

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

PART 1

Information required for announcements of quarterly (Q1, Q2, Q3), Half Year and Full Year Announcements

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

	Group		
	FY2020 RMB'000	FY2019 RMB'000	Change %
Revenue	1,102,990	1,731,548	(36.3)
Cost of sales	(1,008,983)	(1,577,502)	(36.0)
<b>Gross profit</b>	<b>94,007</b>	<b>154,046</b>	<b>(39.0)</b>
Other income	66,154	13,500	390.0
Selling and distribution costs	(6,939)	(6,470)	7.2
Administrative expenses	(47,177)	(68,458)	(31.1)
Impairment losses on trade and other receivables and contract assets	(22,173)	(14,282)	55.3
Other expenses	(8,694)	(13,294)	(34.6)
<b>Profit from operating activities</b>	<b>75,178</b>	<b>65,042</b>	<b>15.6</b>
Finance costs	(16,638)	(22,183)	(25.0)
Share of profit of equity-accounted investees (net of tax)	7,434	2,476	200.2
<b>Profit before tax</b>	<b>65,974</b>	<b>45,335</b>	<b>45.5</b>
Tax expenses	(24,788)	(18,434)	34.5
<b>Profit for the year</b>	<b>41,186</b>	<b>26,901</b>	<b>53.1</b>
<b>Profit attributable to:</b>			
Owners of the Company	38,614	26,370	46.4
Non-controlling interests	2,572	531	384.4
<b>Profit for the year</b>	<b>41,186</b>	<b>26,901</b>	<b>53.1</b>

Consolidated Statement of Comprehensive Income

	Group		
	FY2020 RMB'000	FY2019 RMB'000	Change %
<b>Profit for the year</b>	<b>41,186</b>	<b>26,901</b>	<b>53.1</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Net change in fair value of equity investments at FVOCI	–	(4,988)	NM
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences	661	1,751	(62.3)
Share of other comprehensive income of associated company	(691)	–	NM
Realisation of reserve upon disposal of subsidiaries	(3,276)	–	NM
<b>Other comprehensive income for the year, net of tax</b>	<b>(3,306)</b>	<b>(3,237)</b>	<b>2.1</b>
<b>Total comprehensive income for the year</b>	<b>37,880</b>	<b>23,664</b>	<b>60.1</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	35,308	23,133	52.6
Non-controlling interest	2,572	531	384.4
<b>Total comprehensive income for the year</b>	<b>37,880</b>	<b>23,664</b>	<b>60.1</b>

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

1(a)(ii) Items, which if significant must be included in the income statement.

Notes to Income Statement

	Group		
	FY2020 RMB'000	FY2019 RMB'000	Change %
<b>Other income includes the following:</b>			
Interest income	917	418	119.4
Rental income	3,715	4,074	(8.8)
Unwinding of discount for long-term receivable	–	1,053	NM
Gain on disposal of property, plant and equipment, net	232	2,543	(90.9)
Exchange gain, net	420	–	NM
Gain on disposal of subsidiaries	58,768	–	NM

**Other expenses include the following:**

Exchange loss, net	–	(390)	NM
Change in fair value of financial asset mandatorily at fair value through profit or loss	(706)	(2,753)	(74.4)
Inventories written off	–	(965)	NM
Bad debt written off	–	(317)	NM

**Finance costs include the following:**

Interest expense – banks and financing institution	(13,826)	(16,658)	(17.0)
Interest expense – corporate bond	–	(86)	NM
Interest expense – lease liabilities	(2,812)	(5,439)	(48.3)

**Profit before income tax is arrived after deducting:**

Depreciation of property, plant and Equipment	(43,970)	(70,097)	(37.3)
Depreciation of investment properties	(2,009)	(2,410)	(16.6)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

