

**THIRD QUARTER AND NINE-MONTHS FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

	3 months ended		Increase / (Decrease) %	Group 9 months ended		Increase / (Decrease) %
	30.09.2019	30.09.2018		30.09.2019	30.09.2018	
	RMB'000	RMB'000		RMB'000	RMB'000	
<b>Revenue</b>	12,599	21,205	(40.6)	38,866	58,103	(33.1)
Cost of sales and services provided	(7,685)	(8,281)	(7.2)	(25,406)	(25,025)	1.5
<b>Gross profit</b>	4,914	12,924	(62.0)	13,460	33,078	(59.3)
Other income - net	615	1,404	(56.2)	1,640	7,064	(76.8)
Expenses						
-Administrative	(2,369)	(2,069)	14.5	(6,961)	(6,369)	9.3
-Other operating	(5,153)	(5,035)	2.3	(15,950)	(17,620)	(9.5)
-Finance	-	(314)	(100.0)	-	(2,167)	(100.0)
Share of profit / (loss) from associated companies accounted for using the equity method	10,307	(2,809)	466.9	3,356	(5,472)	161.1
<b>Profit / (loss) before income tax</b>	8,314	4,101	102.7	(4,455)	8,514	(152.3)
Income tax expense	(4,017)	(2,655)	51.3	(5,400)	(7,366)	(26.7)
<b>Profit / (loss) for the financial period</b>	4,297	1,446	197.2	(9,855)	1,148	(958.4)
<b>Profit / (loss) for the financial period attributable to:</b>						
Owners of the parent	3,592	(1,651)	317.6	(11,315)	(6,037)	87.4
Non-controlling interests	705	3,097	(77.2)	1,460	7,185	(79.7)
	4,297	1,446	197.2	(9,855)	1,148	(958.4)

Note: Operation of associated companies, the KYWJ Group

On 1 June 2017, the Company completed the disposal of its 5% equity interest and debt interest in the KYWJ Group, which resulted in a loss of control in the KYWJ Group. Consequently, even though the Group has lost its control in the KYWJ Group, it still remains a significant influence by virtue of its remaining 50% equity interests and its board representation on the KYWJ Group. Accordingly, the Group has deconsolidated the KYWJ Group and reclassified the investment as associates, which would be accounted for using equity method.

(i) The summary results of the KYWJ Group for Q3 2019 and Q3 2018 are as follow:

	KYWJ Group					
	3 months ended		Increase / (Decrease) %	9 months ended		Increase / (Decrease) %
	30.09.2019 RMB'000	30.09.2018 RMB'000		30.09.2019 RMB'000	30.09.2018 RMB'000	
<b>Revenue</b>	149,492	23,751	529.4	192,429	131,664	46.2
Cost of sales	(113,516)	(22,428)	406.1	(152,776)	(126,023)	21.2
<b>Gross profit</b>	35,976	1,323	2,619.3	39,653	5,641	602.9
Other income / (loss) - net	174	9	1,833.3	648	(379)	271.0
Operating expenses	(4,255)	(1,532)	177.7	(11,826)	(3,649)	224.1
Selling and marketing expenses	(10,194)	(6,106)	67.0	(22,286)	(15,210)	46.5
<b>Profit / (loss) before income tax</b>	21,701	(6,306)	444.2	6,189	(13,597)	145.5
Income tax (expense) / credit	(1,088)	688	258.1	523	2,653	(80.3)
<b>Profit / (loss) for the financial period</b>	20,613	(5,618)	466.9	6,712	(10,944)	161.3

(ii) Statement of Financial Position as at 30 September 2019 for the KYWJ Group is as follows:

	30.09.2019 RMB'000	31.12.2018 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	161,465	161,262
	<b>161,465</b>	<b>161,262</b>
<b>CURRENT ASSETS</b>		
Property for development	1,014,360	849,912
Trade and other receivables	501,825	61,379
Cash and bank balances	163,281	113,594
Deferred tax assets	20,233	12,073
	<b>1,699,699</b>	<b>1,036,958</b>
<b>CURRENT LIABILITIES</b>		
Borrowing	142,411	23,053
Trade and other payables	1,473,214	934,251
	<b>1,615,625</b>	<b>957,304</b>
<b>Net Current Assets</b>	<b>84,074</b>	<b>79,654</b>
<b>Total assets less current liabilities</b>	<b>245,539</b>	<b>240,916</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	39,890	41,977
	<b>39,890</b>	<b>41,977</b>
<b>Net Assets</b>	<b>205,649</b>	<b>198,939</b>
<b>Equity</b>		
Share capital	4,444	4,444
Reserves	140,817	140,817
Accumulated profit	60,388	53,678
	<b>205,649</b>	<b>198,939</b>

