

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

**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			Group		
	2Q2019 RMB'000	2Q2018 RMB'000	Change %	1H2019 RMB'000	1H2018 RMB'000	Change %
Revenue	400,276	338,278	18.3	697,304	641,884	8.6
Cost of sales	(368,298)	(303,404)	21.4	(638,683)	(580,143)	10.1
<b>Gross profit</b>	<b>31,978</b>	<b>34,874</b>	<b>(8.3)</b>	<b>58,621</b>	<b>61,741</b>	<b>(5.1)</b>
Other income	3,142	1,802	74.4	5,167	3,120	65.6
Distribution cost	(1,820)	(1,835)	(0.8)	(3,751)	(3,471)	8.1
Administrative expenses	(13,132)	(11,541)	13.8	(26,046)	(25,219)	3.3
Other expenses	(3,174)	(3,692)	(14.0)	(6,016)	(6,259)	(3.9)
<b>Profit from operating activities</b>	<b>16,994</b>	<b>19,608</b>	<b>(13.3)</b>	<b>27,975</b>	<b>29,912</b>	<b>(6.5)</b>
Finance costs	(5,415)	(4,401)	23.0	(11,165)	(8,166)	36.7
<b>Profit before tax</b>	<b>11,579</b>	<b>15,207</b>	<b>(23.9)</b>	<b>16,810</b>	<b>21,746</b>	<b>(22.7)</b>
Tax expenses	(2,975)	(4,408)	(32.5)	(4,699)	(6,738)	(30.3)
<b>Profit for the period</b>	<b>8,604</b>	<b>10,799</b>	<b>(20.3)</b>	<b>12,111</b>	<b>15,008</b>	<b>(19.3)</b>
<b>Profit attributable to:</b>						
Owners of the Company	8,381	10,453	(19.8)	11,771	14,518	(18.9)
Non-controlling interests	223	346	(35.5)	340	490	(30.6)
<b>Profit for the period</b>	<b>8,604</b>	<b>10,799</b>	<b>(20.3)</b>	<b>12,111</b>	<b>15,008</b>	<b>(19.3)</b>

**Consolidated Statement of Comprehensive Income**

	Group			Group		
	2Q2019 RMB'000	2Q2018 RMB'000	Change %	1H2019 RMB'000	1H2018 RMB'000	Change %
<b>Profit for the period</b>	<b>8,604</b>	<b>10,799</b>	<b>(20.3)</b>	<b>12,111</b>	<b>15,008</b>	<b>(19.3)</b>
<b>Other comprehensive income</b>						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	365	108	238.0	(89)	(576)	(84.5)
<b>Other comprehensive income for the period, net of tax</b>	<b>365</b>	<b>108</b>	<b>238.0</b>	<b>(89)</b>	<b>(576)</b>	<b>(84.5)</b>
<b>Total comprehensive income for the period</b>	<b>8,969</b>	<b>10,907</b>	<b>(17.8)</b>	<b>12,022</b>	<b>14,432</b>	<b>(16.7)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	8,746	10,561	(17.2)	11,682	13,942	(16.2)
Non-controlling interest	223	346	(35.5)	340	490	(30.6)
<b>Total comprehensive income for the period</b>	<b>8,969</b>	<b>10,907</b>	<b>(17.8)</b>	<b>12,022</b>	<b>14,432</b>	<b>(16.7)</b>

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

Notes to Income Statement

	Group			Group		
	2Q2019	2Q2018	Change	1H2019	1H2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Other income includes the following:</b>						
Interest income – banks	73	80	(8.8)	179	182	(1.6)
Unwinding of discount for long-term receivable	268	263	1.9	535	526	1.7
Gain on disposal of property, plant and equipment, net	1,170	35	3,242.9	1,139	30	3,696.7
Rental income	1,036	905	14.5	2,045	1,792	14.1

**Other expenses include the following:**

Amortisation of intangible assets	(172)	(171)	0.6	(342)	(341)	0.3
Change in fair value of financial asset designated as fair value through profit or loss	367	(683)	NM	(34)	(1,537)	(97.8)
Exchange loss, net	(357)	57	NM	(332)	(192)	72.9
Impairment loss on long-term other investments	–	(1,437)	NM	–	(1,437)	NM

