

CHINA INTERNATIONAL HOLDINGS LIMITED

Condensed Interim Financial Statements

for the six months ended 30 June 2022

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group	
		6 months ended	
		30.06.2022	30.06.2021
		RMB'000	RMB'000
Revenue	4	56,867	82,061
Cost of sales and services provided		(34,955)	(43,738)
Gross profit		<u>21,912</u>	<u>38,323</u>
Other income - net		1,243	671
Expenses			
- Administrative		(4,270)	(7,198)
- Other operating		(9,382)	(11,204)
- Finance		(1,843)	(2,272)
Share of profit from associated companies accounted for using the equity method		-	<u>12,076</u>
Profit before income tax	6	7,660	30,396
Income tax credit / (expense)	7	<u>604</u>	<u>(7,744)</u>
Profit for the financial period, net of tax		<u>8,264</u>	<u>22,652</u>
Profit for the financial period attributable to:			
Owners of the parent		5,926	15,703
Non-controlling interests		<u>2,338</u>	<u>6,949</u>
		<u>8,264</u>	<u>22,652</u>
Earnings per share for profit for the period attributable to the owners of the Company during the year:			
Basic (RMB fen)		7.82	22.00
Diluted (RMB fen)		7.72	21.68

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30.06.2022 RMB'000	31.12.2021 RMB'000	30.06.2022 RMB'000	31.12.2021 RMB'000
ASSETS					
Current assets					
Cash and bank balances	5	71,889	115,613	1	1
Trade and other receivables	5	315,021	281,834	420,840	420,957
Other current assets		18,060	13,026	-	-
Inventories		2,816	2,249	-	-
Total current assets		407,786	412,722	420,841	420,958
Non-current assets					
Deferred income tax assets		5,350	5,033	-	-
Investment in associates	15	-	-	-	-
Investment in subsidiaries		-	-	196,000	196,000
Investment properties	12	32,100	32,100	-	-
Property, plant and equipment	11	246,704	250,191	-	-
Intangible assets	10	29,458	29,560	-	-
Other receivables	5	30,000	30,000	-	-
Total non-current assets		343,612	346,884	196,000	196,000
Total assets		751,398	759,606	616,841	616,958
LIABILITIES					
Current liabilities					
Trade and other payables	5	147,980	165,218	128,173	126,826
Borrowings	13	44,000	43,500	-	-
Current income tax liabilities		3,963	3,998	-	-
Lease liabilities		100	99	-	-
Total current liabilities		196,043	212,815	128,173	126,826
Non-current liabilities					
Long term borrowings	13	49,458	49,158	-	-
Lease liabilities		33	84	-	-
Deferred income		14,262	14,670	-	-
Deferred income tax liabilities		17,526	17,531	-	-
Total non-current liabilities		81,279	81,443	-	-

	Note	The Group		The Company	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
		RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities		277,322	294,258	128,173	126,826
NET ASSETS		474,076	465,348	488,668	490,132
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	14	18,881	18,874	18,881	18,874
Reserves		933,917	932,979	894,871	894,414
Accumulated losses		(612,028)	(617,473)	(425,084)	(423,156)
		340,770	334,380	488,668	490,132
Non-controlling interests		133,306	130,968	-	-
Total equity		474,076	465,348	488,668	490,132

C. Condensed interim statements of changes in equity

The Group	← Attributable to owners of the parent →											Non-controlling Interests	Total Equity
	Note	Share Capital	Share Premium	Contributed Surplus	Capital Reserve	Statutory Reserves	Capital Redemption Reserve	Exchange Reserve	Share Options Reserve	Accumulated Losses	Subtotal		
2022													
Balance at 1 January 2022	14	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 profit for the financial period		-	-	-	-	-	-	-	-	5,926	5,926	2,338	8,264
Transfer		-	-	-	-	481	-	-	-	(481)	-	-	-
Share based payment		-	-	-	-	-	-	-	581	-	581	-	581
Share awards vested													
- Cash		-	-	-	-	-	-	-	(117)	-	(117)	-	(117)
- Scrip		7	16	-	-	-	-	-	(23)	-	-	-	-
Balance at 30 June 2022		18,881	70,659	810,044	7,764	33,908	8,324	(2,147)	5,365	(612,028)	340,770	133,306	474,076
2021													
Balance at 1 January 2021	14	17,779	65,712	810,044	7,764	29,938	8,324	(2,147)	2,136	(549,262)	390,288	125,745	516,033
Total comprehensive profit for the financial period		-	-	-	-	-	-	-	-	15,703	15,703	6,949	22,652
Transfer		-	-	-	-	4,222	-	-	-	(4,222)	-	-	-
Share based payment		-	-	-	-	-	-	-	2,102	-	2,102	-	2,102
Dividend payments													
- Cash	8	-	-	-	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)
- Scrip	14	1,087	4,894	-	-	-	-	-	-	(5,981)	-	-	-
Balance at 30 June 2021		18,866	70,606	810,044	7,764	34,160	8,324	(2,147)	4,238	(548,041)	403,814	132,694	536,508