(iii) The development properties in the Yichang Project comprise of units in completed Phases 1 and 2 and “new” Phase 3 (formerly named Phases 3 and 4):

a. The total saleable area for the Phase 1, Phase 2, “new” Phase 3-1 and “new” Phase 3-2 is approximately 415,288 square meters. As at 30 September 2019, the take-up rates for Phase 1-1, Phase 1-2, Phase 1-3, Phase 2, “new” Phase 3-1 and “new” Phase 3-2 are 97.55%, 94.05%, 90.71%, 89.41%, 88.55% and 89.60% respectively. The total saleable area for “new” Phase 3-3 has not yet been approved.

b. Cumulative revenue recognised in the income statement up to the current period is approximately RMB1,553 million. The cumulative sales and pre-sales amounted to approximately RMB2,671 million, of which approximately RMB1,118 million belonging to pre-sales revenue will only be recognised in income statement in a later period upon completion.

c. Phase 2-3 was completed during Q3 2019. The “new” Phase 3-1 is in the process of construction, with 10% of the remaining work planned to complete by end 2019. The “new” Phases 3-2 and 3-3 are in the process of construction, with 70% and 85% of work remaining to complete respectively. The KYWJ Group expects to complete the development of “new” Phases 3-2 and 3-3 by Quarter 4 of 2020.

The Group's profit for the financial period is arrived at after crediting / (charging) the following:

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	113	1,156	542	6,855
Rental income, net	454	367	1,021	870
Depreciation of property, plant and equipment	(2,406)	(2,468)	(7,223)	(7,391)
Currency translation loss	(43)	(66)	(82)	(227)
Auditors' remuneration	(232)	(280)	(756)	(758)
Share of profit / (loss) of associated companies	10,307	(2,809)	3,356	(5,472)

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

	Group		Company	
	30.09.2019 RMB'000	31.12.2018 RMB'000	30.09.2019 RMB'000	31.12.2018 RMB'000
<b>Non-Current Assets</b>				
Property, plant and equipment	261,999	172,572	-	-
Intangible assets	243	243	-	-
Investment properties	34,800	34,800	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in subsidiaries	-	-	196,000	196,000
Investment in associates	102,825	99,469	-	-
Deferred income tax assets	7,921	7,733	-	-
	<b>428,091</b>	<b>335,120</b>	<b>196,000</b>	<b>196,000</b>
<b>Current Assets</b>				
Inventories	2,663	1,750	-	-
Trade and other receivables	193,553	219,682	443,979	452,415
Other current assets	61,412	27,809	-	-
Cash and bank balances	120,831	64,266	1	1
	<b>378,459</b>	<b>313,507</b>	<b>443,980</b>	<b>452,416</b>
<b>Current Liabilities</b>				
Borrowings	28,000	28,000	-	-
Trade and other payables	242,155	143,709	136,691	142,387
Current income tax liabilities	19,536	25,853	-	-
	<b>289,691</b>	<b>197,562</b>	<b>136,691</b>	<b>142,387</b>
<b>NET CURRENT ASSETS</b>	<b>88,768</b>	<b>115,945</b>	<b>307,289</b>	<b>310,029</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>516,859</b>	<b>451,065</b>	<b>503,289</b>	<b>506,029</b>
<b>Non-Current Liabilities</b>				
Borrowing	75,669	-	-	-
Deferred income	16,300	16,300	-	-
Deferred income tax liabilities	19,374	19,394	-	-
	<b>111,343</b>	<b>35,694</b>	-	-
<b>NET ASSETS</b>	<b>405,516</b>	<b>415,371</b>	<b>503,289</b>	<b>506,029</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	17,779	17,779	17,779	17,779
Reserves	915,550	922,366	884,559	891,673
Accumulated losses	(632,107)	(627,608)	(399,049)	(403,423)
	301,222	312,537	503,289	506,029
Non-controlling interests	104,294	102,834	-	-
<b>TOTAL EQUITY</b>	<b>405,516</b>	<b>415,371</b>	<b>503,289</b>	<b>506,029</b>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.09.2019 (RMB'000)		As at 31.12.2018 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	28,000	-	28,000