(1) 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	
	31.12.2020 RMB'000	31.12.2019 RMB'000	31.12.2020 RMB'000	31.12.2019 RMB'000
<b>Assets</b>				
Property, plant and equipment	32,404	184,623	56	221
Goodwill	–	42,417	–	–
Investment properties	–	52,274	–	–
Subsidiaries	–	–	430,472	451,205
Associated company	359,035	48,726	–	–
Other investments	–	4	–	–
Deferred tax assets	–	13,586	–	–
<b>Total non-current assets</b>	<b>391,439</b>	<b>341,630</b>	<b>430,528</b>	<b>451,426</b>
Other investment	2,316	3,158	2,316	3,158
Inventories	1,517	34,945	–	–
Contract assets	6,271	911,679	–	–
Trade receivables	18,565	564,917	–	–
Other receivables	119,640	186,423	418	11,526
Cash and cash equivalents	206,607	169,345	214	134
<b>Total current assets</b>	<b>354,916</b>	<b>1,870,467</b>	<b>2,948</b>	<b>14,818</b>
<b>Total assets</b>	<b>746,355</b>	<b>2,212,097</b>	<b>433,476</b>	<b>466,244</b>
<b>Equity</b>				
Share capital	466,700	466,700	466,700	466,700
Reserves	149,694	113,020	(40,258)	(4,044)
Equity attributable to owners of the Company	616,394	579,720	426,442	462,656
Non-controlling interests	12,112	10,906	–	–
<b>Total equity</b>	<b>628,506</b>	<b>590,626</b>	<b>426,442</b>	<b>462,656</b>
<b>Liabilities</b>				
Loans and borrowings	–	103,840	–	–
Deferred tax liabilities	–	6,501	–	–
Contingent liabilities	4,906	–	–	–
<b>Total non-current liabilities</b>	<b>4,906</b>	<b>110,341</b>	<b>–</b>	<b>–</b>
Trade payables	18,058	1,009,859	–	–
Other payables	70,508	169,061	7,034	3,435
Contract liabilities	–	160,351	–	–
Loans and borrowings	–	154,776	–	153
Current tax liabilities	24,377	17,083	–	–
<b>Total current liabilities</b>	<b>112,943</b>	<b>1,511,130</b>	<b>7,034</b>	<b>3,588</b>
<b>Total liabilities</b>	<b>117,849</b>	<b>1,621,471</b>	<b>7,034</b>	<b>3,588</b>
<b>Total equity and liabilities</b>	<b>746,355</b>	<b>2,212,097</b>	<b>433,476</b>	<b>466,244</b>

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

	31.12.2020		31.12.2019	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	–	–	154,776	–
Amount repayable after one year	–	–	103,840	–
	–	–	258,616	–
<b>Ranken</b>				
Short-term bank borrowings	–	–	89,000	–
Long-term bank borrowings	–	–	98,000	–
Current portion of finance lease	–	–	25,776	–
Non-current portion of finance lease	–	–	5,840	–
Secured borrowings from financial institution	–	–	40,000	–
<b>Total</b>	–	–	<b>258,616</b>	–

With the completion of the Transaction as detailed on page 7, Ranken Railway ceased to be a subsidiary of the Company and become an “associated company” of the Group as defined under the Listing Manual, with the Company’s effective interest in Ranken Railway reduced from 97.60% to 48.82%, resulting in the Group having no borrowings and debt securities as at 31 December 2020.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Group	
	FY2020 RMB'000	FY2019 RMB'000
<b>Operating activities</b>		
Profit before tax	65,974	45,335
Adjustments for:		
Allowance for impairment losses on doubtful receivables and contract assets	22,173	14,282
Depreciation of property, plant and equipment	43,970	70,097
Depreciation of investment properties	2,009	2,410
Gain on disposal of property, plant and equipment, net	(232)	(2,543)
Change in fair value of financial asset mandatorily at fair value through profit or loss	706	2,753
Inventories written off	–	965
Unwinding of discount for long term receivable	–	(1,053)
Gain on disposal of subsidiaries	(58,768)	–
Interest income	(917)	(418)
Interest expense	16,638	22,183
Share of profit of equity-accounted investees, net of tax	(7,434)	(2,476)
Bad debt written off	–	317
<b>Operating profit before working capital changes</b>	<b>84,119</b>	<b>151,852</b>
Changes in working capital:		
Inventories	17,154	(12,478)
Contract assets	(149,644)	60,552
Contract liabilities	(63,402)	(54,801)
Trade and other payables	(103,071)	34,832
Trade and other receivables	179,434	(135,686)
<b>Cash flows (used in)/generated from operations</b>	<b>(35,410)</b>	<b>44,271</b>
Tax paid	(7,528)	(11,631)
<b>Net cash (used in)/generated from operating activities</b>	<b>(42,938)</b>	<b>32,640</b>
<b>Investing activities</b>		
Interest received	917	418
Payment for purchase of plant and equipment	(37,671)	(71,942)
Investment in associated company	(10,000)	(21,250)
Proceeds from disposal of plant and equipment	3,999	29,827
Net cash generated from disposal of subsidiaries	148,621	–
Dividend allocation sum (Part of Tranche 1 Escrow sum) (see note (a) below)	(93,308)	–
Tranche 2 Escrow Sum (see note (b) below)	(35,698)	–
<b>Net cash used in investing activities</b>	<b>(23,140)</b>	<b>(62,947)</b>

