition Service Co., Ltd (“Huike”) was incorporated on 8 September 2022 in PRC with a share capital of RMB10,000,000 consisting of 10,000,000 ordinary shares as a special purpose vehicle to hold a convention centre. The Group, through its wholly owned subsidiary, CIHL (Tianjin) City Development Limited (“XZCID”) subscribed a 50% equity interests of Huike at a cost of RMB5,000,000 and the other shareholder, Beijing Mengqi Information Consulting Company Limited (“Mengqi”) holds the remaining 50% equity interests. The principal activity of Huike is to hold and manage a convention centre.

⁽²⁾ During the financial year ended 31 December 2022, the Group extended a loan of RMB92,000,000 to the joint venture for working capital purpose. The Group classified the loan as deemed investment in the joint venture to better reflect the non-current nature of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

17. Investment in a joint venture (Cont'd)

There are no contingent liabilities and unrecognised commitments relating to the Group's interests in the joint venture.

Set out below are the joint venture of the Group as at 31 December 2023 and 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of company	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding	
				2023	2022
				%	%
(a) Hubei Huike International Exhibition Service Co., Ltd	Convention and exhibition services	PRC	RMB10,000,000	50	50

(a) Incorporated on 8 September 2022. Reviewed by Shanghai CLA Global TS Certified Public Accountants, PRC, for consolidation purposes.

Summarised financial information of joint venture

The tables below provide summarised financial information for Huike. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method.

Summarised statement of financial position

	2023	2022
	RMB'000	RMB'000
As at 31 December		
Current		
Cash and cash equivalents	127	118
Other current assets	2	8
Liabilities	(1,414)	(300)
Total current net liabilities	(1,285)	(174)
Non-current		
Assets	194,000	194,000
Financial liabilities (excluding trade and other payables)	(184,000)	(184,000)
Total non-current net assets	10,000	10,000
Net assets	8,715	9,826

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

17. Investment in a joint venture (Cont'd)

Summarised financial information of joint venture (Cont'd)

Summarised statement of financial position (Cont'd)

	2023 RMB'000	2022 RMB'000
Reconciliation to carrying amount:		
Opening net assets at date of incorporation	9,826	10,000
Loss for the financial year	(1,111)	(174)
Closing net assets	8,715	9,826
Group's share in %	50%	50%
Group's share of net assets	4,357	4,913
Deemed investment	92,000	92,000
Carrying amount	96,357	96,913

Summarised statement of comprehensive income

	2023 RMB'000	2022 RMB'000
For the financial year ended 31 December		
Loss for the financial year	(1,111)	(174)
Income tax expense	-	-
Total comprehensive loss	(1,111)	(174)

During the financial year ended 31 December 2022, Huike acquired the convention centre from the Group's former associate, Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries ("KYWJ Group") for a consideration of RMB194,000,000.

Details of the convention centre is as follows:

Location	Description	Existing use	Tenure	Term of lease
Meiziya Village, Xiaoxita, Yiling District, Yichang City, Hubei Province, PRC.	Convention centre	Convention and exhibition services	Leasehold	28 December 2046

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

17. Investment in a joint venture (Cont'd)

As at 31 December 2023 and as of the date of authorisation of these financial statements, the legal titles of the convention centre has not been transferred to Huike. In 2023, Huike has started the process to effect the transfer of the legal titles. With the advice from the Group's lawyers, steps have been taken to put in place a caveat on the convention centre to safeguard the interest of Huike and its shareholders. The legal proceeding was initially filed at the People's Court of Mentougou District of Beijing Municipality and has subsequently been transferred to the No.1 Intermediate People's Court of Beijing Municipality. Following the application for a caveat, a temporary injunction was granted to Huike on 29 January 2023 by People's Court of Mentougou District of Beijing Municipality, while pending the ruling of this case by the No.1 Intermediate People's Court of Beijing Municipality. Based on the current information available and legal advice from the Group's lawyer, the directors are of the view that the legal proceeding is still on-going and the outcome is uncertain, and has therefore not recognised a provision.

Notwithstanding the fact that Huike has not obtained the relevant legal titles of the convention centre, management considers that Huike obtained the ownership of the convention centre through contractual arrangement with KYWJ Group.

2023

The convention centre has been classified as an investment property in the statement of financial position of Huike as at 31 December 2023 and carried at fair value. The fair value has been determined based on valuations performed by Censere Group Limited, an independent valuer with a recognised and relevant professional qualification. The valuer undertook the valuation using income approach discounted cash flow method. In using the income method, the valuer took sample of rents in the urban area near the convention centre, including rents for use by supermarkets and shopping complex. The average monthly rental applied was RMB208 per square meter with 2% growth in rentals and that the occupancy rates were 75%, 80%, 85% and 90% respectively. The discount rate for cashflow is assumed to be 16%.

2022

The convention centre has been classified as an investment property in the statement of financial position of Huike as at 31 December 2022 and carried at fair value. The fair value has been determined based on valuations performed by Hubei Huari Assets Real Estate Appraisal Co., Ltd, an independent valuer with a recognised and relevant professional qualification. The valuer undertook the valuation using two main methods, ie, replacement cost method and income approach discounted cash flow method, and arrived at the final results by giving equal weightage to the results from each of the two methods. In using the replacement cost method, the valuer assumed construction cost of RMB 3500 per square meter. In using the income method, the valuer took sample of rents in the urban area near the convention centre, including rents for use by supermarkets, exhibition halls, convention centres, and car parks. The average monthly rental applied was RMB 45 per square meter, RMB 60 per square meter, RMB 50 per square meter, RMB300 per parking space, respectively. The valuer assumed zero growth in rentals and that the vacancy rates were 90%, 50%, 90% and 70% respectively. The discount rate for cashflow is assumed to be 7.77%.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates

	Group Liuhe RMB'000
2023	
<i>Investment at equity method</i>	
Beginning and end of financial year	44,281
<i>Impairment loss on investments in associates</i>	
Beginning and end of financial year	(44,281)
Net carrying amount	
End of financial year	—

	Group			
	Future Trillion Group RMB'000	Liuhe RMB'000	KYWJ Group RMB'000	Total RMB'000
2022				
<i>Investment at equity method</i>				
Beginning of the financial year	24,617	44,281	—	68,898
Struck off of associates	(24,617)	—	—	(24,617)
End of financial year	—	44,281	—	44,281
<i>Impairment loss on Investments in associates</i>				
Beginning of the financial year	(24,617)	(44,281)	—	(68,898)
Struck off of associates	24,617	—	—	24,617
End of financial year	—	(44,281)	—	(44,281)
Net carrying amount				
End of financial year	—	—	—	—

* As disclosed in Note 18 (iii) to the financial statements, the Group has on 19 December 2022 completed the disposal of its 50% equity interests in the KYWJ Group.

There are no contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(i) Investment in Liuhe

Set out below are the associate of the Group as at 31 December 2023 and 2022. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Company	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding	
				2023	2022
			RMB'000	%	%
(a)(b) LiuHe County YuKun Mining Co. Ltd. ("Liuhe") ("柳河县钰坤矿业有限公司")	Gold exploration and production	PRC	83,356	20.054	20.054

^(a) Reviewed by Shanghai CLA Global TS Certified Public Accountants, PRC, for Group consolidation purposes.

^(b) Not required to be audited under the laws of country of incorporation.

The tables below provide summarised financial information for Liuhe. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(i) Investment in Liuhe (Cont'd)

Summarised statement of financial position

	2023 RMB'000	2022 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	482	482
Other current assets	5,628	5,628
Total current assets	6,110	6,110
Total current liabilities	169,596	169,596
Non-current		
Assets	306,952	306,952
Other liabilities	22,000	22,000
Net assets	121,466	121,466
Reconciliation to carrying amounts:		
Opening net assets at 1 January	121,466	121,466
Loss for the financial year	–	–
Closing net assets	121,466	121,466
Group's share in %	20.054%	20.054%
Group's share	27,237	27,237
Goodwill	17,044	17,044
Impairment loss on investment in associate	(44,281)	(44,281)
Carrying amount	–	–

Summarised statement of comprehensive income

	2023 RMB'000	2022 RMB'000
For the financial year ended 31 December		
Revenue	–	–
Interest expense	–	–
Loss for the financial year	–	–
Share of loss of associate	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(i) Investment in Liuhe (Cont'd)

Liuhe holds a mining right license and an exploration right license in the surrounding area associated with exploration right expiring in June 2019. In the prior financial years, Liuhe completed several geological and technical studies to establish the existence of proved and probable mine reserve estimates of the surrounding area of the existing mining license, and has substantially completed construction of production facilities at the mining site, and commenced test run production since the end of financial year 31 December 2014. All of the exploration and mining right licenses have expired as at 31 December 2019.

In the financial year ended 31 December 2015, management assessed the recoverable of investment in Liuhe. In view of the weak commodity prices, additional funds required to continue with the actual production, the expected increase in mining costs and poor trial production results and based on a valuation conducted by an independent valuer, management was of the view that there will be insufficient cash flows over the life of the mining project to recover the Group's investment in Liuhe. Hence, an impairment loss of RMB44,281,000 was made for the carrying amount of the investment and a loss allowance of RMB9,968,000 was made on the amount due from Liuhe (Note 22(c)(iii)).

During the financial year ended 31 December 2023 and 2022, management considered various estimates and assumptions, including but not limited to, the financial health and future prospects of the investment and is of the view that no change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. Therefore, no reversal of impairment loss required at the end of reporting period.

There was no share of losses from Liuhe for the financial years ended 31 December 2023 and 31 December 2022. The Group has not recognised its share of losses from Liuhe since the financial year ended 31 December 2015 as the Group's cumulative share of losses exceed its interest in that entity and the Group has no obligation in respect of those accumulated losses of RMB5,519,000 at the both reporting dates respectively.

(ii) Investment in Future Trillion Group

Future Trillion Group obtained an exploration right license, PPL 294, of an oil and gas exploration project in June 2008. The exploration right license expired in June 2014 and the first extension license was granted on 22 December 2014 for a period of 5 years. The exploration license had expired in March 2020.