Amount repayable after one year

As at 30.09.2019 (RMB'000)		As at 31.12.2018 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
75,669	-	-	-

Details of any collateral

The borrowing of the Group is secured as follows:

- (i) First legal mortgage over certain investment properties, land and buildings of the Group;
- (ii) First legal mortgage over buildings in a related company.

1(c) A Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		9 months ended	
	30.09.2019 RMB'000	30.09.2018 RMB'000	30.09.2019 RMB'000	30.09.2018 RMB'000
<b>Cash flows from operating activities</b>				
Profit / (loss) before income tax	8,314	4,101	(4,455)	8,514
Adjustments for:				
Depreciation of property, plant and equipment	2,406	2,468	7,223	7,391
Interest expenses and other financial costs	-	314	-	2,167
Interest income	(113)	(1,156)	(542)	(6,855)
Gain on disposal of property, plant and equipment	-	(15)	(9)	(15)
Share of (profit) / loss of associated companies	(10,307)	2,809	(3,356)	5,472
	300	8,521	(1,139)	16,674
<b>Changes in working capital</b>				
Other current assets	(5,980)	-	(33,603)	-
Inventories	1,534	159	(913)	335
Trade and other receivables	(2,307)	(7,627)	5,985	(44,012)
Trade and other payables	80,047	13,037	98,664	10,407
Cash provided by / (used in) operations	73,594	14,090	68,994	(16,596)
PRC income tax paid	(4,063)	(808)	(11,924)	(1,634)
Net cash provided by / (used in) operating activities	69,531	13,282	57,070	(18,230)
<b>Cash flows from investing activities</b>				
Interest received	101	106	508	294
Purchases of property, plant and equipment	(59,386)	(10,586)	(96,650)	(37,355)
Increased of restricted bank balances pledged	-	-	-	(1)
Proceed from disposal of property, plant and equipment	-	15	9	15
Repayment of loans from associated companies	-	10,000	20,180	128,980
Purchase of intangible assets	-	(121)	-	(121)
Net cash (used in) / provided by investing activities	(59,285)	(586)	(75,953)	91,812
<b>Cash flows from financing activities</b>				
Interest and other finance costs paid	-	-	(221)	(5,569)
Purchase of treasury shares	-	-	-	(7)
Proceeds from borrowings	8,514	-	75,669	-
Dividend paid to a non-controlling shareholder	-	(10,000)	-	(20,000)
Repayments of borrowings from non-related parties	-	-	-	(23,748)
Repayments of borrowings from a related party	-	-	-	(25,100)
Net cash provided by / (used in) financing activities	8,514	(10,000)	75,448	(74,424)
<b>Net increase / (decrease) in cash and cash equivalents</b>	18,760	2,696	56,565	(842)
<b>CASH AND CASH EQUIVALENTS:</b>				
BEGINNING OF FINANCIAL PERIOD	101,925	53,380	64,120	56,918
END OF FINANCIAL PERIOD	120,685	56,076	120,685	56,076

	<u>3 months ended</u>		<u>9 months ended</u>	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and bank balances	120,831	56,222	120,831	56,222
Restricted bank balances	(146)	(146)	(146)	(146)
	<u>120,685</u>	<u>56,076</u>	<u>120,685</u>	<u>56,076</u>

As at 30 September 2019 and 2018, cash equivalents include restricted bank balances of approximately RMB146,000 for securing the performance and fund utilization for a land development project of the Company.