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Group	
	FY2020 RMB'000	FY2019 RMB'000
<b>Financing activities</b>		
Interest paid	(12,054)	(21,240)
Proceeds from bank loans	88,000	187,000
Proceeds from financial lease liabilities	47,000	–
Proceeds from secured borrowings from financial institution	–	40,000
Payment of bank loans	(79,000)	(142,000)
Payment of secured borrowings from financial institution	(40,000)	(45,000)
Payment of finance lease liabilities	(30,418)	(40,502)
Repayment of bond issued	–	(35,000)
Proceeds from rights issue	–	52,861
Payment of transaction cost relating to rights issue	–	(2,191)
Release of fixed deposit pledged, net	–	7,905
Contribution by non-controlling interests	–	156
<b>Net cash (used in)/generated from financing activities</b>	<b>(26,472)</b>	<b>1,989</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(92,550)</b>	<b>(28,318)</b>
Cash and cash equivalents at beginning of the year	169,341	196,040
Effect of exchange rate changes on the balances held in foreign currencies	810	1,619
<b>Cash and cash equivalents at end of the year</b>	<b>77,601</b>	<b>169,341</b>
<b>Cash and cash equivalents consist of the following:</b>		
Cash and cash equivalents in the statement of financial position	206,607	169,345
Fixed deposits pledged	–	(4)
Dividend allocation sum (Part of Tranche 1 Escrow Sum) (see note (a) below)	(93,308)	–
Tranche 2 Escrow Sum (see note (b) below)	(35,698)	–
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>77,601</b>	<b>169,341</b>

Note: In order for the Company to not be deemed as a cash company under Rule 1018 of the Listing Manual, the Company has voluntarily undertaken to the SGX-ST that upon receipt by Chengdu KQR of the full amount of the Sale Consideration from the Investor, the Company will place the Net Proceeds into the Escrow Account; and

- (a) the Dividend Allocation Sum, being part of the Tranche 1 Escrowed Sum and an amount equivalent to 36.3% of the Net Proceeds being RMB 93,308,000, will be allocated for distribution to Shareholders by way of dividends. Pending such distribution, the Dividend Allocation Sum will remain in the Escrow Account; and

(b) the remaining 35.7% of the Net Proceeds amounting to RMB91,698,444 (of which RMB 56,000,000 had not been received and as such RMB 35,698,000 were escrowed as at 31 December 2020), being the Tranche 2 Escrowed Sum, were held in escrow in the Escrow Account until (i) certain financial conditions (“Financial Conditions”) are met and subject to SGX-ST’s approval for the Company to cease such escrow arrangement. The first full financial year’s results for the purposes of fulfilling the Financial Conditions will be FY2021. For full details of the Financial Conditions, please to refer to the Company’s Circular dated 9 October 2020; or (ii) the completion of the acquisition of a business which is able to satisfy the SGX-ST’s requirements for a new listing; or (iii) three (3) years from the Completion Date.

In the event that the SGX-ST has not approved the cessation of the escrow arrangement mentioned in above before the expiry of three (3) years from the Completion Date, the Company shall distribute the Tranche 2 Escrowed Sum to its Shareholders by way of dividends after a capital reduction exercise (which may not be required) to write off all accumulated losses of the Group after FY2020 (if any).

The SGX-ST will reject the Company’s application to withdraw the Tranche 2 Escrowed Sum if the Company’s latest audited full year consolidated accounts are subject to an adverse opinion, a qualified opinion, a disclaimer of opinion or the Company’s auditors have stated that a material uncertainty related to going concern exists.

#### **Effect of disposal on the financial position of the Group**

On 27 October 2020, Chengdu Kai Qi Rui Business Management Co., Ltd. (“Chengdu KQR”) completed the transaction with Shandong Hi-Speed Road & Bridge Investment Management Co., Ltd. (“Investor”), for the (a) sale of a certain percentage of the equity interests in Ranken Railway held by Chengdu KQR to the Investor (“Sale”); and (b) subscription by the Investor for additional equity interests in Ranken Railway (“Subscription”. and collectively with the Sale, the “Transaction”).

Upon completion of the Transaction, each of the Investor and Chengdu KQR now holds approximately 49.82% of the enlarged equity capital of Ranken Railway, with the remaining equity interests in Ranken Railway continuing to be held by Mr. Cheung Wai Suen (“Mr. Cheung”), the Executive Chairman of the Company. Accordingly, upon completion of the Transaction, Ranken Railway ceased to be a subsidiary of the Company and become an “associated company” of the Group as defined under the Listing Manual, with the Company’s effective interest in Ranken Railway reduced from 97.60% to 48.82%.

**Upon completion of the Transaction, the Company continues to be an investment management and holding company with a business model aligned towards urbanisation trends. The Group continues to be principally engaged in the investment, engineering, procurement and construction business related to the land transport infrastructure and water conservancy and environmental projects in China.**

The Transaction excludes the Carved-out Assets of 四川易隆装备有限公司 (Sichuan Yilong Equipment Co., Ltd.) (“SYE”) and 成都嘉隆物业服务服务有限公司 (Chengdu Jialong Property Service Co., Ltd.) (“CJPS”).

Ranken Railway had undergone an internal restructuring (“restructuring”) prior to Completion of the Transaction such that SYE and CJPS became subsidiaries of Chengdu KQR post-Transaction.