Future Trillion Group undertook several exploration tasks during the last financial year ended 31 December 2014. Based on integration of the new surface geology data, the re-processing and re-interpretation of seismic data, and the construction of 3D subsurface structure models, a re-evaluation of the entire license area provides a more prospective view for the license and a more confident interpretation model for Tumuli structure. As a result, the Tumuli structure is considered to be more reliable, the level of geological risk has been reduced and a number of new structures are identified for future exploration to increase the resources in the area covered by the license.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(ii) Investment in Future Trillion Group (Cont'd)

The project is still in exploration stage, the future prospect of the Group's investment in Future Trillion Group is largely dependent on the discovery of the existence of economic viable resources of the oil and gas exploration project. Further exploration will be needed to ensure the Tumuli structure contains economically viable resources by drilling and to improve the geological maturity of new identified structures by geological survey and seismic acquisition.

In the financial year ended 31 December 2015, MKS Limited, a subsidiary of Future Trillion Holdings Limited, expensed off approximately RMB104,970,000 of exploration and evaluation expenditure. The board of directors of MKS Limited assessed that it is not commercially viable to continue exploration, after taking into consideration depressed oil and gas prices, and the inability of MKS Limited to obtain additional funds.

As a result, the Group has shared the losses from Future Trillion Group of RMB31,263,000, made an impairment loss of RMB24,617,000 on the remaining carrying amount of Future Trillion Group, and made a loss allowance of the amount due from Future Trillion Group of RMB76,102,000 (Note 22(c)(iii)) in the financial year ended 31 December 2015.

During the financial year ended 31 December 2022, management considered various estimates and assumptions, including but not limited to, the financial health and future prospects of the investment and is of the view that no change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. Therefore, no reversal of impairment loss required at the end of reporting period.

The Group has not recognised its share of losses from Future Trillion Group for the financial year ended 31 December 2022 as the Group's cumulative share of losses exceed its interest in that entity and the Group has no obligation in respect of those accumulated losses of RMB19,364,000 at the reporting date.

During the financial year ended 31 December 2022, Future Trillion Holdings Limited has been struck off from the Companies Registry of the British Virgin Islands and MKS Limited has been struck off from the Companies Registry of Independent State of Papua New Guinea. Accordingly, the impairment in cost of investment in Future Trillion Group has been written off.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(iii) Investment in KYWJ Group

Set out below are the associates of the Group during the financial period from 1 January 2022 to 18 December 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of companies	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding 2022 %
(a)(b) Beijing Kaiyuanwanjia Management Consulting Limited ("KYWJ")	Investment holding	PRC	RMB4,444,445	–
<u>Held by KYWJ</u>				
(a) Yichang Xinshougang Property Development Company Limited ("XSG")	Property development and asset management	PRC	RMB120,000,000	–
<u>Held by XSG</u>				
(b) Yichang Jiaye Hotel Management Co., Limited	Dormant	PRC	RMB1,000,000	–
(b) Yichang Xiecheng Exhibition Services Co., Limited	Dormant	PRC	RMB1,000,000	–

(a) Reviewed by Shanghai CLA Global TS Certified Public Accountants, PRC, for consolidation purposes.

(b) Not required to be audited under the laws of country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(iii) Investment in KYWJ Group (Cont'd)

Summarised statement of financial position

	19 December 2022
	RMB'000
As at	
Current	
Cash and cash equivalents	31,753
Other current assets (excluding cash)	379,649
Total current assets	<u>411,402</u>
Financial liabilities	2,875
Other liabilities	594,345
Total current liabilities	<u>597,220</u>
Non-current	
Total non-current assets	<u>4,254</u>
Total non-current liabilities	<u>–</u>
Net liabilities	<u><u>(181,564)</u></u>
Reconciliation to carrying amounts:	
Beginning of the financial year	(44,353)
Loss for the financial year	(18,211)
Dividends	(119,000)
Closing net liabilities	<u><u>(181,564)</u></u>
Group's share in %	50%
Group's share	<u>(90,782)</u>
Carrying amount	<u><u>(90,782)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(iii) Investment in KYWJ Group (Cont'd)

Summarised Statement of Comprehensive Income

	19 December 2022
	RMB'000
For the financial period ended	
Revenue	664,123
Depreciation	364
Income tax credit	9,486
Loss for the financial period	<u>(18,211)</u>
Share of loss of associates	<u>(9,106)</u>

KYWJ Group is in the business of real estate development focusing on property development in Meiziya Village, Xiaoxita, Yiling District, Yichang City, Hubei Province, PRC. KYWJ Group holds land use rights in the surrounding area associated with the property development. The development project, Yichang Guobin No.1, is carried out in different phases. As at disposal date, KYWJ Group has completed the development in Phases 1 and 2, and the “new” Phase 3-1, 3-2, and 3-3 and service apartments. Details of the land use right are as follows:

Description	Tenure	Total approximate site area (sq. m)	Total gross floor area (sq. m)	Main usage
The property is subjected to a right to use of land till	Leasehold			Residential and commercial
(i) 28 December 2076 for residential purpose; and		530,722	658,989	
(ii) 28 December 2046 for commercial, tourism and convention purpose.		57,004	111,027	Hotel and convention centre
		<u>587,726</u>	<u>770,016</u>	

FY2022

Dividends of RMB59,500,000 was declared by KYWJ Group, part of this dividend declared was settled by way of cash amounting to RMB11,000,000 and a transfer of 6 completed residential units and an office building amounting to RMB48,764,000 from KYWJ Group (Note 14).

During the financial year ended 31 December 2022, Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries (“KYWJ Group”) has sold to Huike, a convention centre for a consideration of RMB194,000,000 (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

18. Investments in associates (Cont'd)

(iii) Investment in KYWJ Group (Cont'd)

FY2022 (Cont'd)

On 18 December 2022, the Group has entered into a sales and purchase agreement with Beijing Hongkunweiye Property Development Co. Ltd (“Purchaser”) in relation to the disposal of its 50% equity and debt interests in KYWJ Group to the Purchaser for a cash consideration of RMB2,000,000.

On 19 December 2022, the Group completed the disposal of its 50% equity interests in the KYWJ Group. Following the disposal, the Group ceased to equity account KYWJ Group as associates. The carrying amount of the investment in KYWJ Group as at the date of disposal was Nil. Accordingly, the Group has recognised a gain on disposal of associate amounting to RMB2,000,000 (Note 6(b)).

The Group has not recognised its share of losses from KYWJ Group of RMB9,106,000 for the financial year ended 31 December 2022 as the Group’s cumulative share of losses exceed its interest in that entity and the Group has no obligation in respect of those accumulated losses of RMB31,282,000 at the date of disposal.

19. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Deferred tax assets:		
- To be recovered within 12 months	20,101	12,519
Deferred tax liabilities:		
- To be settled within 12 months	(6,279)	(4,583)
- To be settled after more than 12 months	(4,719)	(6,975)
	(10,998)	(11,558)
Deferred tax assets/(liabilities) – net	9,103	961

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

19. Deferred income tax (Cont'd)

Movement in the deferred income tax account is as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Beginning of financial year	(961)	12,498
Credited to profit or loss	(7,946)	(13,459)
Charged to other comprehensive income	1,377	–
Payment for government's preferential tax policy	(1,573)	–
End of financial year	<u>(9,103)</u>	<u>(961)</u>

The movement in deferred income tax assets and liabilities, (prior to offsetting of balances within the same tax jurisdiction), is as follows:

Deferred tax liabilities	Accelerated tax depreciation RMB'000	Fair value gains on investment properties RMB'000	Other RMB'000	Total RMB'000
Group				
2023				
Beginning of financial year	5,157	4,583	1,818	11,558
(Credited)/charged to profit or loss	(63)	319	(620)	(364)
Charged to other comprehensive income	–	1,377	–	1,377
Payment for government's preferential tax policy	(1,573)	–	–	(1,573)
End of financial year	<u>3,521</u>	<u>6,279</u>	<u>1,198</u>	<u>10,998</u>
2022				
Beginning of financial year	6,178	4,583	6,770	17,531
Credited to profit or loss	(1,021)	–	(4,952)	(5,973)
End of financial year	<u>5,157</u>	<u>4,583</u>	<u>1,818</u>	<u>11,558</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

19. Deferred income tax (Cont'd)

Deferred tax assets	Accelerated tax depreciation/ unutilised tax losses	Fair value losses on investment properties	Total
	RMB'000	RMB'000	RMB'000
Group			
2023			
Beginning of financial year	(12,519)	–	(12,519)
Credited to profit or loss	(5,856)	(1,726)	(7,582)
End of financial year	(18,375)	(1,726)	(20,101)
2022			
Beginning of financial year	(5,033)	–	(5,033)
Credited to profit or loss	(7,486)	–	(7,486)
End of financial year	(12,519)	–	(12,519)

Deferred income tax liabilities of RMB13,080,000 (2022: RMB19,224,000) have not been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiaries (established in PRC) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

20. Inventories

	Group	
	2023	2022
	RMB'000	RMB'000
Raw materials for construction of water pipeline	3,187	3,678

The cost of inventories for construction of water pipeline installation are recognised in profit or loss as "cost of sales and services provided" amounted to RMB6,688,000 (2022: RMB6,048,000).

21. Other current assets

	Group	
	2023	2022
	RMB'000	RMB'000
As at 31 December		
Asset recognised from costs incurred to fulfil a contract	18,950	19,876

Costs incurred to fulfil contracts for construction of water pipeline related to direct cost incurred for uncompleted contracts as at 31 December 2023 and 31 December 2022 respectively. The Group expect the capitalised costs to be completely recovered, hence no impairment loss has been recognised.