**Finance costs include the following:**

Interest expense – banks and financial institution	(4,352)	(1,954)	122.7	(8,804)	(3,227)	172.8
Interest expense – corporate bond	–	(1,211)	(100)	(85)	(2,459)	(96.5)
Interest expense – finance lease	(1,063)	(1,236)	(14.0)	(2,276)	(2,480)	(8.2)

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

Depreciation of property, plant and equipment	(11,196)	(15,740)	(28.9)	(22,239)	(30,172)	(26.3)
Depreciation of investment properties	(602)	(602)	–	(1,205)	(1,205)	–

**Note:** NM – Not meaningful

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

(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	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>				
Property, plant and equipment	171,338	170,634	84	93
Intangible assets and goodwill	70,112	70,453	—	—
Investment properties	53,478	54,684	—	—
Subsidiaries	—	—	442,497	387,151
Associated company	25,000	25,000	—	—
Other investments	5,008	4,970	5,004	4,966
Other receivables	14,566	14,153	14,566	14,153
Deferred tax assets	13,971	13,971	—	—
<b>Total non-current assets</b>	<b>353,473</b>	<b>353,865</b>	<b>462,151</b>	<b>406,363</b>
Other investment	5,825	5,815	5,825	5,815
Inventories	36,186	23,432	—	—
Contract assets	1,021,417	980,244	—	—
Trade receivables	427,900	379,457	—	—
Other receivables	236,492	229,143	2,530	6,829
Cash and cash equivalents	221,758	203,949	1,253	251
<b>Total current assets</b>	<b>1,949,578</b>	<b>1,822,040</b>	<b>9,608</b>	<b>12,895</b>
<b>Total assets</b>	<b>2,303,051</b>	<b>2,175,905</b>	<b>471,759</b>	<b>419,258</b>
<b>Equity</b>				
Share capital	466,700	413,839	466,700	413,839
Reserves	101,569	92,078	1,215	1,822
Equity attributable to owners of the Company	568,269	505,917	467,915	415,661
Non-controlling interests	10,559	10,219	—	—
<b>Total equity</b>	<b>578,828</b>	<b>516,136</b>	<b>467,915</b>	<b>415,661</b>
<b>Liabilities</b>				
Loans and borrowings	12,137	27,829	—	—
Deferred tax liabilities	6,589	6,677	—	—
<b>Total non-current liabilities</b>	<b>18,726</b>	<b>34,506</b>	<b>—</b>	<b>—</b>
Trade payables	936,165	970,570	—	—
Other payables	151,548	175,084	3,844	3,597
Contract liabilities	369,681	215,152	—	—
Loans and borrowings	241,253	253,968	—	—
Current tax liabilities	6,850	10,489	—	—
<b>Total current liabilities</b>	<b>1,705,497</b>	<b>1,625,263</b>	<b>3,844</b>	<b>3,597</b>
<b>Total liabilities</b>	<b>1,724,223</b>	<b>1,659,769</b>	<b>3,844</b>	<b>3,597</b>
<b>Total equity and liabilities</b>	<b>2,303,051</b>	<b>2,175,905</b>	<b>471,759</b>	<b>419,258</b>

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

**Note 1:** Details of trade receivables were as follows:

**Turnover days**

	As at 30 June 2019	As at 31 December 2018	Change %
Turnover days	112	77	45.5

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

	30.06.2019		31.12.2018	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	241,253	—	253,968	—
Amount repayable after one year	12,137	—	27,829	—
	253,390	—	281,797	—
Short-term bank borrowings	161,837	—	141,201	—
Current portion of finance lease	34,416	—	32,791	—
Non-current portion of finance lease	12,137	—	27,829	—
Short term bond	—	—	34,976	—
Secured borrowings from financial institution	45,000	—	45,000	—
<b>Total</b>	<b>253,390</b>	<b>—</b>	<b>281,797</b>	<b>—</b>

**Details of any collateral as at 30 June 2019**

**Ranken**

- (i) The short-term and long-term bank loans for Ranken are secured by personal guarantees by the vendors of Ranken and land and building with total carrying amounts of RMB 63.4million and deposits pledged of RMB 4.0 million pledged.
- (ii) The carrying value of fixed assets under finance lease as at 30 June 2019 approximates RMB 51.5 million.
- (iii) As at 30 June 2019, the vendors have granted personal guarantees for the purpose of securing total banking facilities of RMB 1.0 billion for Ranken's working capital.
- (iv) The secured borrowings from financial institution is secured by trade receivables and contract assets with total carrying value of RMB 106.9 million.