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The effect of cash flow arising from the transaction is set out below:

	<b>Group RMB'000</b>
<b>Assets</b>	
Property, plant and equipment	142,144
Goodwill	42,417
Investment properties	50,265
Associated company	62,088
Other investments	4
Deferred tax assets	4,252
Inventories	16,274
Contract assets	1,055,007
Trade receivables	323,153
Other receivables	195,317
Cash and cash equivalents	74,783
<b>Liabilities</b>	
Long-term loans and borrowings	(126,220)
Deferred tax liabilities	(6,355)
Trade payables	(812,102)
Other payables	(175,827)
Contract liabilities	(96,949)
Short-term loans and borrowings	(173,458)
Current tax liabilities	(778)
<b>Net assets and liabilities</b>	<u>574,015</u>
	<b>Group RMB'000</b>
Net assets and liabilities of subsidiaries disposed	574,015
Add: Gain on disposal of subsidiaries	58,768
Less: Realisation of foreign currency translation reserve upon disposal of subsidiaries	(3,276)
Less: Associated company recognised	(355,654)
Add: Contingent liabilities recognised	4,906
Add: Expenses	1,241
Cash receivable for the Transaction	<u>280,000</u>
Less: Consideration not yet received #	(56,000)
Cash received for the Transaction	224,000
Less: Expenses paid	(596)
Less: Cash and cash equivalent disposed of	(74,783)
Net cash generated from disposal of subsidiaries	<u>148,621</u>

# The final tranche of the Sale Consideration of RMB 56 million and in total RMB 280 million has been received by Chengdu KQR after the year end, pursuant to completion of the the audit of the financial affairs of Ranken Railway for the Audit Period with no losses incurred by Ranken Railway by the Investor-appointed auditor in accordance with PRC accounting standards. The RMB 56 million is also held in escrow in the Escrow Account.



FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Changes in Equity

<b>Group</b>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Fair value reserve</b>	<b>Other reserve</b>	<b>Translation reserve</b>	<b>Accumulated profit</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>2019</b>									
As at 1 January 2019	413,839	(7,585)	(9,217)	(6,777)	2,808	112,849	505,917	10,219	516,136
Profit for the year	–	–	–	–	–	26,370	26,370	531	26,901
<b>Other comprehensive income</b>									
Net change in fair value of equity investments at FVOCI	–	–	(4,988)	–	–	–	(4,988)	–	(4,988)
Foreign currency translation differences	–	–	–	–	1,751	–	1,751	–	1,751
Total other comprehensive income	–	–	(4,988)	–	1,751	–	(3,237)	–	(3,237)
<b>Total comprehensive income</b>	–	–	(4,988)	–	1,751	26,370	23,133	531	23,664
<b>Transactions with owners, recognised directly in equity</b>									
Contribution by non-controlling interests	–	–	–	–	–	–	–	156	156
Rights issue, net of expenses	52,861	–	–	(2,191)	–	–	50,670	–	50,670
<b>Total contributions by and distributions to owners</b>	52,861	–	–	(2,191)	–	–	50,670	156	50,826
As at 31 December 2019	466,700	(7,585)	(14,205)	(8,968)	4,559	139,219	579,720	10,906	590,626

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Consolidated Statement of Changes in Equity

<b>Group</b>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Fair value reserve</b>	<b>Other reserve</b>	<b>Translation reserve</b>	<b>Accumulated profit</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>2020</b>									
As at 1 January 2020	466,700	(7,585)	(14,205)	(8,968)	4,559	139,219	579,720	10,906	590,626
Profit for the year	–	–	–	–	–	38,614	38,614	2,572	41,186
<b>Other comprehensive income</b>									
Realisation of reserve upon disposal of subsidiaries	–	–	–	–	(3,276)	–	(3,276)	–	(3,276)
Share of other comprehensive income of associated company	–	–	–	–	(691)	–	(691)	–	(691)
Foreign currency translation differences	–	–	–	–	661	–	661	–	661
Total other comprehensive income	–	–	–	–	(3,306)	–	(3,306)	–	(3,306)
<b>Total comprehensive income</b>	–	–	–	–	(3,306)	38,614	35,308	2,572	37,880
<b>Transactions with owners, recognised directly in equity</b>									
Changes in non-controlling interests arising from restructuring without change in control	–	–	–	–	–	1,366	1,366	(1,366)	–
<b>Total contributions by and distributions to owners</b>	–	–	–	–	–	1,366	1,366	(1,366)	–
As at 31 December 2020	466,700	(7,585)	(14,205)	(8,968)	1,253	179,199	616,394	12,112	628,506