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

GROUP

	← Attributable to owners of the parent →											Non-controlling Interests RMB'000	Total Equity RMB'000
	Share Capital RMB'000	Share Premium RMB'000	Contributed Surplus RMB'000	Capital Reserve RMB'000	Statutory Reserves RMB'000	Capital Redemption Reserve RMB'000	Exchange Reserve RMB'000	Share Options Reserve RMB'000	Treasury shares RMB'000	Accumulated Losses RMB'000	Subtotal RMB'000		
<b>2018</b>													
<b>Beginning of financial period</b>	17,779	65,712	810,044	7,764	23,736	8,324	(2,147)	7,409	(1)	(631,518)	307,102	92,631	399,733
Total comprehensive (loss) / income for the financial period	-	-	-	-	-	-	-	-	-	(6,037)	(6,037)	7,185	1,148
Transfer	-	-	-	-	605	-	-	-	-	(605)	-	-	-
Share options lapsed	-	-	-	-	-	-	-	(1,035)	-	1,035	-	-	-
Share buybacks	-	-	-	-	-	-	-	-	(7)	-	(7)	-	(7)
<b>End of financial period</b>	<b>17,779</b>	<b>65,712</b>	<b>810,044</b>	<b>7,764</b>	<b>24,341</b>	<b>8,324</b>	<b>(2,147)</b>	<b>6,374</b>	<b>(8)</b>	<b>(637,125)</b>	<b>301,058</b>	<b>99,816</b>	<b>400,874</b>
<b>2019</b>													
<b>Beginning of financial period</b>	17,779	65,712	810,044	7,764	25,555	8,324	(2,147)	7,114	-	(627,608)	312,537	102,834	415,371
Total comprehensive (loss) / income for the financial period	-	-	-	-	-	-	-	-	-	(11,315)	(11,315)	1,460	(9,855)
Transfer	-	-	-	-	298	-	-	-	-	(298)	-	-	-
Share options lapsed	-	-	-	-	-	-	-	(7,114)	-	7,114	-	-	-
<b>End of financial period</b>	<b>17,779</b>	<b>65,712</b>	<b>810,044</b>	<b>7,764</b>	<b>25,853</b>	<b>8,324</b>	<b>(2,147)</b>	<b>-</b>	<b>-</b>	<b>(632,107)</b>	<b>301,222</b>	<b>104,294</b>	<b>405,516</b>

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

COMPANY

	Share Capital RMB'000	Share Premium RMB'000	Contributed Surplus RMB'000	Capital Reserve RMB'000	Capital Redemption Reserve RMB'000	Share Options Reserve RMB'000	Treasury shares RMB'000	Accumulated Losses RMB'000	Total Equity RMB'000
<b>2018</b>									
<b>Beginning of financial period</b>	17,779	65,712	810,044	479	8,324	7,409	(1)	(399,879)	509,867
Total comprehensive loss for the financial period	-	-	-	-	-	-	-	(2,761)	(2,761)
Share options lapsed	-	-	-	-	-	(1,035)	-	1,035	-
Share buyback	-	-	-	-	-	-	(7)	-	(7)
<b>End of financial period</b>	<b>17,779</b>	<b>65,712</b>	<b>810,044</b>	<b>479</b>	<b>8,324</b>	<b>6,374</b>	<b>(8)</b>	<b>(401,605)</b>	<b>507,099</b>
<b>2019</b>									
<b>Beginning of financial period</b>	17,779	65,712	810,044	479	8,324	7,114	-	(403,423)	506,029
Total comprehensive loss for the financial period	-	-	-	-	-	-	-	(2,740)	(2,740)
Share options lapsed	-	-	-	-	-	(7,114)	-	7,114	-
<b>End of financial period</b>	<b>17,779</b>	<b>65,712</b>	<b>810,044</b>	<b>479</b>	<b>8,324</b>	<b>-</b>	<b>-</b>	<b>(399,049)</b>	<b>503,289</b>

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

As announced on 01 December 2019, the Company repurchased 3,600 unit of shares during the period 21 December 2017 to 16 October 2018.

As at 30 September there are no share options remain outstanding, as the remaining 2,300,000 options granted in accordance with CIHL Share Option Scheme 2010 had expired on 9 March 2019 (30 September 2018: 2,300,000 outstanding options).

The Company did not hold any of its issued shares as treasury shares as at 30 September 2019 (30 September 2018: 3,200 shares).

The Company did not hold any of its issued shares as subsidiary holdings as at 30 September 2019 and 30 September 2018.

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

As at 30 September 2019 and 31 December 2018, the number of issued shares excluding treasury shares and subsidiary holdings was 71,233,533 ordinary shares.