The Group's overall gearing was approximately 0.4 times as at 30 June 2019.

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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		Group	
	2Q2019	2Q2018	1H2019	1H2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
Profit before income tax	11,579	15,207	16,810	21,746
Adjustments for:				
Depreciation of property, plant and equipment	11,196	15,740	22,239	30,172
Depreciation of investment properties	602	602	1,205	1,205
Amortisation of intangible assets	172	171	342	341
Gain on disposal of property, plant and equipment, net	(1,170)	(35)	(1,139)	(30)
Change in fair value of financial asset designated as fair value through profit or loss	(367)	683	34	1,537
Impairment loss on long-term other investments	–	1,437	–	1,437
Unwinding of discount for long-term receivable	(268)	(263)	(535)	(526)
Interest income	(73)	(80)	(179)	(182)
Interest expense	5,415	4,401	11,165	8,166
<b>Operating profit before working capital changes</b>	<b>27,086</b>	<b>37,863</b>	<b>49,942</b>	<b>63,866</b>
Changes in working capital:				
Inventories	(12,376)	(1,598)	(12,754)	10,472
Contract assets and liabilities, net	(32,716)	(4,191)	113,356	38,228
Trade and other payables	113,021	126,515	(56,374)	54,001
Trade and other receivables	(36,636)	(156,904)	(57,237)	(113,547)
<b>Cash flows generated from operations</b>	<b>58,379</b>	<b>1,685</b>	<b>36,933</b>	<b>53,020</b>
Income tax paid	(6,700)	(15,934)	(8,426)	(18,476)
<b>Net cash generated from / (used in) operating activities</b>	<b>51,679</b>	<b>(14,249)</b>	<b>28,507</b>	<b>34,544</b>
<b>Investing activities</b>				
Interest received	73	80	179	182
Payment for purchase of plant and equipment	(4,544)	(22,810)	(24,730)	(35,903)
Payment for purchase of financial assets	–	(367)	–	191
Proceeds for disposal of plant and equipment	4,594	–	4,604	–
<b>Net cash generated from / (used in) investing activities</b>	<b>123</b>	<b>(23,097)</b>	<b>(19,947)</b>	<b>(35,530)</b>

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

	Group		Group	
	2Q2019	2Q2018	1H2019	1H2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financing activities</b>				
Repayment to previous shareholder of Ranken's subsidiary	–	(3,000)	–	(3,000)
Interest paid	(4,081)	(2,511)	(8,275)	(4,679)
Proceeds from bank loans	–	46,000	40,000	46,000
Payment of bank loans	(10,000)	(51,000)	(20,000)	(61,000)
Payment of finance lease liabilities	(8,682)	(6,582)	(17,974)	(12,904)
Repayment of bond issued	–	(15,000)	(35,000)	(15,000)
Proceeds from rights issue	52,861	–	52,861	–
Expenses for rights issue paid	(2,191)	–	(2,191)	–
Placement of fixed deposit pledged, net	–	4,833	3,942	4,600
<b>Net cash generated from / (used in) financing activities</b>	<b>27,907</b>	<b>(27,260)</b>	<b>13,363</b>	<b>(45,983)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>79,709</b>	<b>(64,606)</b>	<b>21,923</b>	<b>(46,969)</b>
Cash and cash equivalents at beginning of the period	138,034	135,336	196,040	117,729
Effect of exchange rate changes on the balances held in foreign currencies	65	(244)	(155)	(274)
<b>Cash and cash equivalents at end of the period</b>	<b>217,808</b>	<b>70,486</b>	<b>217,808</b>	<b>70,486</b>
<b>Cash and cash equivalents consist of the following:</b>				
Cash and cash equivalents in the statement of financial position	221,758	73,820	221,758	73,820
Fixed deposits pledged	(3,950)	(3,334)	(3,950)	(3,334)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>217,808</b>	<b>70,486</b>	<b>217,808</b>	<b>70,486</b>