Costs recognised in the financial year ended 31 December 2023 amounted to RMB6,376,000 (2022: RMB3,099,000) was included in the other current assets at the beginning of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables

	Note	Group		Company	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<i>Non-current</i>					
Other receivables	(e)	–	30,000	–	–
Total non-current		–	30,000	–	–
<i>Current</i>					
Trade receivables	(a)	23,981	15,437	–	–
Bill receivables	(b)	926	–	–	–
		24,907	15,437	–	–
Contract assets	(a)	205,439	179,745	–	–
Less: Loss allowance		(26,534)	(17,869)	–	–
		178,905	161,876	–	–
Other receivables					
- Non-related parties	(c)(i)	23,683	26,252	–	–
Less: Loss allowance	(c)(i)	(19,556)	(21,895)	–	–
		4,127	4,357	–	–
- Associates	(c)(iii)	9,968	9,968	–	–
Less: Loss allowance	(c)(iii)	(9,968)	(9,968)	–	–
		–	–	–	–
- Non-controlling shareholders of subsidiaries	(c)(ii)	–	64	–	–
- Subsidiaries	(c)(iv)	–	–	581,948	453,146
Less: Loss allowance	(c)(iv)	–	–	(35,649)	(35,649)
		–	–	546,299	417,497
- Joint venture	(c)(v)	1,427	300	–	–
Prepayments and advances	(d)	30,856	31,263	2	2
Deposits		381	65	60	59
Total current		240,603	213,362	546,361	417,558
		240,603	243,362	546,361	417,558

Trade and other receivables are mainly denominated in Renminbi.

The Group has a practice to collect advances from its customers before commencement of work. Typically, the Group offers 0 to 30 days credit terms to its customers and seeks to maintain a strict control over its outstanding receivables. The management will perform regular reviews on overdue balances.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are cash and cash equivalents and trade and other receivables. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

For customers, the Group performs credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account the evaluation of financial strength, the Company's past experiences with the customers and other relevant factors. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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 statements of financial position.

Following are the Group's and Company's credit risk management practices, and the quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(a) Trade receivables and contract assets

The trade receivables of the Group comprise of 3 debtors (2022: 3 debtors) that individually represent 7%, 23% and 51% (2022: 10%, 35% and 45%) of total trade receivables.

As at 31 December 2023, the contract assets balance of RMB178,905,000 (2022: RMB161,876,000) was derived from revenue from wastewater treatment services and income from temporary wastewater treatment services. The contract asset will then be transferred to trade receivable when the Group's right to consideration in exchange for the services rendered became unconditional, i.e. being when the customer completes its payment management processes.

Loss allowance for trade receivables and contract assets are measured at an amount equal to lifetime expected credit losses ("ECL") via provision matrix as these items do not have a significant financing component. Trade receivables and contract assets have been grouped based on shared credit risk characteristics and the length of time past the due date by reference to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The contract assets relate to unbilled work-in-progress and have substantially same risk characteristics as the trade receivables for the same types of contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(a) Trade receivables and contract assets (Cont'd)

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables are aged more than 1 year.

As at 31 December 2023, the Group had recognised a loss allowance of RMB26,534,000 (2022: RMB17,869,000) against contract assets.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group's credit risk exposure in relation to contract assets under IFRS 9 are set out in the provision matrix as follows:

	Contract assets RMB'000	Loss allowance	
		Rate	Amount RMB'000
Group			
2023			
Less than 182 days	4,969	0%	–
Between 183 days to 548 days	38,487	5%	1,924
Between 549 days to 924 days	56,465	10%	5,647
Between 915 days to 1280 days	42,811	15%	6,422
Over 1280 days	62,707	20%	12,541
	<u>205,439</u>		<u>26,534</u>
2022			
Less than 182 days	1,911	0%	–
Between 183 days to 548 days	66,655	5%	3,333
Between 549 days to 924 days	42,811	10%	4,281
Between 915 days to 1280 days	68,368	15%	10,255
Over 1280 days	–	20%	–
	<u>179,745</u>		<u>17,869</u>

For the financial year ended 31 December 2023, borrowings from a non-related party are secured on the Group's contract assets (Note 24(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(b) Bills receivables

As at 31 December 2023, bills receivables have a maturity period of 22 to 118 days and will be converted into cash upon maturity. Bill receivables are with banks with high credit-ratings. Hence, no expected loss rates are assigned and no loss allowances are recognised.

There is no balances for bill receivables as at 31 December 2022.

(c) Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of other receivables, i.e., amount owing by non-related parties, amount owing by associates, amount owing by non-controlling shareholders of subsidiaries and deposits.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group, and a failure to make contractual payments.

As at 31 December 2023, the Group and the Company had respectively recognised a loss allowance of RMB29,524,000 (2022: RMB31,863,000) (refer to Note 22(c)(i) and Note 22(c)(iii)) and RMB35,649,000 (2022: RMB35,649,000) (refer to Note 22(c)(iv)) against other financial assets, at amortised cost over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. No other loss allowances are recognised as the management believes that the amounts that are collectible based on historical payment behaviour and creditworthiness of the other receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(c) Other financial assets, at amortised cost (Cont'd)

(i) Other receivables - non-related parties

The carrying amount of other receivables individually determined to be impaired and the movement in the related loss allowance are as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Gross	19,556	21,895
Less: Loss allowance	(19,556)	(21,895)
	–	–
Movement in loss allowance of other receivables – non-related parties:		
Beginning of financial year	21,895	6,670
Utilisation of loss allowance	(2,339)	–
Reclassification ⁽¹⁾	–	15,225
End of financial year	19,556	21,895

⁽¹⁾ Following the completion of disposal of KYWJ Group on 19 December 2022, other receivables due from KYWJ Group has been reclassified from other receivables due from associates to other receivables due from non-related parties. Refer to Note 22 (c)(iii) to the financial statements for further details.

Included in the loss allowance above comprise an amount of RMB4,132,000 (2022: RMB4,132,000) due from a non-related party relating to the Men Tou Gou project and RMB15,225,000 (2022: RMB15,225,000) due from KYWJ Group. The impaired other receivable was long overdue and the management has assessed the recoverability and is of the opinion that payments are not forthcoming. Hence, a loss allowance has been made by the Group.

(ii) Due from non-controlling shareholders of subsidiaries

The amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

(iii) Due from associates

Breakdown of amount due from associates are as follows:

- Due from Liuhe of RMB9,968,000 (2022: RMB9,968,000) is denominated in Renminbi, and is unsecured, bears interest at 12% to 15% (2022: 12% to 15%) per annum and is repayable on demand. This has been fully impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(c) Other financial assets, at amortised cost (Cont'd)

(iii) Due from associates (Cont'd)

Breakdown of amount due from associates are as follows: (Cont'd)

- As disclosed in Note 18 (ii) to the financial statements, Future Trillion has been stuck off during the financial year ended 31 December 2022. Accordingly, the amount due from Future Trillion amounting to RMB76,102,000 which has been fully impaired since the financial year ended 31 December 2015 has been fully written off as at the financial year ended 31 December 2022.
- Due from KYWJ Group of RMB15,225,000 (2022: RMB15,225,000) is denominated in Renminbi and is unsecured, interest free and has no fixed term of repayment.

During the financial year ended 31 December 2022, KYWJ Group has settled the amount due to the Group amounting to RMB169,067,000. Accordingly, the Group has reversed the loss allowances of RMB6,951,000 on amounts due from KYWJ Group. The remaining amount due from KYWJ Group of RMB15,225,000 remained fully impaired.

Following the completion of disposal of KYWJ Group on 19 December 2022, other receivables due from KYWJ Group has been reclassified from other receivables due from associates to other receivables due from non-related parties. Refer to Note 22(c)(i) to the financial statements for further details.

Set out below is the movement of gross other receivables due from KYWJ Group during the financial year ended 31 December 2022:

	2022 RMB'000
Movement in amount due from associate:	
Beginning of financial year	124,792
Add:	
Dividend declared (Note 18 (iii))	59,500
Less:	
Share of interest in a joint venture (Note 17)	(97,000)
Cash dividend received (Note 31)	(11,000)
Acquisition of investment properties (Note 14)	(10,236)
Completed property units transferred to the Group (Note 14)	(48,764)
Offsetting of amount due to associate (Note 25)	(1,992)
Interest income from associate	(75)
End of financial year	<u>15,225</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(c) Other financial assets, at amortised cost (Cont'd)

(iii) Due from associates (Cont'd)

The carrying amount of the amount due from associates individually determined to be impaired and the movement in the related loss allowance are as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Gross	9,968	9,968
Less: Loss allowance	(9,968)	(9,968)
	<u>–</u>	<u>–</u>
Movement in loss allowance of amount due from associates:		
Beginning of financial year	9,968	108,246
Reversal (Note 9)	–	(6,951)
Reclassification ⁽¹⁾	–	(15,225)
Struck off of associates	–	(76,102)
End of financial year	<u>9,968</u>	<u>9,968</u>

⁽¹⁾ Following the completion of disposal of KYWJ Group on 19 December 2022, other receivables due from KYWJ Group has been reclassified from other receivables due from associates to other receivables due from non-related parties. Refer to Note 22 (c)(i) to the financial statements for further details.

Management assessed the recoverability of the amount due from associate and is of the opinion that payments are not forthcoming. Hence, impairment was made in full for the receivables due from associate – Liuhe.

(iv) Due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

	Company	
	2023	2022
	RMB'000	RMB'000
Due from subsidiaries	581,948	453,146
Less: Loss allowance	(35,649)	(35,649)
	<u>546,299</u>	<u>417,497</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(c) Other financial assets, at amortised cost (Cont'd)

(iv) Due from subsidiaries (Cont'd)

Movement in loss allowance of amount due from subsidiaries:

	Company	
	2023	2022
	RMB'000	RMB'000
Beginning and end of financial year	35,649	35,649

Management assessed the recoverability of the amount due from subsidiaries and is of the opinion that payments are not forthcoming for outstanding balance of RMB35,649,000 (2022: RMB35,649,000). Hence, impairment was made in full for the receivables due from those loss making subsidiaries.

(v) Due from joint venture

The amounts due from joint venture are unsecured, interest-free and repayable on demand.

(d) Prepayments and advances

For the financial year ended 31 December 2023, the prepayment and advances include value added tax receivables of RMB28,880,000 (2022: RMB25,752,000).

(e) Other receivables

In 2018, the Group, together with Baoding Zhongshang Real Estate Development Limited ("Baoding"), had formed a consortium to bid for a piece of land, of which the Group has contributed RMB30,000,000. Baoding has succeeded in securing the land but at a price higher than what the Group had agreed. The Group has then withdrawn from the joint investment opportunity and the said deposit was classified as a refundable deposit.

In 2019, the Group has reassessed the facts and circumstances surrounding the deposit from Baoding, accordingly the deposit has been reclassified to current other receivable.