Statement of Changes in Equity

	Share Capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Translation reserve RMB'000	Accumulated profit / (losses) RMB'000	Total equity RMB'000
<b>Company</b>							
<b>2019</b>							
At 1 January 2019	413,839	(8,294)	(9,217)	(6,777)	20,085	6,025	415,661
Loss for the year	–	–	–	–	–	(10,856)	(10,856)
<b>Other comprehensive income</b>							
Net change in fair value of equity investments at FVOCI	–	–	(4,988)	–	–	–	(4,988)
Foreign currency translation differences	–	–	–	–	12,169	–	12,169
Total other comprehensive income	–	–	(4,988)	–	12,169	–	7,181
<b>Total comprehensive income</b>	–	–	(4,988)	–	12,169	(10,856)	(3,675)
<b>Transactions with owners, recognised directly in equity</b>							
Rights issue, net of expenses	52,861	–	–	(2,191)	–	–	50,670
<b>Total contributions by and distributions to owners</b>	52,861	–	–	(2,191)	–	–	50,670
At 31 December 2019	466,700	(8,294)	(14,205)	(8,968)	32,254	(4,831)	462,656

Statement of Changes in Equity

	Share Capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Translation reserve RMB'000	Accumulated profit / (losses) RMB'000	Total equity RMB'000
<b>Company</b>							
<b>2020</b>							
At 1 January 2020	466,700	(8,294)	(14,205)	(8,968)	32,254	(4,831)	462,656
Loss for the year	–	–	–	–	–	(15,139)	(15,139)
<b>Other comprehensive income</b>							
Foreign currency translation differences	–	–	–	–	(21,075)	–	(21,075)
Total other comprehensive income	–	–	–	–	(21,075)	–	(21,075)
<b>Total comprehensive income</b>	–	–	–	–	(21,075)	(15,139)	(36,214)
At 31 December 2020	466,700	(8,294)	(14,205)	(8,968)	11,179	(19,970)	426,442

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

There was no change in the Company's issued capital since the previous period reported on.

Convertible Securities

The Company has no outstanding convertible securities as at end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

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

	<b>31.12.2020</b>	<b>31.12.2019</b>
Total number of issued shares excluding treasury shares	407,589,893	407,589,893

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

There were no treasury shares as at end of the current financial year.

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

The figures are based on management's records and have not been audited or reviewed by our auditors and may be subject of adjustment.

- 3 Where the figures have been audited, or reviewed, the auditors' report (including any qualification 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**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for current reporting year compared with the audited financial statements for the year ended 31 December 2019.

**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 reasons for, and the effect of, the change**

The Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material
- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2020.

**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**

	For the 12 months ended	
	2020	2019
Basic earnings per share (RMB cents)	9.47	7.07
Diluted earnings per share (RMB cents)	9.47	7.07

The calculation of the above basic earnings per share and diluted earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of shares as detailed below:

	For the 12 months ended	
	2020	2019
Weighted average number of shares	407,589,893	372,972,669

The weighted average number of shares during the year is the number of shares outstanding at the beginning of the year, adjusted by the number of shares issued during the year multiplied by a time-weighting factor.

The diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive capital instruments.

- 7 Net asset value (for the issuer and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and the immediately preceding financial year

	Group		Company	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net asset value per ordinary share (RMB cents)	151.23	142.23	104.63	113.51
Number of shares in issue	407,589,893	407,589,893	407,589,893	407,589,893

- 8 A review of the performance of the Group to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cashflow, working capital, assets or liabilities of the Group during the current financial period reported on.

**Review of Financial Performance (FY2020 vs FY2019)**

Revenue fell by RMB 628.6 million to RMB 1,103.0 million mainly due to (a) the extended Chinese New Year break and temporary cessation of operations as directed by the Chinese government for strict measures to contain the spread of Covid-19 in late January 2020 and (2) the disposal of Ranken Railway which was completed on 27 October 2020.

For the similar reasons mentioned above, gross profit fell by RMB 60.0 million to RMB 94.0 million. While certain cost control measures were put in place, there were fixed operating costs during the temporary cessation of operations.

Other income rose by RMB 52.7 million to RMB 66.2 million mainly due the gain on disposal of subsidiaries of RMB 58.8 million offset by absence of unwinding of discount for long-term receivable, lower gain on disposal of plant and equipment and lower rental income.

Selling and distribution costs rose by RMB 0.5 million to RMB 6.9 million, despite the disposal of Ranken Railway, mainly due to contribution made to Chengdu Charitable Federation (成都市慈善总会) for purpose of contribution to the prevention and control of epidemic situation in Sichuan and Chengdu.

Administrative expenses fell by RMB 21.3 million to RMB 47.2 million, mainly due the disposal of Ranken Railway and effective costs control.

Impairment losses on trade and other receivables and contracts assets rose by RMB 7.9 million to RMB 22.2 million mainly due to higher impairment loss made by Ranken for two projects which were expected to incur project losses and impairment losses for other receivable arising from uncertainty of collection due to under-performance and unfavorable market conditions of a debtor recorded by Sapphire.

Other expenses fell by RMB 4.6 million to RMB 8.7 million, mainly due to lower fair value loss of financial assets, the absence of exchange loss, inventories written off, bad debt written off and renovation costs incurred in FY2019.