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

Group	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Translation reserve RMB'000	Accumulated profit RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>1Q2019</b>									
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 period	–	–	–	–	–	3,390	3,390	117	3,507
<b>Other comprehensive income</b>									
Foreign currency translation differences	–	–	–	–	(454)	–	(454)	–	(454)
Total other comprehensive income	–	–	–	–	(454)	–	(454)	–	(454)
<b>Total comprehensive income</b>	–	–	–	–	(454)	3,390	2,396	117	3,053
At 31 March 2019	413,839	(7,585)	(9,217)	(6,777)	2,354	116,239	508,853	10,336	519,189
<b>2Q2019</b>									
Profit for the period	–	–	–	–	–	8,381	8,381	223	8,604
<b>Other comprehensive income</b>									
Foreign currency translation differences	–	–	–	–	365	–	365	–	365
Total other comprehensive income	–	–	–	–	365	–	365	–	365
<b>Total comprehensive income</b>	–	–	–	–	365	8,381	8,746	223	8,969
<b>Transactions with owners, recognised directly in equity</b>									
Rights issue, net of expenses	52,861	–	–	(2,191)	–	–	50,670	–	50,670
<b>Total contributions by and distributions to owner</b>	52,861	–	–	(2,191)	–	–	50,670	–	50,670
At 30 June 2019	466,700	(7,585)	(9,217)	(8,968)	2,719	124,620	568,269	10,559	578,828

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

Consolidated Statement of Changes in Equity

Group	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Currency translation reserve RMB'000	Accumulated profit RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>1Q2018</b>									
At 1 January 2018	413,839	(7,585)	(1,516)	(6,777)	987	101,055	500,003	9,831	509,834
Adoption of SFRS(I) 9, net of tax	–	–	–	–	–	(3,004)	(3,004)	(71)	(3,075)
Adjusted balance at 1 January 2018	413,839	(7,585)	(1,516)	(6,777)	987	98,051	496,999	9,760	506,759
Profit for the period	–	–	–	–	–	4,065	4,065	144	4,209
<b>Other comprehensive income</b>									
Foreign currency translation differences	–	–	–	–	(684)	–	(684)	–	(684)
Total other comprehensive income	–	–	–	–	(684)	–	(684)	–	(684)
<b>Total comprehensive income</b>	–	–	–	–	(684)	4,065	3,381	144	3,525
At 31 March 2018	413,839	(7,585)	(1,516)	(6,777)	303	102,116	500,380	9,904	510,284
<b>2Q2018</b>									
Profit for the period	–	–	–	–	–	10,453	10,453	346	10,799
<b>Other comprehensive income</b>									
Foreign currency translation differences	–	–	–	–	108	–	108	–	108
Total other comprehensive income	–	–	–	–	108	–	108	–	108
<b>Total comprehensive income</b>	–	–	–	–	108	10,453	10,561	346	10,907
<b>Transactions with owners, recognised directly in equity</b>									
Dividend declared	–	–	–	–	–	(1,566)	(1,566)	–	(1,566)
<b>Total contributions by and distributions to owner</b>	–	–	–	–	–	(1,566)	(1,566)	–	(1,566)
At 30 June 2018	413,839	(7,585)	(1,516)	(6,777)	411	111,003	509,375	10,250	519,625



	Share Capital RMB'000	Capital reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Translation reserve RMB'000	Accumulated profit RMB'000	Total equity RMB'000
<b>Company</b>							
<b>1Q2019</b>							
At 1 January 2019	413,839	(8,294)	(9,217)	(6,777)	20,085	6,025	415,661
Loss for the period	–	–	–	–	–	(1,719)	(1,719)
<b>Other comprehensive income</b>							
Foreign currency translation differences	–	–	–	–	(6,601)	–	(6,601)
Total other comprehensive income	–	–	–	–	(6,601)	–	(6,601)
<b>Total comprehensive income</b>	–	–	–	–	(6,601)	(1,719)	(8,320)
At 31 March 2019	413,839	(8,294)	(9,217)	(6,777)	13,484	4,306	407,341
<b>2Q2019</b>							
Profit for the period	–	–	–	–	–	16	16
<b>Other comprehensive income</b>							
Foreign currency translation differences	–	–	–	–	9,888	–	9,888
Total other comprehensive income	–	–	–	–	9,888	–	9,888
<b>Total comprehensive income</b>	–	–	–	–	9,888	16	9,904
<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 owner</b>	52,861	–	–	(2,191)	–	–	50,670
At 30 June 2019	466,700	(8,294)	(9,217)	(8,968)	23,372	4,322	467,915