In 2020, the Group entered into an agreement with Baoding to return the deposit in kind by transferring development properties currently valued at approximately RMB30,000,000 to the Group. Under the agreement, the Group retains the rights to collect the full outstanding sum of RMB30,000,000 in cash before the development properties are completed. Accordingly, the Group had reclassified the other receivable from current to non-current in the statement of financial position.

In 2021, the Group has assessed the facts and circumstances surrounding the other receivable from Baoding and concluded that no change in accounting treatment is deemed required.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

22. Trade and other receivables (Cont'd)

Credit risk (Cont'd)

(e) Other receivables (Cont'd)

In 2022, there has been a delay in the original expected completion date, i.e. 1 October 2022, for the development properties in Baoding due to the COVID-19 pandemic and construction restrictions related to the Beijing 2022 Winter Olympic Games. The revised completion date is expected to be sometime in May 2023. The Group is likely to receive the property units after their completion instead of cash. Accordingly, the other receivables have been classified as non-current as at 31 December 2022.

Management assessed the recoverability of the receivable and is of the opinion that the transferred development properties has a valued at approximately RMB30,000,000. Hence, no impairment is recognised for the financial years ended 31 December 2022.

In 2023, the construction of the properties has been completed and handed over to the Group in September 2023. Accordingly, the Group has reclassified the other receivables amounting to RMB30,000,000 to investment properties (Note 14).

23. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	15,789	53,372	1	1
Short-term deposits	5,000	10,000	–	–
Restricted bank balances	12	–	–	–
	20,801	63,372	1	1

Included in cash and bank balances are restricted bank balances of approximately RMB12,000 which arose after the Yiling District Public Security Bureau of Yichang City, Hubei Province (“Yiling Public Security Bureau”) frozen the bank account of the Group’s wholly-owned subsidiary, CIHL (Tianjin) City Development Limited (“CIHL Tianjin”) on 18 October 2023.

The said bank account had been able to operate normally since 4 January 2024. Please refer to Note 34(b) for further disclosure on the frozen bank account.

The total cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	20,392	59,389	1	1
Hong Kong Dollar	213	3,678	–	–
United States Dollar	151	258	–	–
Singapore Dollar	45	47	–	–
	20,801	63,372	1	1

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

23. Cash and cash equivalents (Cont'd)

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies only through banks that are authorised to conduct foreign exchange business. These local exchange control regulations imposed restriction on exporting capital from the country, other than through normal dividends.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group 2023 RMB'000
Cash and bank balances (as above)	20,801
Less: Restricted bank balances	(12)
Cash and cash equivalents per consolidated statement of cash flows	<u>20,789</u>

24. Borrowings

		Group	
		2023	2022
	Note	RMB'000	RMB'000
Unsecured borrowing from a non-related party			
Current	(a)	<u>28,000</u>	<u>28,000</u>
Secured borrowings from a non-related party			
Current	(b)	–	15,000
Non-current	(b)	<u>32,749</u>	–
		32,749	15,000
Secured bank borrowings			
Current	(c)	1,998	17,960
Non-Current	(c)	15,786	43,931
		17,784	61,891
Total borrowings		<u>78,533</u>	<u>104,891</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

24. Borrowings (Cont'd)

Short-term borrowing and bank borrowing are denominated in Renminbi.

(a) Unsecured short-term borrowing from a non-related party is unsecured, interest free and repayable on demand.

(b) Loan I

On 1 November 2022, the Group's subsidiary, CIHL (Tianjin) City Development Co., Ltd ("CIHL Tianjin"), entered into a loan agreement amounted to RMB15,000,000 with a non-related party for a loan tenure of 1 year till 1 November 2023 with fixed interest rates of 6.5% per annum. During the financial year, the aforementioned loan was superseded with a loan agreement amounted to RMB25,000,000 with a loan tenure of 5 year from the first drawdown date with fixed interest rates of 6% per annum. As at 31 December 2023, CIHL Tianjin has made a total drawdown of RMB24,400,000. The borrowing is secured by first mortgages over certain investment properties (Note 14).

Loan II

On 18 December 2023, the Group's subsidiary, CIHL (Tianjin) Water Development Co., Ltd. ("CIHL Tianjin Water") entered into a loan agreement amounted to RMB20,000,000 with a non-related party for a loan tenure of two years from drawdown dates with a fixed interest rate of 4.5% per annum. As at 31 December 2023, CIHL Tianjin Water has drawn down RMB10,000,000. The borrowing is secured over the contract assets (Note 22(a)).

Loan III

On 07 April 2023, the Group's subsidiary, Tianjin Greenwatt Environmental Technology Co., Ltd ("TGET"), entered into a loan agreement amounted to RMB2,000,000 with a non-related party for a loan tenure of 5 years from drawdown dates with a fixed interest rate of 6% per annum. As at 31 December 2023, TGET has drawn down RMB2,000,000. The borrowing is secured by first mortgages over certain investment properties (Note 14).

(c) Bank borrowings

On 14 January 2019, the Group's subsidiary, CIHL (Tianjin) Water Development Co., Ltd ("CIHL Tianjin Water"), entered into a loan agreement amounted to RMB77,000,000 with China Bohai Bank for a loan tenure of 6 years till 28 January 2025 with both fixed and variable interest rates. The loan has been fully repaid as at 31 December 2023.

On 14 December 2023, CIHL Tianjin Water entered into a loan agreement with Tianjin Binhai Sub-branch of Qilu Bank Co., LTD for a bank loan amounting to RMB20,000,000. The bank loan, which has a tenure of 3 years till 24 December 2026 carries an interest rate of 4.5% per annum. The loan is secured by certain investment properties of the Group, corporate guarantee from Group's subsidiary and a personal guarantee from the Group's Non-Independent Non-Executive Chairman, Mr Shan Chang. On 3 January 2024, CIHL Tianjin Water has drawn down RMB20,000,000 from the bank in one tranche. The amount will be used to fund the water treatment business of CIHL Tianjin Water.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

24. Borrowings (Cont'd)

(c) Bank borrowings (Cont'd)

On 19 August 2021, the Group's subsidiary, Tianjin Lingang Water Co., LTD ("Tianjin Lingang"), entered into a loan agreement amounted to RMB30,000,000 with Tianjin Binhai Sub-branch of Qilu Bank Co., LTD for a loan tenure of 6 years till 18 August 2027 with variable interest rates. As at 31 December 2023, the Group had drawn down RMB19,983,000 (2022: RMB18,091,174) from the bank. The remaining RMB10,017,000 has not been drawdown as of the date of these financial statements. The bank borrowings are secured by first mortgages over certain water plant and its ancillary facilities (Note 12), investment properties (Note 14), equity interest of a subsidiary and corporate guarantees provided by subsidiaries of the Group (Note 33) (2022: leasehold land and buildings and construction in progress (Note 12), investment properties (Note 14), equity interest of a subsidiary and corporate guarantees provided by subsidiaries of the Group (Note 33)).

The exposure of the borrowing of the Group to interest rate changes and the contractual repricing dates at the statement of financial position date is as follow:

	Group	
	2023	2022
	RMB'000	RMB'000
6 months or less	7,493	42,355
6 – 12 months	10,291	16,308

The Group is not exposed to interest rate risk for borrowing amounting to RMB32,748,000 (2022: RMB18,228,000).

At the end of the reporting period, the fair value of non-current bank borrowing approximates its carrying amount. The fair value is determined from the cash flow analysis, discounted at annual market borrowing rate of 6.75% (2022: 6.75%) per annum of an equivalent instrument at the end of the reporting period which management expects to be available to the Group. The fair value is within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

25. Trade and other payables

	Note	Group		Company	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Trade payables					
- Non-related parties		23,728	21,167	–	–
Accruals	(a)	13,761	16,963	1,254	1,372
Other payables					
- Non-related parties	(b)	13,735	13,595	1,161	1,161
- Subsidiaries	(c)	–	–	41,705	124,508
- Shareholder		1,165	–	1,165	–
		14,900	13,595	44,031	125,669
Receipts in advance from	(d)				
- Supply of grey water		674	465	–	–
- Construction of water pipeline		91,760	84,352	–	–
		92,434	84,817	–	–
		144,823	136,542	45,285	127,041

Trade and other payables are mainly denominated in Renminbi. Trade payables generally have credit terms ranging from 0 to 30 days.

(a) Accruals

Included in the accruals are interest payable of borrowing of RMB1,054,000 (2022: RMB1,283,000), accrued employee benefit expense of RMB1,362,000 (2022: RMB2,646,000), accrued water resource tax payables of RMB9,528,000 (2022: RMB9,540,000) and remaining balance relates to operating expenses.

(b) Other payables to non-related parties

For the financial year ended 31 December 2023, other payables to non-related parties are mainly relating to payable to suppliers of certain property, plant and equipment amounted to RMB3,692,000 (2022: RMB8,838,000).

(c) Due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(d) Receipts in advance

Receipts in advance mainly relates to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer which generally does not exceed one year.

The increase in receipts in advance is due to more projects were entered into in the current financial year ended 2023.

Revenue recognised in the financial year ended 2023 amounted to RMB26,932,000 (2022: RMB38,564,000) was included in the receipts in advance at the beginning of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

26. Deferred income

	Group	
	2023	2022
	RMB'000	RMB'000
Beginning and end of financial year	13,855	14,670
Amortisation of deferred income	(815)	(815)
End of financial year	13,040	13,855

Deferred income comprised of government grants for the construction of property, plant and equipment (the "Assets") relating to the development of Xinhe Water Recycling Plant (the "Project") in the Group's subsidiaries, CIHL (Tianjin) Water Development Company Limited. The deferred grants are subsequently charged to profit or loss over the useful life of related Assets to match the related costs.