C. Condensed interim statements of changes in equity (cont'd)

The Company	Note	Share	Share	Contributed	Capital	Capital	Share	Accumulated	Total
		Capital	Premium	Surplus	Reserve	Redemption	Options	Losses	Equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022									
Balance at 1 January 2022	14	18,874	70,643	810,044	479	8,324	4,924	(423,156)	490,132
Total comprehensive loss for the financial period		-	-	-	-	-	-	(1,928)	(1,928)
Share based payment		-	-	-	-	-	581	-	581
Share awards vested									
- Cash		-	-	-	-	-	(117)	-	(117)
- Scrip		7	16	-	-	-	(23)	-	-
Balance at 30 June 2022		18,881	70,659	810,044	479	8,324	5,365	(425,084)	488,668
2021									
Balance at 1 January 2021	14	17,779	65,712	810,044	479	8,324	2,136	(405,955)	498,519
Total comprehensive loss for the financial period		-	-	-	-	-	-	(3,934)	(3,934)
Share based payment		-	-	-	-	-	2,102	-	2,102
Dividend payments									
- Cash	8	-	-	-	-	-	-	(4,279)	(4,279)
- Scrip	14	1,087	4,894	-	-	-	-	(5,981)	-
Balance at 30 June 2021		18,866	70,606	810,044	479	8,324	4,238	(420,149)	492,408

D. Condensed interim consolidated statement of cash flows

		The Group	
		6 months ended	
		30.06.2022	30.06.2021
Note		RMB'000	RMB'000
	Cash flows from operating activities		
	Profit before income tax	7,660	30,395
	Adjustments for:		
	-Amortisation of intangible assets	123	41
	-Amortisation of deferred income	(408)	(408)
	-Depreciation of property, plant and equipment	11,306	13,766
	-Interest expenses and other financial costs	1,843	2,272
6	-Interest income	(358)	(571)
	-Expenses of share option and share award plan	581	2,102
	-Gain on disposal of property, plant and equipment	(3)	(21)
	-Share of profit of associated companies	-	(12,076)
		<u>20,744</u>	<u>35,500</u>
	Changes in working capital		
	-Other current assets	(5,032)	(3,247)
	-Inventories	(567)	226
	-Trade and other receivables	(33,188)	(21,607)
	-Trade and other payables	(2,947)	(30,478)
	Cash used in operations	(20,990)	(19,606)
	Cash from government's preferential tax policy	-	6,963
	PRC income tax paid	(3,501)	(5,961)
	Net cash used in operating activities	<u>(24,491)</u>	<u>(18,604)</u>
	Cash flows from investing activities		
	Cash from government's tax reduction	3,746	-
	Interest received	358	571
	Purchases of property, plant and equipment	(22,122)	(10,148)
	Purchases of intangible assets	(20)	(77)
	Proceed from disposal of property, plant and equipment	-	21
	Repayment of loans from associated companies	-	23,000
	Net cash (used in) / provided by investing activities	<u>(18,038)</u>	<u>13,367</u>
	Cash flows from financing activities		
	Interest and other finance costs paid	(1,828)	(2,304)
	Repayments of borrowings	(7,500)	(5,000)
	Proceeds from borrowings	8,300	-
	Principal payment of lease liabilities	(50)	(240)
	Share awards vested - cash	(117)	-
8	Dividend payment - cash	-	(4,279)
	Net cash used in financing activities	<u>(1,195)</u>	<u>(11,823)</u>
	Net decrease in cash and cash equivalents	(43,724)	(17,060)
	CASH AND CASH EQUIVALENTS:		
	BEGINNING OF FINANCIAL PERIOD	<u>115,613</u>	<u>127,555</u>
	END OF FINANCIAL PERIOD	<u>71,889</u>	<u>110,495</u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate 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.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The Company is an investment holding company.