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 RMB'000	Total equity RMB'000
<b>Company</b>							
<b>1Q2018</b>							
At 1 January 2018 (Restated)	413,839	(8,294)	(1,516)	(6,777)	7,456	11,495	416,203
Loss for the period	—	—	—	—	—	(3,158)	(3,158)
<b>Other comprehensive income</b>							
Foreign currency translation differences	—	—	—	—	(7,589)	—	(7,589)
Total other comprehensive income	—	—	—	—	(7,589)	—	(7,589)
<b>Total comprehensive income</b>	—	—	—	—	(7,589)	(3,158)	(10,747)
At 31 March 2018	413,839	(8,294)	(1,516)	(6,777)	(133)	8,337	405,456
<b>2Q2018</b>							
Loss for the period	—	—	—	—	—	(4,103)	(4,103)
<b>Other comprehensive income</b>							
Foreign currency translation differences	—	—	—	—	435	—	435
Total other comprehensive income	—	—	—	—	435	—	435
<b>Total comprehensive income</b>	—	—	—	—	435	(4,103)	(3,668)
<b>Transactions with owners, recognised directly in equity</b>							
Dividend declared	—	—	—	—	—	(1,566)	(1,566)
<b>Total contributions by and distributions to owner</b>	—	—	—	—	—	(1,566)	(1,566)
At 30 June 2018	413,839	(8,294)	(1,516)	(6,777)	302	2,668	400,222

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

- 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

	No. of shares	Share capital RMB'000
As at 1 January 2019	326,071,915	413,839
4 June 2019: Rights issue	81,517,978	52,861
As at 30 June 2019	407,589,893	466,700

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**

	30.06.2019	31.12.2018
Total number of issued shares excluding treasury shares	407,589,893	326,071,915

- 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 period.

- 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 our auditors.

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

Not applicable.

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

**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 period compared with the audited financial statements for the 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 reasons for, and the effect of, the change**

The Group has adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Long-term interests in Associates and Joint Ventures (Amendments to SFRS(I) 1-28)
- Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)
- Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I) 1-23)
- Plan Amendment, Curtailment or Settlement (Amendments to SFRS(I) 1-19)

The adoption of the above standards and interpretations does not have a significant impact on the financial statements, except for SFRS (I) 16 Leases, where the Group and Company recorded an increase in right-of-use (ROU) assets of RMB 1,677,000 and RMB 296,000 with a corresponding increase in lease liabilities, respectively.

**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**

	2Q2019	2Q2018	1H2019	1H2018
Basic earnings per share (RMB cents)	2.40	3.21	3.48	4.45
Diluted earnings per share (RMB cents)	2.40	3.21	3.48	4.45

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:

	2Q2019	2Q2018	1H2019	1H2018
Weighted average number of shares	349,362,766	326,071,915	337,781,680	326,071,915

The weighted average number of shares during the period is the number of shares outstanding at the beginning of the period, adjusted by the number of shares issued during the period 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.

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

- 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	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Net asset value per ordinary share (RMB cents)	139.42	155.16	114.80	127.48
Number of shares in issue	407,589,893	326,071,915	407,589,893	326,071,915

- 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 (2Q2019 vs 2Q2018)**

Revenue rose by RMB 62.0 million to RMB 400.3 million in 2Q2019 mainly due to the Group's continued focus on the execution of ongoing projects during the current period.

However, gross profit fell by RMB 2.9 million to RMB 32.0 million. Overall gross profit margin in 2Q2019 was 8.0% as compared to 10.3% in 2Q2018, mainly due to rising raw material costs including cement, construction sand, steel, etc as well as increase in labor costs due to inflationary pressures.