27. Provision

	Group
	2023
	RMB'000
Beginning of financial year	–
Amount recognised in profit or loss (Note 6(b))	59,500
End of financial year	59,500

The provision of RMB59,500,000 made during the financial year ended 31 December 2023 is in respect of a legal proceeding brought against the Group by Mr. Zhang Zhaowang (the "Plaintiff"), the supervisor of Yichang Zeyou Real Estate Development Co. LTD ("Yichang Zeyou"), a former associate of the Group and formerly known as Yichang Xinshougang Real Estate Development Co. LTD ("Xinshougang"). On 17 May 2023, the Group announced that two of its wholly-owned subsidiaries, namely, CIHL (Tianjin) City Development Limited ("CIHL Tianjin") and Yichang Zhongjia Xinye Asset Management Co. Ltd ("Yichang Zhongjia") (collectively, the "Subsidiaries"), have received a notice from the Yichang Yiling District Court requiring the Subsidiaries to participate in a legal proceeding as a third-party. The Plaintiff is alleging that the dividend payment by Yichang Zeyou was in violation of tax regulations and is requesting the court to invalidate the shareholders' resolution passed on 1 September 2022 (the "Resolution") to approve such dividend payment. On 2 February 2024, Yichang Dianjun District Court of the People's Republic of China issued a written judgement that the Resolution was in violation of the relevant Company Law of the People's Republic of China and as such was invalid (the "Judgement"). However, the Judgement did not explain how the dividends already distributed should be reversed. Having studied the Judgment with the Group's lawyers, the Directors are of the view that the Judgment did not adequately address the Group's argument and that the Judgment improperly applied the provision in the Company Law to the Resolution. Accordingly, the Group has filed an appeal against the ruling on 7 February 2023. Subsequently, CIHL Tianjin and Yichang Zhongjia have received a notice from Yichang Intermediate People's Court for its first public hearing scheduled at 2pm on 26 March 2024. As announced on 27 March 2024, the first public hearing has completed. The legal proceeding has not been concluded as at the date of authorisation of these financial statements. From the information available to the directors and the advice obtained from the Group's lawyers, it is uncertain at this stage what the outcome of the appeal would be. However, the outcome is not expected to give rise to any significant loss beyond the amount provided as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

28. Share capital

(a) Ordinary shares

	Group and Company	
	Number of shares '000	Amount S\$'000
Authorised:		
2023		
Beginning and end of financial year (1,000,000,000 ordinary shares with a par value S\$0.05 each)	1,000,000	50,000
2022		
Beginning and end of financial year (1,000,000,000 ordinary shares with a par value S\$0.05 each)	1,000,000	50,000
Issued and fully paid:		
2023		
Beginning of financial year	75,871	18,898
Addition		
- Issue of scrip shares ⁽¹⁾	1,760	462
- Issue of share awards ⁽²⁾	350	92
End of financial year	77,981	19,452
2022		
Beginning of financial year	75,771	18,874
Addition		
- Issue of share awards ⁽³⁾	100	24
End of financial year	75,871	18,898

⁽¹⁾ On 26 June 2023, 1,759,420 new shares ("New Shares") were allotted and issued at an issue price of S\$0.102 per New Share in the sum of S\$179,460 (approximately equivalent to RMB943,000) to eligible shareholders of the Company who have elected to participate in the Scrip Dividend Scheme. The Scrip Dividend Scheme provided Shareholders who are entitled to dividends may elect to (i) receive either cash or an allotment of ordinary shares in the capital of the Company credited as fully paid-up, in lieu of the whole of the cash amount of the dividend to which the Scrip Dividend Scheme applies; or (ii) an allotment of New Shares in lieu of the cash amount of the dividend entitlement (credited as fully paid-up) in relation to a portion of his existing Shares held, and a cash dividend in relation to the balance of his existing Shares held as determined by the Directors. The credit amount arising from the issuance of New Shares in the sum of S\$91,538 (approximately equivalent to RMB481,000) be credited to the share premium account of the Company.

⁽²⁾ On 1 June 2023, 350,000 new shares ("New Shares") were released at an issue price of S\$0.100 per New Share in the sum of S\$35,000 (approximately equivalent to RMB184,000) to the directors and a key management personnel of the Company who have been granted the share awards pursuant to the PSP on 3 July 2020. The credit amount arising from the issuance of New Shares in the sum of S\$17,500 (approximately equivalent to RMB92,000) be credited to the share premium account of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

28. Share capital (Cont'd)

(a) Ordinary shares (Cont'd)

⁽³⁾ On 1 June 2022, 30,000 new shares ("New Shares") were released at an issue price of S\$0.161 per New Share in the sum of S\$4,830 (approximately equivalent to RMB23,000) to the directors of the Company who have been granted the share awards pursuant to the PSP on 31 May 2021. The credit amount arising from the issuance of New Shares in the sum of S\$3,360 (approximately equivalent to RMB16,000) be credited to the share premium account of the Company.

On 5 July 2022, 70,000 new shares ("New Shares") were released at an issue price of S\$0.157 per New Share in the sum of S\$10,990 (approximately equivalent to RMB53,000) to the directors of the Company who have been granted the share awards pursuant to the PSP on 3 July 2020. The credit amount arising from the issuance of New Shares in the sum of S\$7,465 (approximately equivalent to RMB36,000) be credited to the share premium account of the Company.

The newly issued shares rank pari passu in all respects with the previously issued shares.

All issued ordinary shares were fully paid. The par value for these ordinary shares is S\$0.05 (2022: S\$0.05). Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share options

The Group adopted CIHL Share Option Scheme (the "2020 Scheme") on 29 June 2020. Since the commencement of the 2020 Scheme, the Company had granted 4,050,000 options under the 2020 Scheme to participants. The details of the share options granted under the 2020 Scheme are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
			S\$
3 July 2020	3 July 2020 to 2 July 2021	3 July 2021 to 2 July 2025	0.294
31 May 2021	31 May 2021 to 30 May 2022	31 May 2022 to 30 May 2026	0.288
29 May 2023	29 May 2024 to 28 May 2028	29 May 2024 to 28 May 2028	0.102

Under the 2020 Scheme, if the share options remain unexercised after a period of 5 years from the date of grant, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest. Share options previously vested would be lapsed immediately if the employee leaves the Group, unless the remuneration committee otherwise approved.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

28. Share capital (Cont'd)

(b) Share options (Cont'd)

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Number of share options '000	Weighted average exercise price S\$	Number of share options '000	Weighted average exercise price S\$
Outstanding at the beginning of financial year	4,050	0.292	4,050	0.292
Granted	2,700	0.102	–	–
Outstanding at the end of financial year	<u>6,750</u>	0.216	<u>4,050</u>	0.292
Exercisable at the end of financial year	<u>4,050</u>		<u>4,050</u>	

As at 31 December 2023, the outstanding share options have a weighted average remaining contractual life of 3 years and the exercise prices of S\$0.216. The share-based payments to directors and key managements recognised in profit or loss for the financial year ended 31 December 2023 was approximately RMB168,000 (2022: RMB534,000).

During the financial year ended 31 December 2020, these fair values were calculated using the Binomial option pricing model. The fair value of share options granted in 2020 was estimated to be S\$694,000, equivalent to RMB3,514,000.

During the financial year ended 31 December 2021, these fair values were calculated using the Binomial option pricing model. The fair value of share options granted in 2021 was estimated to be S\$275,400, equivalent to RMB1,325,000.

During the financial year ended 31 December 2023, these fair values were calculated using the Binomial option pricing model. The fair value of share options granted in 2023 was estimated to be S\$54,000, equivalent to RMB282,000.

The inputs into the Binomial option pricing model for the respective share options granted are as follows:

	29 May 2023	31 May 2021	3 July 2020
Share price	S\$0.100	S\$0.310	S\$0.270
Exercise price	S\$0.102	S\$0.288	S\$0.294
Expected volatility	33.92%	28.69%	76.50%
Expected life	5 years	5 years	5 years
Risk free rates	3.22%	0.87%	0.51%
Expected dividend yield	9.09%	9.68%	0%
Employee exit rate	0%	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

28. Share capital (Cont'd)

(b) Share options (Cont'd)

Expected volatility was determined by calculating the historical volatility of the Company's share price over the past 2 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restriction and behavioral considerations.

(c) CIHL Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at a Special General Meeting held on 29 June 2020. The PSP shall complement the 2020 Scheme and serve as an additional and flexible incentive tool. Under the rules of the PSP, all directors and employees of the Group as well as the employees of associates are eligible to participate in the PSP at the absolute discretion of the Remuneration Committee.

On 3 July 2020, pursuant to the PSP, the Company had granted 500,000 shares and 100,000 shares under the PSP to directors and employees of the Company (the "participants") respectively.

On 31 May 2021, pursuant to the PSP, the Company had granted 500,000 shares and 100,000 shares under the PSP to directors and employees of the Company (the "participants") respectively.

On 5 July 2021, the Company has released 30,000 share awards granted pursuant to PSP ("Awards") by way of the issuance and allotment of 30,000 new shares and 150,000 Awards in the form of S\$47,250 (*approximately equivalent to RMB228,000*) in cash, in lieu of the shares which would have been allotted to the respective recipients based on the aggregated market value of such shares on 5 July 2021.

On 1 June 2022, the Company has released 30,000 share awards granted pursuant to PSP ("Awards") by way of the issuance and allotment of 30,000 new shares and 150,000 Awards in the form of S\$24,150 (*approximately equivalent to RMB118,000*) in cash, in lieu of the shares which would have been allotted to the respective recipients based on the aggregated market value of such shares on 1 June 2022.

On 5 July 2022, the Company has released 70,000 share awards granted pursuant to PSP ("Awards") by way of the issuance and allotment of 70,000 new shares and 350,000 Awards in the form of S\$54,950 (*approximately equivalent to RMB264,000*) in cash, in lieu of the shares which would have been allotted to the respective recipients based on the aggregated market value of such shares on 5 July 2022.

On 29 May 2023, pursuant to the PSP, the Company had granted 400,000 shares and 200,000 shares under the PSP to directors and employees of the Company (the "participants") respectively.

On 1 June 2023, the Company has released 420,000 share awards granted pursuant to PSP ("Awards") by way of the issuance and allotment of 350,000 new shares and 70,000 Awards in the form of S\$7,000 (*approximately equivalent to RMB37,000*) in cash, in lieu of the shares which would have been allotted to the respective recipients based on the aggregated market value of such shares on 1 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

28. Share capital (Cont'd)

(c) CIHL Performance Share Plan (the "PSP") (Cont'd)

The vesting period of the PSP are a) 30% shall vest after the first anniversary of the date of grant; and b) remaining 70% shall vest after the second anniversary of the date of grant. They are automatically converted into one ordinary share each on vesting at an exercise price of RMB Nil. The participants do not receive any dividends and are not entitled to vote in relation to the shares granted under PSP during the vesting period. If a participant ceases to be employed by the Group within this period, the rights will be forfeited, except in limited circumstances that are approved by the board on a case-by-case basis. The fair value of the PSP at grant date was estimated by taking the market price of the Company's shares on that date. The share-based payments to participants recognised in profit or loss for the financial year ended 31 December 2023 was approximately RMB106,000 (2022: RMB48,000).