The principal activities of the Group are: (a) water supply services; (b) wastewater treatment services; and (c) land and real estate property development.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS - 34 Interim Financial Reporting issued by the International Accounting Standards Committee. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 5 – Loss allowance for trade and other receivables and contract assets.
- Note 11 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.
- Note 13 – determination of fair value of investment property using significant unobservable inputs.
- Note 4 – Revenue from wastewater treatment services.
- Note 15 – Investment in associate - Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue 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 period ended 30 June 2022 as follows:

Water supply services	- Construction of water pipeline, supply of gray water and wastewater treatment service
Land development	- Provision of engineering and land leveling service for preliminary land development projects
Others	- Others include investment/corporate segment

The other segments include investment segment which identifies new investment opportunities locally and oversea that has the potential to increase revenue streams and produce good returns on investments.

These operating segments are reported in a manner consistent with internal reporting provided to the Managing Director who is the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4.1. Reportable segments

(a) Business activities

The segment information provided to the management for the reportable segments is as follows:

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial period ended 30 June 2022				
Total segment revenue	88,910	-	-	88,910
Inter-segment revenue	(32,043)	-	-	(32,043)
Revenue from external segment	56,867	-	-	56,867
Segment results	21,912	-	-	21,912
Interest income	175	3	180	358
Rental income	-	-	803	803
Other income	-	-	71	71
Administrative expenses	-	-	(4,270)	(4,270)
Other operating expenses	(2,549)	(1,688)	(5,145)	(9,382)
Currency translation gain	-	-	11	11
Finance expenses	(1,836)	-	(7)	(1,843)
Income tax credit / (expense)	2,066	-	(1,462)	604
Profit for the financial period				8,264
Depreciation and amortisation	(10,779)	(2)	(525)	(11,306)

4.1. Reportable segments (Cont'd)

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2022				
Total assets	533,066	1,067	217,265	751,398
Total assets include:				
Property, plant and equipment	241,318	24	5,362	246,704
Intangible assets	9,155	-	-	9,155
Goodwill arising on consolidation	20,303	-	-	20,303
Long term receivable	-	-	30,000	30,000
Investment properties	-	-	32,100	32,100
Deferred income tax assets	3,265	-	2,085	5,350
Inventories	2,816	-	-	2,816
Other current assets	18,060	-	-	18,060
Trade and other receivables	210,797	101	104,123	315,021
Cash and cash equivalents	27,352	942	43,595	71,889
Total assets				751,398
Addition/(disposal) to property, plant and equipment	8,248	(309)	(136)	7,803
Total liabilities include:				
Short-term borrowings	16,000	-	28,000	44,000
Trade and other payables	110,703	5,170	32,107	147,980
Current income tax liabilities	(2,492)	-	6,455	3,963
Deferred income tax liabilities	7,000	-	10,526	17,526
Deferred income	14,262	-	-	14,262
Lease liabilities	-	-	133	133
Long term borrowings	49,458	-	-	49,458
Total liabilities				277,322

4.1. Reportable segments (Cont'd)

The segment information provided to the management for the reportable segments is as follows:

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial period ended 30 June 2021				
Total segment revenue	100,369	-	-	100,369
Inter-segment revenue	(18,308)	-	-	(18,308)
Revenue from external segment	82,061	-	-	82,061
Segment results	38,323	-	-	38,323
Interest income	473	3	95	571
Rental income	-	-	343	343
Other income	-	-	128	128
Administrative expenses	-	-	(7,198)	(7,198)
Other operating expenses	(2,893)	(1,731)	(6,580)	(11,204)
Currency translation loss	-	-	(371)	(371)
Finance expenses	(2,262)	-	(10)	(2,272)
Share of net profit of associated companies	-	-	12,076	12,076
Income tax expense	(5,338)	(9)	(2,397)	(7,744)
Profit for the financial period				22,652
Depreciation and amortisation	(12,935)	(2)	(700)	(13,637)