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

Not applicable.

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

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's external auditors.

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

Not applicable.

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

There are a number of new or revised International Financial Reporting Standards ("IFRSs") and related interpretations promulgated by International Financial Reporting Interpretations Committee ("IFRICs") that are effective for accounting periods beginning on or after 1 January 2019. The adoption of these new IFRSs did not have any material impact on the financial information of the

Group for the financial period ended 30 September 2019. Save as aforesaid, the accounting policies and methods of computation used in the preparation of the financial information of the Group for the financial period ended 30 September 2019 are the same as those used in the annual financial statements of the Group for the financial year ended 31 December 2018.

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

The Group adopted the new or amended IFRSs and IFRICs that are mandatory for application for financial year beginning on or after 1 January 2019. The adoption of these new or amended IFRSs and IFRICs did not result in substantial changes to the Group's accounting policies or any significant impact on the consolidated financial statements.

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

	30.09.2019	30.09.2018
Loss attributable to owners of the parent (RMB'000)	(11,315)	(6,037)
Weighted average number of ordinary shares in issue ('000)	71,234	71,232
Basic and diluted loss per share (RMB fen)	(15.88)	(8.48)

Basic loss per share is calculated by dividing the loss for the financial periods attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial periods.

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding and to assume the deemed exercise of the share options outstanding during the financial periods have been issued at no consideration.

As at 30 September 2018, the share options of 2,300,000 are anti-dilutive as (i) the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial period ended 30 September 2018 and (ii) the Group recorded loss for the financial period ended 30 September 2018. There were no share options outstanding as at 30 September 2019.

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

	GROUP		COMPANY	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Net asset value * (RMB'000)	301,222	312,537	503,289	506,029
Number of shares ('000)	71,234	71,234	71,234	71,234
Net asset per share (RMB)	4.229	4.387	7.065	7.104

\* Exclude non-controlling interests

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Profit or Loss Analysis

Revenue in Q3 2019 of the Group was RMB12.60 million, a decrease of RMB8.61 million or 40.6% compared to the RMB21.21 million in Q3 2018. The decrease of 40.6% came mainly from lower revenue on construction of water pipeline. The breakdown of revenue in 3Q2019 and 3Q2018 is shown below:

	Q3 2019 RMB'000	Q3 2018 RMB'000	Increase / (decrease)	
			RMB'000	%
<b>Revenue</b>				
- Water supply revenue	10,574	9,556	1,018	10.7
- Revenue on construction of water pipeline	2,025	11,649	(9,624)	(82.6)
	<u>12,599</u>	<u>21,205</u>	<u>(8,606)</u>	<u>(40.6)</u>

Revenue on construction of water pipeline was lower by 82.6% in Q3 2019 compared as in Q3 2018, as there were looser number of new development projects in the area. The water pipeline construction business is very depended on the local economic environment and the state of property development in general.

Cost of sales and services provided in Q3 2019 decreased by 7.2% to RMB7.69 million, a decrease of RMB0.60 million as compared to RMB8.28 million in Q3 2018 with lower cost of water operations.

The Group recorded a gross profit of RMB4.91 million in Q3 2019, a decrease of 62.0% compared to RMB12.92 million in Q3 2018.

Other income in Q3 2019 was RMB0.62 million, representing a decrease of RMB0.79 million as compared to the RMB1.40 million in Q3 2018. The decrease of 56.2% was mainly due to lower interest income following the recovery of loans.

Share of profit from associated companies in Q3 2019 was RMB10.31 million compared to the share of loss of RMB2.81million recorded in Q3 2018. This is attributed from KYWJ Group, as the pre-sales of Phase 2-3 had been recognised as revenue upon the completion of said Phase in Q3 2019.

The Group recorded a net profit of RMB4.30 million in Q3 2019 compared to RMB1.45 million in Q3 2018.

### Analysis on Statement of Financial Position

Property, plant and equipment increased from RMB172.57 million as at 31 December 2018 to RMB262.00 million as at 30 September 2019, which was mainly due to the construction of the new

project (新河再生水厂项目) in CIHL (Tianjin) Water Development Company Limited.