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the 2020 Scheme shall not exceed 15% of the issued share capital of the Company at any time.

The Remuneration Committee oversees the administration of the PSP in accordance with the rules of the PSP. The Remuneration Committee administering the PSP comprises the directors, Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

None of the directors in the committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the Remuneration Committee provided that:

- (i) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 25% of the 2020 Scheme; and
- (ii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the 2020 Scheme.

29. Dividends

	Group	
	2023	2022
	RMB'000	RMB'000
<i>Final dividend</i>		
Final tax-exempt dividend paid for the financial year ended 31 December 2022 of S\$1 cents per share (approximately equivalent to RMB0.05 per ordinary share)	4,008	–

Final tax-exempt dividend of RMB4,008,000 are paid/payable through cash of RMB3,065,000 and remaining dividend of RMB943,000 are settled through issuance of ordinary shares of S\$0.102 cents per share (Note 28(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

30. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity. All reserve are non-distributable.

(b) Company

	Note	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Other reserves RMB'000	Total reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
2023									
Beginning of financial year		70,695	810,044	479	8,324	5,048	894,590	(426,970)	467,620
Total comprehensive income for the financial year		-	-	-	-	-	-	17,387	17,387
Share based payment	8, 28(b), 28(c)	-	-	-	-	274	274	-	274
Dividend payment	29	-	-	-	-	-	-	(1,900)	(1,900)
Scrip shares issued	28(a)	481	-	-	-	-	481	(943)	(462)
Dividend payables	29	-	-	-	-	-	-	(1,165)	(1,165)
Share awards vested	28(c)	-	-	-	-	-	-	-	-
-Cash		-	-	-	-	(37)	(37)	-	(37)
-Scrip		92	-	-	-	(184)	(92)	-	(92)
End of financial year		71,268	810,044	479	8,324	5,101	895,216	(413,591)	481,625
2022									
Beginning of financial year		70,643	810,044	479	8,324	4,924	894,414	(423,156)	471,258
Total comprehensive loss for the financial year		-	-	-	-	-	-	(3,814)	(3,814)
Share based payment	8, 28(b), 28(c)	-	-	-	-	582	582	-	582
Share awards vested	28(c)	-	-	-	-	(382)	(382)	-	(382)
-Cash		-	-	-	-	(76)	(24)	-	(24)
-Scrip		52	-	-	-	(76)	(24)	-	(24)
End of financial year		70,695	810,044	479	8,324	5,048	894,590	(426,970)	467,620

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

30. Reserves (Cont'd)

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up for unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premium payable on repurchase of shares.

(ii) Contributed surplus

The contributed surplus of the Company and the Group represents the balance of the amount of credit arising from the following exercise:

- capital reduction pursuant to a special resolution passed on 10 May 2004 for the reduction of issued and paid-up share capital of the Company from S\$0.20 to S\$0.05 on each of the 751,987,750 issued and paid-up shares.
- capital reorganisation pursuant to a special resolution passed on 28 April 2017 for the reduction of issued and paid-up share capital of the Company from S\$1.00 to \$0.05 on each of the 51,230,183 issued and paid-up shares.

(iii) Other reserves

Other reserve of the Company and the Group represents the balance of the amount of credit arising from the following transaction:

- The fair value of the actual or estimated number of unexercised share options granted to employees of the Company and the Group are recognised in accordance with the accounting policy adopted for share-based payments as set out in Note 2.24(iv) to the financial statements.
- The fair value of the actual or estimated number of unissued share awards granted to employees of the Company and the Group are recognised in accordance with the accounting policy adopted for share-based payments as set out in Note 2.24(v) to the financial statements.

(iv) Capital redemption reserve

Capital redemption reserve arises from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

Contributed surplus, other reserve and capital redemption reserve are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

31. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2023	2022
	RMB'000	RMB'000
<i>Associates</i>		
- Receipt of repayment of dividend	–	11,000
<i>Joint venture</i>		
- Loan to a joint venture	1,127	–
Dividend payable to shareholders	1,165	–

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2023 and 2022 are unsecured and receivable/payable within 12 months from the end of the reporting period are disclosed in Notes 22 and 25 to the financial statements respectively.

(b) Key management compensation

Key management includes directors (executive and non-executive) and chief financial officer. The compensation paid/payable to key management is as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Directors' fees	1,183	1,290
Salaries, allowances and bonuses	3,149	2,991
Share-based payments	247	574
	4,579	4,855

Included in the total key management compensation is directors' remuneration of the Company amounting to RMB3,327,000 (2022: RMB3,583,000).

32. Segment information

For management purpose, the Group is organised into business units based on its products and services and has two reportable segments for the financial years ended 31 December 2023 and 31 December 2022 as follows:

Water supply services	-	Construction of water pipeline, supply of grey water and wastewater treatment service
Land development	-	Provision of engineering and land levelling service for preliminary land development projects
Others	-	Others include investment/corporate segment

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

32. Segment information (Cont'd)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The other segment includes investment segment which identifies new investment opportunities locally and oversea that has the potential to increase revenue streams and produce good returns on investments. The accounting policies of the operating segments are the same as those set out in Note 2.4 to the financial statements.

The segment information provided to the Board of Directors for the reportable segments are as follows:

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
Financial year ended 31 December 2023				
Total segment revenue	125,266	–	–	125,266
Inter-segment revenue	(27,353)	–	–	(27,353)
Revenue from external segment	97,913	–	–	97,913
Segment results	27,184	–	–	27,184
Interest income	200	2	68	270
Rental income	–	–	1,757	1,757
Other income and other gains/(losses) - net	–	–	1,865	1,865
Provision for liabilities on legal case	–	–	(59,500)	(59,500)
Administrative expenses	–	–	(11,322)	(11,322)
Other operating expenses	(15,207)	(2,531)	(7,951)	(25,689)
Net fair value lossess on investment properties	–	–	(13,701)	(13,701)
Currency exchange gains, net	–	–	186	186
Finance expenses	(3,398)	–	(1,191)	(4,589)
Share of loss of joint venture accounted for using the equity method	–	–	(556)	(556)
Gain on disposal of property, plant and equipment	–	–	1,118	1,118
Income tax credit	1,517	–	7,449	8,966
Net loss for the financial year				(74,011)
Impairment loss on contract assets	(8,665)	–	–	(8,665)
Depreciation and amortisation	(32,879)	(6)	(650)	(33,535)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

32. Segment information (Cont'd)

The segment information provided to the Board of Directors for the reportable segments are as follows:
(Cont'd)

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
Financial year ended 31 December 2022				
Total segment revenue	149,007	–	–	149,007
Inter-segment revenue	(45,403)	–	–	(45,403)
Revenue from external segment	103,604	–	–	103,604
Segment results	25,733	–	–	25,733
Interest income	285	–	237	522
Rental income	–	–	1,094	1,094
Other income and other gains/(losses)	–	–	59,607	59,607
Administrative expenses	–	–	(8,658)	(8,658)
Other operating expenses	(23,440)	(2,797)	(1,784)	(28,021)
Currency translation loss	–	–	467	467
Finance expenses	(3,418)	–	(174)	(3,592)
Share of loss of joint venture accounted for using the equity method	–	–	(87)	(87)
Gain on disposal of property, plant and equipment	–	–	3	3
Gain on disposal of associates	–	–	2,000	2,000
Income tax expense	10,122	–	3,307	13,429
Net profit for the financial year				62,497
Impairment loss on contract assets	(17,869)	–	–	(17,869)
Reversal of impairment loss on amount due from associates	–	–	6,951	6,951
Depreciation and amortisation	(24,267)	(5)	(959)	(25,231)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

32. Segment information (Cont'd)

The segment information provided to the Board of Directors for the reportable segments are as follows:
(Cont'd)

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
As at 31 December 2023				
Total assets	524,374	924	221,966	747,264
Total assets include:				
Property, plant and equipment	199,162	16	9,159	208,337
Intangible assets	14,885	–	–	14,885
Goodwill arising on consolidation	20,303	–	–	20,303
Investment in a joint venture	–	–	96,357	96,357
Investment properties	–	–	103,740	103,740
Deferred income tax assets	16,311	–	3,790	20,101
Inventories	3,187	–	–	3,187
Other current assets	18,950	–	–	18,950
Trade and other receivables	233,736	101	6,766	240,603
Cash and cash equivalents	17,840	807	2,154	20,801
Total assets				<u>747,264</u>
Additions to:				
- Property, plant and equipment	1,714	–	649	2,363
- Investment properties	–	–	38,735	38,735
- Intangible assets	6,180	–	–	6,180
Total liabilities	<u>170,812</u>	<u>5,133</u>	<u>131,319</u>	<u>307,264</u>
Total liabilities include:				
Short-term borrowings	1,998	–	28,000	29,998
Trade and other payables	125,526	5,133	14,164	144,823
Provision	–	–	59,500	59,500
Current income tax liabilities	30	–	131	161
Deferred income tax liabilities	4,432	–	6,566	10,998
Deferred income	13,040	–	–	13,040
Lease liabilities	–	–	209	209
Long term borrowings	25,786	–	22,749	48,535
Total liabilities				<u>307,264</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

32. Segment information (Cont'd)

The segment information provided to the Board of Directors for the reportable segments are as follows:
(Cont'd)

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
As at 31 December 2022				
Total assets	527,961	866	268,776	797,603
Total assets include:				
Property, plant and equipment	232,484	21	4,881	237,386
Intangible assets	9,094	–	–	9,094
Goodwill arising on consolidation	20,303	–	–	20,303
Investment in a joint venture	–	–	96,913	96,913
Long term receivable	–	–	30,000	30,000
Investment properties	–	–	91,100	91,100
Deferred income tax assets	10,433	–	2,086	12,519
Inventories	3,678	–	–	3,678
Other current assets	19,876	–	–	19,876
Trade and other receivables	207,450	101	5,811	213,362
Cash and cash equivalents	24,643	744	37,985	63,372
Total assets				797,603
Additions to:				
- Property, plant and equipment	12,364	–	–	12,364
- Investment properties	–	–	59,000	59,000
- Investment in a joint venture	–	–	96,913	96,913
Total liabilities	193,711	5,177	70,670	269,558
Total liabilities include:				
Short-term borrowings	17,960	–	43,000	60,960
Trade and other payables	115,394	5,177	15,971	136,542
Current income tax liabilities	(3,434)	–	6,056	2,622
Deferred income tax liabilities	6,005	–	5,554	11,559
Deferred income	13,855	–	–	13,855
Lease liabilities	–	–	89	89
Long term borrowings	43,931	–	–	43,931
Total liabilities				269,558

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

32. Segment information (Cont'd)

The segment information provided to the Board of Directors for the reportable segments are as follows: (Cont'd)

Geographical information

	Revenue		Non-current assets	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong	–	–	264	141
PRC except Hong Kong	97,913	103,604	463,459	497,518
	97,913	103,604	463,723	497,659

In presenting the geographical information, revenue is based on the geographical locations of the customers which the revenue are derived from and is measured in a manner consistent with that in the statement of comprehensive income.