4.1. Reportable segments (Cont'd)

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2021				
Total assets	488,161	6,347	319,683	814,191
Total assets include:				
Property, plant and equipment	236,671	-	6,473	243,144
Intangible assets	91	-	-	91
Goodwill arising on consolidation	20,303	-	-	20,303
Long term receivable	-	-	30,000	30,000
Investment properties	-	-	33,100	33,100
Investment in associates	-	-	150,338	150,338
Deferred income tax assets	2,763	-	2,086	4,849
Inventories	1,718	-	-	1,718
Other current assets	10,451	2,972	-	13,423
Trade and other receivables	153,486	2,866	50,378	206,730
Cash and cash equivalents	62,678	509	47,308	110,495
Total assets				814,191
Addition/(disposal) to property, plant and equipment	10,549	-	(423)	10,126
Total liabilities include:				
Short-term borrowings	15,000	-	28,000	43,000
Trade and other payables	104,631	6,249	31,285	142,165
Current income tax liabilities	580	-	6,404	6,984
Deferred income tax liabilities	6,963	-	11,305	18,268
Deferred income	15,077	-	-	15,077
Lease liabilities	-	-	189	189
Long term borrowings	52,000	-	-	52,000
Total liabilities				277,683

4.2. Disaggregation of Revenue

	The Group			
	6 months ended 30 June 2022			
	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Water supply	7,790	-	-	7,790
Construction of water pipeline	20,949	-	-	20,949
Wastewater treatment	28,128	-	-	28,128
Total revenue	56,867	-	-	56,867
Timing of revenue recognition:				
At a point in time	20,949	-	-	20,949
Over time	35,918	-	-	35,918
Total revenue	56,867	-	-	56,867

Geographical information:

The revenues of the Group for financial period ended 30 June 2022 are derived wholly in one geographical market, namely, the People's Republic of China (the "PRC").

	The Group			
	6 months ended 30 June 2021			
	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Water supply	16,985	-	-	16,985
Construction of water pipeline	41,206	-	-	41,206
Wastewater treatment	23,870	-	-	23,870
Total revenue	82,061	-	-	82,061
Timing of revenue recognition:				
At a point in time	41,206	-	-	41,206
Over time	40,855	-	343	41,198
Total revenue	82,061	-	343	82,404

Geographical information:

The revenues of the Group for financial period ended 30 June 2021 were derived wholly in one geographical market, namely, the People's Republic of China (the "PRC").

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	The Group		The Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Financial Assets				
Other receivables (Non-current assets)	30,000	30,000		
Contract assets	177,834	150,400	-	-
Trade and other receivables	137,187	131,434	420,840	420,957
- Cash and bank balances	71,889	115,613	1	1
	<u>416,910</u>	<u>427,447</u>	<u>420,841</u>	<u>420,958</u>
Financial Liabilities				
Trade and other payables and borrowings	241,438	257,876	128,173	126,826

As at 30 June 2022, contract assets increased to RMB177.83 million from RMB150.40 million on 31 December 2021. These are derived from revenue from wastewater treatment services or income from temporary water treatment services (before 1 January 2020). The contract assets will be transferred to trade receivables when the Group's right to consideration in exchange for the services rendered become unconditional, i.e. when the customer completes its payment management processes.

Loss allowance for trade receivables and contract assets are measured at an amount equal to the 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. The contract assets relate to unbilled work-in-progress and have substantially the same risk characteristics as trade receivables for the same types of contracts.

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.

During the current financial period, no loss allowance has been recognised as the management believes that the amounts that are past due are collectible, based on historical payment behaviour, credit-worthiness of the customers and the type of entity, whether it is related to the government agencies or government-controlled companies.

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.

6. Profit before taxation

6.1. Significant items

	The Group	
	6 months ended	6 months ended
	30.06.2022	30.06.2021
	RMB'000	RMB'000
Income		
Interest income	358	571
Expenses		
Interest on borrowings	(1,843)	(2,272)
Depreciation of property, plant and equipment and investment properties	(11,306)	(13,637)
Expenses of share options and share awards	(581)	(2,103)
Foreign exchange gain / (loss)	11	(371)

6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense / (credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended	6 months ended
	30.06.2022	30.06.2021
	RMB'000	RMB'000
Current income tax expense	2,331	8,607
Tax reductions	(2,747)	-
Deferred income tax expense relating to origination and reversal of temporary differences	(188)	(863)
	<u>(604)</u>	<u>7,744</u>