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Finance costs fell by RMB 5.5 million to RMB 16.6 million mainly due to disposal of Ranken Railway and lower interest expense incurred for banks and financial institution and lease liabilities.

Share of profit of equity-accounted investees (net of tax) rose by RMB 5.0 million to RMB 7.4 million, mainly due to the equity-accounting for share of profits of Ranken Railway for 2 months from the completion of the Transaction and higher share of profits generated by Ranken Railway's associated company, Chengdu Derun Jinlong Environmental Management Co., Ltd.

Tax expenses rose by RMB 6.4 million to RMB 24.8 million, mainly due to China's tax on gain on disposal of Ranken Railway offset by lower other taxable profits.

Given the above, net profit for FY2020 rose by RMB 12.2 million to RMB 38.6 million, net of non-controlling interest.

**Review of Financial Position (31 December 2020 vs 31 December 2019)**

*Note: Significant changes in financial position during the financial year under review were mainly attributed to the completion of the Transaction as detailed on page 7, Ranken Railway ceased to be a subsidiary of the Company and become an "associated company" of the Group as defined under the Listing Manual, with the Company's effective interest in Ranken Railway reduced from 97.60% to 48.82%.*

Total non-current assets rose by RMB 49.8 million mainly due to the following significant changes during the year:

- Property, plant and equipment fell by RMB 152.2 million mainly due to the disposal of Ranken Railway. The remaining property, plant and equipment of RMB 32.4 million relates mainly to SYE's property, plant and equipment for its leasing of warehouse and equipment business;
- Goodwill, investment properties, other investments and deferred tax assets fell to zero following the disposal of Ranken Railway; and
- Associated company rose by RMB 310.3 million with the recognition of Ranken Railway as an associated company. In accordance with the Singapore Financial Reporting Standards ("SFRS"), the retained interest of 49.82% of Ranken Railway held by Chengdu KQR (or 48.82% effective interest held by the Group) has been measured at fair value on recognition and subsequently accounted for in accordance with SFRS 28 – Investments in Associates and Joint Ventures where the Group equity-accounted for share of profits of Ranken Railway for 2 months from the completion of the Transaction. This is offset by the de-recognition of the Ranken Railway's 25% shareholding in Chengdu Derun Jinlong Environmental Management Co., Ltd. upon the disposal of Ranken Railway.

Total current assets fell by RMB 1,515.6 million mainly due to the following significant changes during the year:

- Other investment fell by RMB 0.8 million mainly due to decrease in fair value of quoted shares classified as financial assets at fair value;
- Inventories, contract assets and trade receivables fell by total of RMB 1,485.2 million mainly due to the disposal of Ranken Railway. The remaining inventories, contract assets and trade receivables relate mainly to SYE of RMB 24.3 million and CJPS of RMB 1.9 million;
- Other receivables fell by RMB 66.8 million mainly due to the disposal of Ranken Railway. The remaining other receivables relate mainly to (a) RMB 52.7 million being amount due from Ranken Railway (this will be offset against other payable to Ranken Railway / simultaneous transfer of funds for the receivable and payable after the year-end); and (b) RMB 56.0 million being outstanding amount due from the investor (see note # on page 8);
- Cash and cash equivalents rose by RMB 37.3 million, mainly due to net cash received from the disposal of subsidiaries, offset by cash outflow from operating and financing activities.



Total non-current liabilities fell by RMB 105.4 million mainly due to the following significant changes during the year:

- Loans and borrowings and deferred tax liabilities fell to zero following the disposal of Ranken Railway; and
- Recognition of contingent liabilities for the guarantee of accounts receivables in relation to the Transaction.

Total current liabilities fell by RMB 1,398.2 million mainly due to the following significant changes during the year:

- Trade payables and other payables fell by RMB 991.8 million and RMB 98.6 million respectively, mainly due to the disposal of Ranken Railway. Included in the remaining other payables is an amount of RMB 52.5 million payable to Ranken Railway which will be offset against other receivable from Ranken Railway / simultaneous transfer of funds for the receivable and payable after the year-end;
- Contract liabilities and loans and borrowings fell to zero following the disposal of Ranken Railway; and
- Current tax liabilities rose by RMB 7.3 million mainly due to tax payable for the Transaction.

#### Total equity

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 36.7 million due to profit for the year of RMB 38.6 million and changes in non-controlling interests arising from restructuring without change in control of RMB 1.4 million, offset by negative other comprehensive of RMB 3.3 million.

#### Review of Cash Flows (FY2020 vs FY2019)

Operating cash flow fell by RMB 75.6 million to cash outflow of RMB 42.9 million after accounting for (a) operating profit before working capital changes of RMB 84.1 million and (ii) net working capital changes of RMB 119.5 million, net of tax payment of RMB 7.5 million.