Inter-segment sales are carried out based on agreed term.

Revenue from major customers

Revenue of RMB55,818,000 (2022: RMB62,684,000) are derived from four (FY2022: four) external customers. These revenues are attributable to the water supply services (FY2022: water supply services) segment.

33. Corporate guarantees

During the financial year ended 31 December 2023, the Group's subsidiaries have issued corporate guarantees to bank for borrowings of subsidiaries with net assets position (2022: borrowing of a subsidiary with a net asset position). The bank borrowings amounted to RMB17,784,000 (2022: RMB18,091,000) at the reporting date. As at the date of authorisation of these financial statements, the bank borrowings under corporate guarantees increased to approximately RMB37,784,000. The management has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the bank with regards to the subsidiaries are minimal.

The Group's subsidiaries are not required to fulfil any guarantee on the basis of default by the borrower as at the reporting date. The details of the corporate guarantee are disclosed in 24(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

34. Events occurring after reporting date

(a) Drawdown of bank borrowings

As disclosed in Note 24(c) to the financial statements, the Group's subsidiary, CIHL (Tianjin) Water Development Co., Ltd has drawdown bank borrowings of RMB20,000,000 on 3 January 2024.

(b) Frozen bank account in China

On 2 April 2023, the Board of Directors (the "Board") of the Company announced that the Yiling District Public Security Bureau of Yichang City, Hubei Province ("YPSB") has frozen the bank account of the Group's wholly-owned subsidiary, CIHL (Tianjin) City Development Limited ("CIHL Tianjin"). The affected bank account is maintained with the China Bohai Bank. The total balance in the affected bank account as at 30 March 2023 is RMB18,640,000.

On 4 April 2023, the Board of the Company further announced that on 4 April 2023 morning, the Group's representative in Yichang City was invited to meet the YPSB to provide information on the tax affairs of its former associate, Yichang Xinshougang Real Estate Development Co. Ltd. From the meeting, it appears that neither CIHL Tianjin nor any of its employees were the target of the investigations by the YPSB. Management understands that further meetings will be held between the YPSB and CIHL (Tianjin) in the near future.

On 9 October 2023, the Board of the Company announced that while CIHL Tianjin has not received any formal notice of a change in status, the Group is now able to fully operate the said bank account normally, and balances in the account remain intact. This is likely due to the expiry of the order from the YPSB.

On 27 October 2023, the Board of the Company announced that the Company noted on 26 October 2023 that CIHL Tianjin's bank account with China Bohai Bank has again been subject to a temporary freeze by the YPSB from 18 October 2023 to 17 April 2024. Both the Company and CIHL Tianjin have not received any formal notification from the relevant authorities on this matter. All the other bank accounts of the Group are operating normally. The current balance in the bank account which was temporarily frozen as referred to above amounted to RMB11,353 as at 18 October 2023.

As disclosed in Note 23 to the financial statements and announcement made on 22 January 2024, the bank account has been operating normally since 4 January 2024. As at the date of authorisation of these financial statements, CIHL Tianjin has not received any documents from any judicial or government authority in PRC such as the Court, the Prosecutor's Office or the Public Security Bureau.

35. Independent review

On 4 April 2023, the Board of the Company announced that further to its announcements dated 21 December 2022, 27 December 2022, 3 January 2023, 9 January 2023, 12 January 2023 and 17 January 2023 relating to the disposal of the Group's 50% interest in Beijing Kaiyuan Wanjia Management Consulting Company ("Disposal") and the Company's responses to queries from the Singapore Exchange Securities Trading Limited ("SGX-ST") in relation to the Disposal.

The Board wishes to update that in consultation with Singapore Exchange Regulation ("SGX RegCo"), the Company has appointed RSM Corporate Advisory Pte Ltd as the independent reviewer ("Independent Reviewer") to carry out an independent review relating to the Disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

35. Independent review (Cont'd)

The Independent Reviewer will report its findings to SGX RegCo and the Audit Committee of the Company ("AC") and keep SGX RegCo and the AC updated on the status of its review as work progresses, particularly any significant events and/or transactions that are material to the Company or the Group in the course of its work.

As at the date of authorisation of these financial statements, the Independent Review is still in progress and has not been concluded.

36. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 or later periods and which the Group has not early adopted:

IFRS/IAS No.	Title	Effective for annual periods beginning on or after
IAS 1	Amendments to IAS 1, Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16	Amendments to IFRS 16, Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Amendments to IAS 1, Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements	1 January 2024
IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information*	1 January 2024
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors do not expect that the adoption of the standards above will have a material impact on the financial statements of the Group in future periods.

37. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 2 April 2024.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2024

Authorised Share Capital	:	S\$50,000,000
Issued and Paid Up Capital	:	S\$3,793,568.75
Class of Shares	:	Ordinary Shares of S\$0.05
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2,509	31.59	126,460	0.16
100 - 1,000	4,299	54.12	1,303,983	1.67
1,001 - 10,000	933	11.75	2,912,944	3.74
10,001 - 1,000,000	195	2.45	9,087,424	11.65
1,000,001 AND ABOVE	7	0.09	64,549,984	82.78
TOTAL	7,943	100.00	77,980,795	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	22,944,867	29.42
2	UOB KAY HIAN PRIVATE LIMITED	14,167,590	18.17
3	DBSN SERVICES PTE. LTD.	11,001,256	14.11
4	RAFFLES NOMINEES (PTE.) LIMITED	7,659,689	9.82
5	LEE TAT KWONG (LI DAGUANG)	6,071,114	7.79
6	CHAN SIN MIAN	1,655,850	2.12
7	OCBC SECURITIES PRIVATE LIMITED	1,049,618	1.35
8	TAI KWANG HAN	473,138	0.61
9	LIM CHER HENG	329,415	0.42
10	KHOO SWEE KWANG	305,700	0.39
11	WONG PANG FEI	300,084	0.38
12	NG JIN NEE BRENDA	292,826	0.38
13	HENG SEE ENG	277,486	0.36
14	ABN AMRO CLEARING BANK N.V.	259,500	0.33
15	FONG WENG KHIANG	225,000	0.29
16	CITIBANK NOMINEES SINGAPORE PTE LTD	181,451	0.23
17	HEE LEE SET	166,363	0.21
18	MAYBANK SECURITIES PTE. LTD.	148,450	0.19
19	WONG CHEONG SHEK	143,090	0.18
20	ANG LUM KHUANG	140,000	0.18
	TOTAL	67,792,487	86.93

STATISTICS OF SHAREHOLDINGS

As at 18 March 2024

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2024

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Wellful Holdings Limited	22,181,827	28.45	–	–
China Construction Group Inc	11,001,256	14.11	–	–
Wisdom Accord Limited	7,500,000	9.62	–	–
Century Investment Company Limited	13,347,131	17.12		
Lin Rongqiang ⁽¹⁾	–	–	22,181,827	28.45
China Construction Holdings Limited ⁽²⁾	–	–	11,001,256	14.11
Fok Hei Yu ⁽³⁾	–	–	11,001,256	14.11
John Howard Batchelor ⁽³⁾	–	–	11,001,256	14.11
Zheng Dagang ⁽⁴⁾	–	–	7,500,000	9.62
Mu De Jun ⁽⁵⁾	–	–	13,347,131	17.12
Gong Xuan ⁽⁵⁾	–	–	13,347,131	17.12
Lee Tat Kwong (Li Daguang) ⁽⁶⁾	6,071,114	7.79	–	–

Footnote:

- (1) The sole shareholder of Wellful Holdings Limited is Lin Rongqiang holding 100% of the total issued share capital. Therefore, Lin Rongqiang is deemed to be interested in the 22,181,827 shares beneficially owned by Wellful Holdings Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).
- (2) The sole shareholder of China Construction Group Inc is China Construction Holdings Limited, holding 100% of the total issued share capital. Therefore, China Construction Holdings Limited is deemed to be interested in the 11,001,256 shares beneficially owned by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap.289).
- (3) By way of a deed of appointment dated 28 August 2013, Mr. Fok Hei Yu and Mr. John Howard Batchelor were jointly severally appointed as receivers over 100% of the shares in China Construction Group Inc, a company incorporated under the law of Bermuda. China Construction Group Inc in turn holds 11,001,256 shares (representing 14.11% of the shareholding) in China International Holding Limited. Pursuant to Section 4 of the Securities and Future Act (Cap 289), Mr. Fok Hei Yu and Mr. John Howard Batchelor are deemed to have an interest in the shares in China International Holdings Limited.
- (4) The sole shareholder of Wisdom Accord Limited is Zheng Dagang, holding 100% of the total issued share capital. Therefore, Zheng Dagang is deemed to be interested in the 7,500,000 shares beneficially owned by Wisdom Accord Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).
- (5) The shareholders of Century Investment Company Ltd are Mu Dejun and Gong Xuan holding 70% and 30% respectively of the total issued share capital. Therefore, Mu Dejun and Gong Xuan are deemed to be interested in the 13,347,131 shares beneficially owned by Century Investment Company Ltd by virtue of Section 4 of the Securities and Futures Act (Cap.289).
- (6) Based on the CDP Listing as at 20 March 2022, Mr Lee Tat Kwong (Li Daguang) held 5,783,065 shares representing 7.62% of the total issued share capital of the Company. In the last disclosure of change in interest of substantial shareholder from Mr Lee Tat Kwong (Li Daguang) on 5 March 2021, he held a total of 5,019,521 shares representing 7.047% of the total issue share capital of the Company.