8. Dividends

	The Group	
	6 months ended 30.06.2022	6 months ended 30.06.2021
	RMB'000	RMB'000
Ordinary dividend paid:		
Final dividend of S\$3 cents per share for the financial year ended 31 December 2020 (2020: nil)		
- Cash	-	4,279
- Scrip	-	5,981
	10,260	10,260

9. Net Asset Value

	The Group		The Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	RMB	RMB	RMB	RMB
Net asset value per ordinary share *	4.496	4.413	6.447	6.469

* Exclude non-controlling interests

10. Intangible assets

	The Group					Total
	Goodwill	Land Use right	Computer software	Equipment management system	Automatic water sales system	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 Dec 2021						
Cost	20,303	9,595	243	7	77	30,225
Accumulated amortisation	-	399	243	4	19	665
Net book amount	20,303	9,196	-	3	58	29,560
6 months ended 30 June 2022						
Opening net book amount	20,303	9,196	-	3	58	29,560
Amortisation charge	-	99	9	2	13	123
Addition	-	-	21	-	-	21
Closing net book amount	20,303	9,097	12	1	45	29,458
Cost	20,303	9,595	264	7	77	30,246
Accumulated amortisation	-	498	252	6	32	788
Net book amount	20,303	9,097	12	1	45	29,458

Goodwill arising from business combination is allocated to the 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.

No goodwill was allocated to other CGUs and they were not tested for impairment because there were no impairment indicators at 30 June 2022.

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to RMB7.80 million (30 June 2021: RMB10.55 million).

12. Investment properties

The Group’s investment properties are located in Beijing, PRC and are held as office building to generate rental income. The properties are leased to a non-related party under operating leases with rentals receivable monthly.

	The Group	
	2022	2021
	RMB’000	RMB’000
Net book value as at 30 June	32,100	33,100

The properties are held at fair value. Changes in fair values are presented in consolidated statement of comprehensive income as part of other losses-net.

For the measurements of the Group’s investment properties, the Group relies on professionally qualified valuers at annual reporting dates.

13. Borrowings

	The Group and the Company	
	30.06.2022	31.12.2021
	RMB’000	RMB’000
<u>Amount repayable within one year or on demand</u>		
- Secured	16,000	15,500
- Unsecured	28,000	28,000
<u>Amount repayable after one year</u>		
- Secured	49,458	49,158

Borrowings of the Group are secured as follows:

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

14. Share capital

	The Group and the Company			
	30.06.2022		31.12.2021	
	Number of shares	Amount	Number of shares	Amount
	'000	RMB'000	'000	RMB'000
Beginning of financial period	75,771	18,874	71,234	17,779
Issue of ordinary shares by scrip dividend	-	-	4,507	1,087
Issue of ordinary shares by share awards vested	30	7	30	8
End of financial period	75,801	18,881	75,771	18,874

The Company did not hold any treasury shares as at 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

15. Investment in associates

Net carrying amount of investment in associates as at 30 June 2022 is zero, which is same as at 31 December 2021.

	Group			
	Future Trillion Group RMB'000	Liuhe RMB'000	KYWJ Group RMB'000	Total RMB'000
2021				
<i>Investment at equity method</i>				
01 January 2021	24,617	44,281	138,262	207,160
Dividend received	-	-	(104,602)	(104,602)
Share of loss of associates	-	-	(33,660)	(33,660)
31 December 2021	24,617	44,281	-	68,898
<i>Impairment loss on investments in associates</i>				
Beginning and end of the FY2021	(24,617)	(44,281)	-	(68,898)
Net carrying amount				
31 December 2021	-	-	-	-

Investment in Future Trillion and Liuhe

The Group has made full impairment on the investment in Future Trillion and Liuhe since financial year ended 31 December 2015. During the financial period ended 30 June 2022, management considered various estimates and assumptions include the financial health, cash flow projection and future prospects of the investment and in 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.

Investment in 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 the equity method.