Cash used in investing activities fell by RMB 39.8 million mainly due to net cash received from the disposal of subsidiaries, lower payment for purchase of plant and equipment and lower investment in associated company.

Cash flows from financing activities fell by RMB 28.5 million to outflow of RMB 26.5 million mainly due to the absence of proceeds from rights issue and offset by absence of repayment of bond issued.

Given the above, cash and cash equivalents fell by RMB 91.7 million. The dividend allocation sum (Part of Tranche 1 Escrow Sum) and Tranche 2 Escrow Sum have been deducted from cash and cash equivalents in the statement of cash flows.

#### **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

As disclosed in the 1H2020 results announcement on 14 August 2020:

“While China has effectively contained the outbreak of COVID-19 with most Chinese cities progressively resuming business and daily activities, cluster infections have been reported in Urumqi and Dalian since late July. The Group currently has 3 on-going projects in Urumqi and none in Dalian. Given that the Group is committed to support each city's containment and precautionary measures, it has temporarily halted its construction activities for the projects in Urumqi.

Other than the worksites in Urumqi, the Group continues to progress ahead with the construction operations and activities at the rest of its 13 other urban infrastructure projects in other Chinese cities.

Whilst the Group is profitable in 1H2020, the temporary stoppage of construction activities in its Urumqi worksites will result in project delays and increase in project costs, with consequential erosion of profit margins and impact the Group's cash flows.

The Group expects the COVID-19 outbreak to continue to impact on its financial results for 2H2020 despite the Group's management undertaking its best efforts to mitigate the impact. At this juncture, it is difficult to ascertain the full financial impact of the COVID-19 on the financial performance of the Group for the financial year ending on 31 December 2020."

The above actual results for FY2020 are in line with the prospect statement disclosed on 14 August 2020, where profit for the year had dropped 83.8%, excluding the gain on disposal of subsidiaries detailed below:

	<b>Group</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Profit for the year	41,186	26,901	53.1
Gain on disposal of subsidiaries	(58,768)	–	NM
Tax on gain	21,952	–	NM
<b>Adjusted profit for the year excluding gain on disposal of subsidiaries</b>	<b>4,370</b>	<b>26,901</b>	<b>(83.8)</b>

**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**

***Business Strategy***

According to recent data from the National Bureau of Statistics, China's gross domestic product expanded 6.5% year-on-year in the fourth quarter of 2020 followed the third quarter's solid 4.9% growth. China becomes only major economy to avoid Covid-19 recession in 2020 with 2.3% growth for year.

China is expected to continue to power ahead in 2021, with economists forecasting GDP to expand at the fastest pace in a decade at 8.4%, according to a Reuters poll.

In December 2020, the state planning body, the National Development and Reform Commission (NDRC), made an announcement on plans to construct around 10,000 km of intercity, urban and suburban railway lines in the next five years to connect key city clusters in the country – the Greater Bay Area, Yangtze River Delta (YRD), and the Beijing-Tianjin-Hebei cluster.

As part of a long-term plan to increase urbanization and stimulate local economies, China aims to expand this network by one-third in the next 15 years with about 200,000 km of railway tracks by the end of 2035, including about 70,000 km of high-speed railway, according to the plan issued by state-owned China State Railway Group in August 2020.

Conserving water resources and protecting the environment are also important imperatives for China as it continues to urbanise rapidly. The Chinese government's policies reflect its green ambitions and their commitment to environmental conservation.

As the Chinese government steps up its efforts to enhance ecological conservation, water quality improvement and accelerate environmental reforms, these will resonate well with the Group's objectives to harness opportunities in one of the high-growth sectors in the Asian region.

**Upon completion of the Transaction, the Company continues to be an investment management and holding company with a business model aligned towards urbanisation trends. The Group continues to be principally engaged in the investment, engineering, procurement and construction business related to the land transport infrastructure and water conservancy and environmental projects in China.**

The Company's effective interest in Ranken Railway has reduced from 97.60% to 48.82%, following the completion of the transaction with Shandong Hi-Speed Road & Bridge Investment Management Co., Ltd., is majority-owned by a wholly-state-owned enterprise in the PRC.

In addition to our equity stake in Ranken Railway, the Group has two operating entities, Sichuan Yilong Equipment Co., Ltd. ("SYE") and Chengdu Jialong Property Service Co., Ltd. ("CJPS").

SYE is in the business of leasing of warehouse and equipment and supply of materials for urbanisation projects, while CJPS is in the business of building estate management ("BEM").

Since 2016, SYE has been undertaking the business of sale of construction materials with a primary focus on the sale of railway sleepers. SYE has secured a contract of an aggregate value of RMB500 million to provide supply materials to Ranken Railway on a project basis.

The revenue from the contract with Ranken Railway is expected to accrue to SYE from FY2020/2021 to FY2024/2025, subject to, inter alia, the order books of Ranken Railway and the financial position of SYE to supply such materials.