Other income rose by RMB 1.4 million to RMB 3.2 million due mainly to higher gain on disposal of plant and equipment.

Distribution costs of RMB 1.8 million was incurred in 2Q2019, which was comparable to 2Q2018.

Administrative expenses rose by RMB 1.6 million to RMB 13.1 million, mainly due to higher labor cost due to inflationary pressures.

Other expenses fell by RMB 0.5 million to RMB 3.2 million, mainly due to the absence of impairment loss on long-term other investments and fair value gain on financial assets, offset by exchange loss.

Finance costs rose RMB 1.0 million to RMB 5.4 million due mainly to higher interest expense incurred for banks and financial institution.

Tax expenses fell by RMB 1.4 million to RMB 3.0 million due to lower operating profit.

Given the above, net profit for 2Q2019 fell RMB 2.1 million to RMB 8.4 million from RMB 10.5 million for 2Q2018, net of non-controlling interest.

**Review of Financial Position (30 June 2019 vs 31 December 2018)**

Total non-current assets fell by RMB 0.4 million to RMB 353.5 million, mainly due to depreciation and amortisation of property, plant and equipment, intangible assets and investment properties during the period.

Total current assets rose by RMB 127.5 million to RMB 1,949.6 million, mainly due to the following significant changes during the period under review:

- Inventories rose by RMB 12.8 million to RMB 36.2 million mainly due to higher construction activities.
- Contract assets rose by RMB 41.2 million to RMB 1,021.4 million mainly due to higher construction activities.
- Trade receivables related to Ranken's projects rose by RMB 48.4 million to RMB 427.9 million. Trade debtor's turnaround time rose to 112 days as compared to 77 days as at 31 December 2018.
- Other receivables, deposits and prepayment, which comprised mainly (i) Ranken's materials procured on behalf of project owners and (ii) security deposits placed with the project owners (refundable on project completion) rose by RMB 7.3 million to RMB 236.5 million.
- Cash and cash equivalents for the Group rose by RMB 17.8 million to RMB 221.8 million, mainly due to operating cash inflow of RMB 28.5 million and net financing cash inflow of RMB 13.4 million (including the proceeds from rights issue), offset by investing cash outflow of RMB 19.9 million.

Total non-current liabilities fell by RMB 15.8 million to RMB 18.7 million, mainly due to reclassification of certain long term finance lease liabilities to current liabilities during the period.

Total current liabilities rose by RMB 80.2 million to RMB 1,705.5 million, mainly due to the following significant changes during the period under review:

- Trade payables related to Ranken's projects fell by RMB 34.4 million to RMB 936.2 million, mainly due to payment to suppliers and contractors during the period.
- Other payables and accruals fell by RMB 23.5 million to RMB 151.5 million, mainly due to lower payables to third parties.
- Contract liabilities rose by RMB 154.5 million to RMB 369.7 million mainly due to higher construction activities.
- Current loans and borrowings fell by RMB 12.7 million to RMB 241.3 million mainly due to net repayment of loans and borrowings when they are due.

**Total equity**

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 62.4 million to RMB 568.3 million due to half year earnings of RMB 11.8 million, net of movements of foreign currency translation reserve of RMB 0.1 million, and the net of proceeds from the rights issue of RMB 52.9 million, net of expenses of RMB 2.2 million.

**Review of Cash Flows (2Q2019 vs 2Q2018)**

Operating cash flow for 2Q2019 improved by RMB 65.9 million to cash inflow of RMB 51.7 million after accounting for (i) operating profit before working capital changes of RMB 27.1 million and (ii) net working capital changes of RMB 31.3 million, net of tax payment of RMB 6.7 million.

Cash flows generated from investing activities for 2Q2019 were RMB 0.1 million, mainly due to proceeds received for disposal of plant and equipment, offset by payment for purchase of plant and equipment.

Cash flows generated from financing activities 2Q2019 were RMB 27.9 million, mainly due to net proceeds from rights issue, offset by net repayment of Ranken's loans, financial liabilities and costs when they were due.

Given the above, cash and cash equivalents rose by RMB 79.7 million to RMB 217.8 million (net of fixed deposits pledged of RMB 4.0 million).

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

The Group did not previously disclose any forecast or a prospect statement in the 1Q2019 results announcement, or other announcements.