(i) The summary results of the KYWJ Group for 1H2022 and 1H2021 are as follow:

	6 months ended		Increase/ (decrease) %
	30.06.2022 RMB'000	30.06.2021 RMB'000	
Revenue	3,271	668,937	(99.5)
Cost of sales and services provided	(9,568)	(603,232)	(98.4)
Gross profit	(6,297)	65,705	(109.6)
Other income - net	271	832	(67.4)
Other operating expenses	(2,518)	(5,698)	(55.8)
Selling and marketing expenses	(5,841)	(19,552)	(70.1)
(Loss) / profit before income tax	(14,385)	41,287	(134.8)
Income tax credit / (expenses)	322	(17,134)	(101.9)
(Loss) / profit for the financial period	<u>(14,063)</u>	<u>24,153</u>	(158.2)

Share of loss of RMB14.06 million recorded in 1H 2022 in the KYWJ Group has not been accounted in the Group for 1H 2022, because 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 RMB14.06 million at the reporting date.

(ii) Statement of Financial Position as at 30 June 2022 and 31 December 2021 for the KYWJ Group is as follows:

	30.06.2022 RMB'000	31.12.2021 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	4,422	10,541
	<u>4,422</u>	<u>10,541</u>
CURRENT ASSETS		
Property for development	818,554	692,970
Trade and other receivables	302,267	296,844
Cash and bank balances	26,719	61,151
	<u>1,147,540</u>	<u>1,050,965</u>
CURRENT LIABILITIES		
Borrowing	2,875	2,875
Trade and other payables	1,167,191	1,053,813
Tax payables	40,312	49,171
	<u>1,210,378</u>	<u>1,105,859</u>
Net Current Assets	<u>(62,838)</u>	<u>(54,894)</u>
Total assets less current liabilities	<u>(58,416)</u>	<u>(44,353)</u>
Net Assets	<u>(58,416)</u>	<u>(44,353)</u>
Equity		
Share capital	4,444	4,444
Reserves	140,817	140,817
Accumulated (loss) / profit	<u>(203,677)</u>	<u>(189,614)</u>
	<u>(58,416)</u>	<u>(44,353)</u>

Negative equity of the KYWJ group increased to RMB58.42 million as at 30 June 2022 from RMB44.35 million as at 31 December 2021. Management expects that this situation is likely to improve as the KYWJ Group completes the development of “new” Phases 3-3 and SA by the second half of 2022 when pre-sales revenue of approximately RMB546 million included in the trade and other payables as at 30 June 2022 could be recognised in the income statement in 4Q of 2022.

During the current financial period, based on above analysis, the carrying amount due from KYWJ Group is RMB102.62 million. The Group has not made any loss allowance against amount due from the KYWJ Group.

	Group 2021 RMB'000
Movement in carrying of amount due from associates KYWJ Group:	
Initial recognition	304,507
Less: Repayment received	(179,715)
Less: Loss allowance	<u>(22,176)</u>
Total carrying amount	<u>102,616</u>

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

a. The total saleable area for the Phase 1, Phase 2, “new” Phase 3-1, “new” Phase 3-2, “new” Phase 3-3 and SA is approximately 584,695 square meters. As at 30 June 2022, the take-up rates for Phase 1-1, Phase 1-2, Phase 1-3, Phase 2, “new” Phase 3-1, “new” Phase 3-2, “new” Phase 3-3 and SA is 97.06%, 100%, 91.26%, 94.93%, 97.08%, 75.30%, 67.20% and 56.72% respectively.

b. Cumulative revenue recognised in the income statement up to the current period is approximately RMB3,459 million. Cumulative sales and pre-sales amounted to approximately RMB4,005 million, of which approximately RMB546 million belonging to pre-sales revenue will only be recognised in the income statement in a later period upon completion.

c. The “new” Phase 3-1 was completed during Q3 2020 and the “new” Phase 3-2 was completed on 20 January 2021. The “new” Phases 3-3 and SA are in the process of construction, with 5% and 10% of work remaining to be completed respectively. The KYWJ Group expects to complete the development of “new” Phases 3-3 and SA by Quarter 4 of 2022.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of China International Holdings Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Profit or Loss Analysis

Revenue in 1H 2022 of the Group was RMB56.87 million, a decrease of RMB25.19 million or 30.7% compared RMB82.06 million in 1H 2021. The decrease of 30.7% came mainly from lower revenue on water supply and construction of water pipeline.

Lower revenue on water supply was recorded on lower volumes of water supplied following the loss of a major industry customer which re-located to another area in 2H 2021 as disclosed earlier. The decrease in revenue on construction of water pipeline was attributed to lesser development projects available in the area.