According to the Company's record as at 18 March 2024, there was 22.12% of the Company's shares being held in the hands of the public. Thus, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHINA INTERNATIONAL HOLDINGS LIMITED (the **Company**) will be held at Queen Room Level 2, Copthorne King's Hotel, 403 Havelock Road, Singapore 169632 on Monday, 29 April 2024 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to the Company's Bye-Law at the forthcoming Annual General Meeting:
 - 2.1 Mr Shan Chang [Retiring under Bye-Law 104] **(Resolution 2)**
 - 2.2 Mr Zhu Jun [Retiring under Bye-Law 104] **(Resolution 3)**
 - 2.3 Mr Zhang Yun [Retiring under Bye-Law 107(B)] **(Resolution 4)**
 - 2.4 Ms Ng Hui Hsien [Retiring under Bye-Law 107(B)] **(Resolution 5)**

[See Explanatory Note (i)]

Mr Zhang Yun, upon re-election as a Director of the Company, remains as a member of the Audit, Remuneration and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Ms Ng Hui Hsien, upon re-election as a Director of the Company, remains as a member of the Audit, Remuneration and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Chee Teck Kwong Patrick is due for re-election at this AGM and had chosen not to seek for re-election for purpose of board renewal process. Mr Chee will retire at the close of this Annual General Meeting and will relinquish all his positions in the Board Committees.

3. To approve the payment of Directors' fees of RMB1,300,000 for the financial year ending 31 December 2024 (2023: RMB1,300,000). **(Resolution 6)**
4. To re-appoint Messrs CLA Global TS Public Accounting Corporation, as the auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 7)**
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 as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (**SGX-ST**), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (**shares**) whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, **Instruments**) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the time this Resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercising share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with 2(a) or 2(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 8)**

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to issue shares under the CIHL Share Option Scheme

That the Directors of the Company be authorised and empowered to offer and grant options under the CIHL Share Option Scheme (the 2020 Scheme) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the 2020 Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2020 Scheme and such other share-based incentive schemes shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 9)**

[See Explanatory Note (iii)]

8. Authority to issue shares under the CIHL Performance Share Plan

That the Directors of the Company be authorised and empowered to offer and grant awards under the CIHL Performance Share Plan (the Plan) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and such other share-based incentive schemes (including the CIHL Share Option Scheme) shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 10)**

[See Explanatory Note (iv)]

9. Authority to issue shares under the CIHL Scrip Dividend Scheme

That pursuant to Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be and are hereby authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the CIHL Scrip Dividend Scheme from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 11)**

[See Explanatory Note (v)]

By Order of the Board

Lee Wei Hsiung
Liu Xuan Min
Company Secretaries

Singapore, 12 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Detailed information on Mr Shan Chang, Mr Zhu Jun, Mr Zhang Yun and Ms Ng Hui Hsien who are proposed to be re-elected as Directors of the Company can be found under sections “Board of Directors” and “Additional Information on Directors seeking re-election” in the Company’s Annual Report for the financial year ended 31 December 2023.
- (ii) The Ordinary Resolution 8 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding fifty per cent (50%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors of the Company, from date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors of the Company, from date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Plan and such other share-based incentive scheme (including CIH Share Option Scheme) up to a number not exceeding in total (for the entire duration of the Plan) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (v) The Ordinary Resolution 11 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the CIHL Scrip Dividend Scheme. Please refer to the Company’s announcement dated 3 April 2017 for details on the CIHL Scrip Dividend Scheme.

Notes:

1. A Shareholder being a Depositor whose name appears in the records of the Depository is entitled to appoint no more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at forty-eight (48) hours before the time appointed for the Annual General Meeting (“AGM”) in order for the Depositor to be entitled to attend and vote at the AGM.
2. If a Depository wishes to appoint a proxy/proxies to attend the AGM, then he/she must complete and deposit the duly completed Depository Proxy Form at the office of the Company’s Singapore Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632 at least 48 hours before the time of the AGM.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (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.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Shan Chang, Mr Zhu Jun, Mr Zhang Yun and Ms Ng Hui Hsien are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened at 10.00 a.m. on 29 April 2024 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEH
Date of Appointment	7 November 1998	25 June 2003	1 December 2023	1 December 2023
Date of last re-appointment	25 April 2022	25 April 2022	–	–
Age	65	59	59	43
Country of principal residence	People's Republic of China	People's Republic of China	People's Republic of China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Shan Chang for re-appointment as a director of the Company. The Board have reviewed and concluded that Mr Shan Chang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Zhu Jun for re-appointment as an Executive Director of the Company. The Board have reviewed and concluded that Mr Zhu Jun possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Zhang Yun for appointment as an Independent Director of the Company. The Board have reviewed and concluded that Mr Zhang Yun possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Ng Hui Hsien for appointment as an Independent Director of the Company. The Board have reviewed and concluded that Ms Ng Hui Hsien possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Mr Zhu Jun is responsible for the group's investor relations management and the company's investments, mergers and acquisitions of other major projects.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Director; Member of Audit, Remuneration and Nominating Committee	Executive Director	Member of Audit, Remuneration and Nominating Committees.	Member of Audit, Remuneration and Nominating Committees.
Professional qualifications	Executive Master of Business Administration degree from the Tsinghua University; Master of Science degree in Engineering from the China Academy of Railway Science; Bachelor of Science degree in Engineering from the Tongji University; Professor of engineering; Registered construction engineer.	Master and Bachelor Degree in Economics from the Peking University.	Bachelor degree from Sun Yat-sen University and master degree of Economics and Management from Peking University; Senior Economist.	Bachelor of Science in Applied Accounting (Second Class Honours), Oxford Brookes University; Fellow Member of The Association of Chartered Certified Accountants (ACCA, UK); Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Working experience and occupation(s) during the past 10 years	<p>MR SHAN CHANG</p> <ul style="list-style-type: none"> From 1997 to present: Chairman of CIHL (Tianjin) Haihe Development Limited From 2009 to 2019: Chairman of CIGIS (China) Limited From 1999 to present: Chairman of China International Holdings Limited From 1997 to present: Legal representative of Beijing Zhongyuandatong Real Estate Development Company Limited 	<p>MR ZHU JUN</p> <ul style="list-style-type: none"> From 2003 to present: Executive Director of China International Holdings Limited From 2012 to present: Director of Super Faith International Finance Limited 	<p>MR ZHANG YUN</p> <ul style="list-style-type: none"> From 2019 to present: Partner of Shenzhen Riverbed Yucheng Private Equity Investment Enterprise. 2006 - March 2020: China Securities Co., Ltd. General Manager of Trading Department / Executive General Manager of Institutional Business Department Citic Investment Management Co., Ltd - General Manager 	<p>MS NG HUI HSIEN</p> <ul style="list-style-type: none"> March 2021 to present: Director of Radiant Management Services Pte Ltd September 2021 to present: Director of Prime Talent Opportunities Pte. Ltd. November 2021 to present: Director of Prime Accountants Solutions Pte. Ltd. December 2019 to April 2021: Associate Finance Director of The Land Managers Holdings Pte Ltd July 2018 to November 2019: Financial Controller of Source Advanced Materials Pte. Ltd. July 2015 to June 20 18: Financial Controller of SMJ International Holdings Ltd. 2013 to Jul 2015: Audit Manager of Nexia TS Public Accounting Corporation
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DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
Shareholding interest in the listed issuer and its subsidiaries	Holding 70,000 ordinary shares of the Company	Holding 70,000 ordinary shares of the Company	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#	<p>Past</p> <ul style="list-style-type: none"> • CIGIS (China) Limited • CIHL Haimen (Tianjin) Enterprise Ltd • Tianjin Bridge Investment Co. Ltd 	<p>Past</p> <ul style="list-style-type: none"> • JYBD (Beijing) Electronic Commerce Co., Ltd • Beijing TIVANI Medical Technology Co., Ltd 	<p>Past</p> <ul style="list-style-type: none"> • Source Advanced Materials Pte. Ltd. • Accuraccounts Management Pte. Ltd. 	
<u>Past (for the last 5 years)</u>				

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
Present	<p>Present</p> <ul style="list-style-type: none"> • CIHL (Tianjin) City Development Limited • China (Tianjin) Water Resources Limited • CIHL Development Limited • Pinnacle China Limited • MKS Equities Limited • CIHL (Tianjin) Haihe Development Co., Ltd • Zhongxiang (Tianjin) Bridge Construction Co., Ltd • Zhongxiang (Tianjin) Road and Bridge Construction Co., Ltd • Beijing Zhongyuandatong Real Estate Development Co., Ltd 	<p>Present</p> <ul style="list-style-type: none"> • City Energy Holdings Limited • Goldlink Asset Management (Asia) Limited • Goldlink Capital Group Limited • Goldlink Capital (HK) Limited • Goldlink Securities Limited • China Goldlink Capital Ltd • Superfaith International Finance Limited 	<p>Present</p> <ul style="list-style-type: none"> • Jiangsu Huatai Chenguang Pharmaceutical Co., Ltd 	<p>Present</p> <ul style="list-style-type: none"> • Radiant Management Services Pte Ltd • Prime Talent Opportunities Pte. Ltd. • Prime Accountants Solutions Pte. Ltd
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p> <p>a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	Nil	Nil	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Nil	Nil	Nil	Nil
c) Whether there is any unsatisfied judgment against him?	Nil	Nil	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	Nil	Nil	Nil	Nil
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	Nil	Nil	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	Nil	Nil	Nil	Nil
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	Nil	Nil	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	Nil	Nil	Nil	Nil
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	Nil	Nil	Nil	Nil
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Nil	Nil	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
<p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>				

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR SHAN CHANG	MR ZHU JUN	MR ZHANG YUN	MS NG HUI HSIEN
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Nil	Nil	Nil	Nil
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.



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