In addition, SYE has also entered into a supply agreement dated 8 June 2020 with Sichuan Xinanda Transport Facilities Engineering Co., Ltd ("Sichuan Xinanda"), to supply highway safety guardrails with a total contract value of RMB150 million. The revenue from the contract with Sichuan Xinanda is expected to accrue to SYE from FY2020 (and has been accruing) to FY2022/2023.

Upon the fulfilment of both supply agreements, it is intended by the parties that new supply agreements will be entered into.

Separately, as a BEM service provider, CJPS has been receiving property management services fee and seek to further secure recurring income by providing services such as property management, repair and maintenance services and sales and rental services, among others, to property buildings and infrastructures such as water and environmental conservation ("WEM") projects, expressways service stations, community centres and transit-oriented developments ("TOD") etc.

The demand for building estate services is expected to continue to grow in tandem with a rising level of urbanization in the PRC as more properties, buildings and infrastructures are completed and/or need to be upgraded.

#### ***Coronavirus disease 2019 ("COVID-19") – Update***

The combat against the COVID-19 across the world continues to unfold with no certainty of when each country will fully resume normal business operations and/or normal daily social activities. There is also no certainty when world travel and economy will recover to pre-COVID-19 levels. It is widely forecasted that the global economy will be adversely affected, the degree of which is uncertain.

The Group will continue to do its part to combat COVID-19 and ensure that our employees continue to work in a safe and healthy environment.

**11 Dividend**

**(a) Current Financial Period Reported on – any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year – any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision**

No dividend has been declared/recommended in the current period.

As disclosed above, in the Notes to Statement of Cash Flow, a Dividend Allocation Sum, being part of the Tranche 1 Escrowed Sum and an amount equivalent to 36.3% of the Net Proceeds being RMB 93,308,000, will be allocated for distribution to Shareholders by way of dividends. Pending such distribution, the Dividend Allocation Sum will remain in the Escrow Account.

And with reference to the Company's announcement dated 30 December 2020 on "(1) PROPOSED CAPITAL REDUCTION; AND (2) PROPOSED SCRIP DISTRIBUTION SCHEME AND ITS APPLICATION TO THE PROPOSED CASH DISTRIBUTION" the Company intends to

(a) return to Shareholders of the surplus capital of the Company in excess of its needs by way of a cash distribution of S\$0.0425 per Share ("Proposed Cash Distribution") and

(b) proposed a scrip distribution where issue price of the Scrip Distribution Shares is proposed to be 5.64 Singapore cents ("Proposed Issue Price"), based on the ex-distribution price of the Scrip Distribution Shares, with the distribution per Share being 4.25 Singapore cents and the weighted average price of Shares being 9.89 Singapore cents on 31 December 2020, the last trading day on which Shares were traded prior to the release of this Announcement.

The Company is in consultation with the SGX-ST ("SGX-ST Consultation") on the Proposed Capital Reduction and Proposed Scrip Distribution Scheme before undertaking the same and in connection therewith, seek SGX-ST's approval for variation of the SGX-ST Voluntary Undertaking to accommodate the Proposed Capital Reduction and Proposed Scrip Distribution Scheme, and will accordingly provide further updates of any material developments. The Proposed Capital Reduction is subject to the outcome of the SGX-ST Consultation, Board and Shareholders' approval, and the application of the Proposed Scrip Distribution Scheme to the Proposed Cash Distribution is subject to the approval of the SGX-ST for the listing and quotation of, and permission to deal in, the new Shares as may be required to be issued pursuant to the Proposed Scrip Distribution Scheme ("Scrip Distribution Shares") on the SGX-ST.

(for further details please refer to the Company's announcement dated 30 December 2020)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

**13 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**(a) By business segment**

All revenue, capital expenditure, assets and liabilities were derived from one single business segment in the Infrastructure business.

**(b) By geographical segment**

	Revenue		Non-current assets	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Singapore	–	–	56	221
China	1,098,688	1,717,359	391,383	327,823
Bangladesh	–	3,285	–	–
India	–	–	–	–
Sri Lanka	4,302	10,904	–	–
<b>Total</b>	<b>1,102,990</b>	<b>1,731,548</b>	<b>391,439</b>	<b>328,044</b>

**14 A breakdown of sales**

	2020 RMB'000	2019 RMB'000	Change %
(a) Sales reported for first half year	640,676	697,304	(8.1)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	10,301	12,111	(14.9)
(c) Sales reported for second half year	462,314	1,034,244	(55.3)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	30,885	14,790	108.8

**15 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the year ended 31 December 2020**

There was no such interested person transaction in the current year reported on.

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

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**17 Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or Chief Executive Officer or Substantial Shareholder of the Company as at 31 December 2020.

**BY ORDER OF THE BOARD**

**Wang Heng**  
**Group Chief Executive Officer**  
**1 March 2021**