A breakdown of revenue in 1H 2022 and 1H 2021 is as follows:

	1H 2022	1H 2021	Increase / (decrease)	
	RMB'000	RMB'000	RMB'000	%
Revenue				
- Water supply	7,790	16,985	(9,195)	(54.1)
- Construction of water pipeline	20,949	41,206	(20,257)	(49.2)
- Wastewater treatment services	28,128	23,870	4,258	17.8
	<u>56,867</u>	<u>82,061</u>	<u>(25,194)</u>	<u>(30.7)</u>

Share of profit from associated companies in 1H 2021 was RMB12.08 million compared to nil recorded in 1H 2022. Share of loss of RMB14.06 million recorded in the KYWJ Group in 1H 2022 has not been accounted for by the Group in 1H 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 RMB14.06 million at the reporting date.

The Group recorded a net profit of RMB8.26 million in 1H 2022 compared to RMB22.66 million for 1H 2021.

Analysis on Statement of Financial Position

Cash and cash equivalents as at 30 June 2022 was RMB71.89 million compared to RMB115.61 million on 31 December 2021.

Trade and other receivables increased from RMB281.83 million as at 31 December 2021 to RMB315.02 million as at 30 June 2022, mainly from higher amounts due from government bodies in respect of the wastewater treatment services of CIHL (Tianjin) Water Development Company Limited.

Cash Flows Analysis

Net cash used in operating activities was RMB24.49 million in 1H 2022, mainly for settlement of trade and other payables. Trade and other payables decreased from RMB165.22 million at 31 December 2021 to RMB147.98 million at 30 June 2022.

Net cash used in investing activities was RMB18.04 million in 1H 2022 mainly for payments on properties, plant and equipment.

Net cash used in financing activities in 1H 2022 of RMB1.20 million, and mainly comprised interest and principal repayments on borrowings.

3. 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.

4. 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 operating period and the next 12 months

The outbreak of COVID-19 have caused significant disruptions to the movement of people, goods and services throughout China. The COVID-19 situation has been stabilized over the past year but the situation remains fluid, with occasional outbreaks in some areas which have led to periodic lockdowns imposed by the authorities. At this point in time the Group is not able to reasonably ascertain the full extent of the impact of COVID-19 disruptions on its operating and financial performance for the financial period ending 30 June 2023. Management will make prompt disclosure when it becomes aware of any material or significant information concerning its operations.

Tianjin Lingang Water Co. Ltd, a subsidiary of the Group commenced an expansion project to provide re-pressurized water from the Tianjin Water's pipeline network for supply to local users. The total capital cost of the expansion project ("Lingang Project") is estimated at RMB70 million. The sources of financing are from internal shareholders' funds and bank financing. The expansion which is expected to be completed towards 2H 2022 will allow an increase of sales of treated and untreated water to the related service areas. The Lingang Project is in the early phase of construction, with 40% of work still remaining to be completed.

The Group has a 50% interest in KYWJ's property development project in Yichang which now enters the final stage of development. The Group maintains the projection that the final stage of development will be completed sometime during the second half of 2022 and, as a result, pre-sales of property units will likely be accounted for as sales in the second half of 2022. The project manager, Hong Kun Group, has experienced difficulties in its group financing since the beginning of 2022 and this may negatively impact the performance of the KYWJ Group. At this juncture the Group is still assessing the impact of this development on the KYWJ Group and the Group will make prompt disclosure when it becomes aware of any material or significant information concerning its operations. The shareholders of the KYWJ are in discussions on the conclusion of the project amid the very difficult general environment for the property developers in China at this point in time.

The Group has no other investment plans at present and will continue to focus on the execution of the existing plans.

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 of our share of ownership of this investment. 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 the exploration license had expired in 2020. Since then the Group has with the support of local partners secured a new exploration license ("PPL 666") covering roughly the same area previously explored by the Group and its then partners. The Group plans to bring in new partners to advance the project. The license expires on 15 February 2028 (extended for one year in consideration for Covid-19) during which period the holder is able to carry out certain explorations and studies activities.

The Group will continue to focus on cash generation from property development and further developing the water treatment business in China.

5. Dividend information

5a. Current Financial Period Reported on

No dividend has been declared or recommended taking into account the Group's operational and financial cash needs.

5b. Corresponding Period of the Immediate Preceding Financial Year

None.

5c. Date Payable.

Not applicable.

5d. Books Closure Date

Not applicable.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhang Rongxiang
Managing Director

Zhu Jun
Executive Director

8 August 2022