Trade and other receivables decreased from RMB219.68 million as at 31 December 2018 to RMB193.55 million as at 30 September 2019, mainly due to the partial recovery of the amount due from an associated company, Yichang Xinshougang Property Development Company Limited.

Other current assets of RMB61.41 million as at 30 September 2019 comprise mainly of direct costs incurred for the supply of temporary wastewater treatment services and pipe line construction in CIHL (Tianjin) Water Development Company Limited.

Trade and other payables increased from RMB143.71 million as at 31 December 2018 to RMB242.16 million as at 30 September 2019. This was mainly due to an increase in receipts in advance from temporary wastewater treatment services supplied and the pipe line construction services in CIHL (Tianjin) Water Development Company Limited.

Cash and cash equivalents as at 30 September 2019 was RMB120.83 million as compared to RMB64.27 million as at 31 December 2018.

Long term borrowings of RMB75.67 million as at 30 September 2019 represent proceeds from borrowings in CIHL (Tianjin) Water Development Company Limited.

### **Cash Flows Analysis**

As at 30 September 2019, included in cash and cash equivalents are restricted bank balances of approximately RMB146,000, which was deposited for securing the performance and fund utilisation for a land development project of the Group.

Net cash provided by operating activities was RMB69.53 million in Q3 2019, which was mainly from revenue in advance for the temporary wastewater treatment services in CIHL (Tianjin) Water Development Company Limited.

Net cash used in investing activities was RMB59.29 million in Q3 2019, which was mainly paid for construction of the new project (新河再生水厂项目) in CIHL (Tianjin) Water Development Company Limited.

Net cash provided by financing activities in Q3 2019 of RMB8.51 million came from borrowings from a bank.

- 9 [Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.](#)

No forecast or prospect statement was previously provided.

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

The Group commenced the construction of the new project (新河再生水厂项目) in 2018 and expects to complete construction in November 2019. The new project is a water treatment plant for reclaimed water (再生水厂). It will treat the water discharged from a wastewater treatment plant (污水处理厂) to the standard of reclaimed water, to be fed into the network of the Tianjin Water. It is expected to significantly increase the water supply capacity of Tianjin Water when completed. The new project's

cost of approximately RMB160 million has been financed from internal cash resources and debt financing.

The Company has no other investment plans at present and is focusing on the execution of the existing plans.

In FY2018, the KYWJ Group (50% owned associated companies of the Group) has commenced the development in “new” Phases 3-1, 3-2 and 3-3. To-date, the property development projects are still on-going. The KYWJ Group expects to continuously generate cash inflow through sales of available units from completed Phases 1 and 2 and pre-sales of Phases 3-1 and Phase 3-2. The KYWJ Group is seeking approval for some planning adjustment in respect of the development of Phase 3-3.

The Group has made full impairment in relation to the Liuhe Gold project in Q4 FY2015, and Company has not found an opportunity to dispose this investment for our share of ownership. The project will meanwhile remain under care.

The Group has made full impairment for the related investment in the Group’s project in Papua New Guinea in Q4 FY2015 and intends to support the project company to apply renew exploration rights within the next one year. It will also consider disposal of this investment when there is an opportunity. The project will remain under care and maintenance.

The Group will going forward be focused on cash generation from property development and further developing the water treatment business in China.

## 11 Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

### (b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

### (c) Date Payable

Not applicable.

### (d) Books closure date

Not applicable.

## 12 If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared nor recommended by the directors on third quarter and nine months financial period ended 30 September 2019. The Board did not recommend a dividend as the Group recorded loss in the nine months financial period ended 30 September 2019, and the Group needs to set its resources to fund the investment in the new project (新河再生水厂项目).

- 13 If the Group has obtained a general mandate from shareholders for interested persons transactions ('IPT'), the aggregate value of such transaction as required under Rule 902(1)(a)(ii). If non mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for interested person transactions.

- 14 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and of the Company for financial period ended 30 September 2019 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

Zhang Rong Xiang  
Managing Director

Zhu Jun  
Executive Director

Shen Xia  
Executive Director

- 15 Undertakings confirmation pursuant to Rule 720(1)

The Board of Directors of the Company hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

**BY ORDER OF THE BOARD**

Zhang Rong Xiang  
Managing Director  
8 November 2019