**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**

According to data published by China's National Bureau of Statistics (NBS) in July 2019, China's economic growth weakened further to a record low of 6.2% in the second quarter of 2019 as the repercussions from the protracted trade war with the United States continued to take a toll on growth.

To mitigate the impact, the Chinese government has introduced initiatives to provide a broad-based boost to domestic consumption and infrastructure investments, which are related to urbanisation trends and environmental policies.

Aligned with these macro trends, the Group has adopted a two-prong strategy in its business model to tap new business opportunities as it transforms into an integrated urban infrastructure solutions enterprise.

However, market competition has intensified within the Group's target markets related to urban railway infrastructure and water environmental improvement, particularly from established and well-funded state-owned enterprises, to target these large-scale projects that are of a higher contract value. The Group's order books as at 30 June 2019 stood at RMB 2.0 billion, compared to order books of RMB 2.6 billion as at 30 June 2018. With such intensification in competition anticipated to continue, the Group will step up efforts in the coming months to buildup order books.

Nevertheless, the Group continue to focus on the completion of its current projects and exercise prudence in evaluating and exploring new opportunities in our target markets.

The Group recently secured a new infrastructure contract of RMB 205 million related to additional underground tunneling and excavation work that is part of the second phase of the Beijing Metro's Changping Line.

In the area of water environmental improvement, the Group intend to continue pursuing strategic collaborations such as the cooperation agreement signed with Hong Kong mainboard-listed Beijing Enterprises Water Group Co., Ltd. in May 2017, and may also evaluate industry consortiums through which to participate, construct and operate large-scale infrastructure projects on a Public-Private-Partnership ("PPP") basis.

**HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

With minimal capital commitment, the Group targets to be a strategic shareholder with the first mover advantage to secure large-scale EPC contract and operations management contract related to these environmental conservation and water environmental improvement PPP projects in China.

Securing our maiden PPP project, together with our well-known consortium partners, in November 2018 for the first phase of Wuhou District, “Liveable River Bank” project in Chengdu, Sichuan Province, China, this strategy culminated to the Group’s largest single EPC contract win of RMB 832 million in recent years.

The Group has completed the demonstration phase related to first phase of the Wuhou District, “Liveable River Bank” project in Chengdu, Sichuan Province, China. Under the demonstration phase that stretches across 1.8 km, it showcases various greenery features, scenic spots, lifestyle amenities and communal space for social engagement and recreational activities.

In addition, there are waste water treatment facilities integrated within the waterfront landscape as part of a broader urban renewal effort to create a greener living environment for communities living in the area.

Apart from the potential of long-term revenue contribution from the PPP project, the Group will be directly involved in the entire spectrum of the PPP project, thereby accumulating new valuable knowledge and operating experience in the PPP industry and it will be very useful in expanding our presence in the PPP industry.

**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/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded in the current period reported on.

**13 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 30 June 2019**

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



**14 Use of Proceeds from Rights Issue**

The following table sets out the breakdown of the use of proceeds from the rights issue as at the date announcement:

<b>Use of Net Proceeds</b>	<b>Allocation of Net Proceeds (S\$ million)</b>	<b>Net Proceeds Utilised (S\$ million)</b>	<b>Unutilised Net Proceeds (S\$ million)</b>
Making strategic investments into and the development of water and environmental management projects	4.99	3.31	1.68
General corporate purposes including general corporate and/or working capital requirements of the Group	4.99	4.99	NIL
<b>Total Net Proceeds</b>	<b>9.98</b>	<b>8.30</b>	<b>1.68</b>

The Company has commission an independent verification of any material disbursement (being a disbursement in excess of RMB500k) from the escrow account (the "Transaction Audit").

The Audit Committee has reviewed the findings of the Transaction Audit and the Audit Committee confirms that it is satisfied with the results of the Transaction Audit.

The Company will continue to make periodic announcements via SGXNET on the utilization of the balance of the Rights Issue Net Proceeds as and when there is a material disbursement.

**15 Confirmations by Directors**

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

**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).

**BY ORDER OF THE BOARD**

**Wang Heng**  
Chief Executive Officer and Executive Director

**7 August 2019**