

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

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

| | 12 months ended | | Increase / (Decrease) % |
|---|-----------------------|-----------------------|-------------------------------|
| | 31.12.2018 RMB'000 | 31.12.2017 RMB'000 | |
| Continuing operations | | | |
| Revenue | 89,681 | 90,826 | (1.3) |
| Cost of sales and services provided | <u>(38,657)</u> | <u>(37,012)</u> | 4.4 |
| Gross profit | 51,024 | 53,814 | (5.2) |
| Other income - net | 7,767 | 34,135 | (77.2) |
| Expenses | | | |
| - Administrative | (8,771) | (9,866) | (11.1) |
| - Other operating | (24,656) | (18,649) | 32.2 |
| - Finance | (2,391) | (8,718) | (72.6) |
| Share of (loss) / profit from associated companies accounted for using the equity method | <u>(2,902)</u> | <u>6,436</u> | (145.1) |
| Profit before income tax | 20,071 | 57,152 | (64.9) |
| Income tax expense | <u>(1,554)</u> | <u>(25,055)</u> | (93.8) |
| Profit for the financial year from continuing operations | 18,517 | 32,097 | (42.3) |
| Discontinued operations | | | |
| Profit for the financial year from discontinued operations | <u>-</u> | <u>2,894</u> | (100.0) |
| Profit for the financial year | <u>18,517</u> | <u>34,991</u> | (47.1) |
| Profit for the financial year attributable to: | | | |
| Owners of the parent | 7,162 | 19,802 | (63.8) |
| Non-controlling interests | <u>11,355</u> | <u>15,189</u> | (25.2) |
| | <u>18,517</u> | <u>34,991</u> | (47.1) |
| Total profit for the financial year attributable to equity holders of the Company arises from: | | | |
| Continuing operations | 7,162 | 18,210 | (60.7) |
| Discontinued operations | <u>-</u> | <u>1,592</u> | (100.0) |
| | <u>7,162</u> | <u>19,802</u> | (63.8) |

Notes:

1. Operation of significant associated companies, the KYWJ Group

(i) The results of the KYWJ Group for FY2018 and FY2017 are as follow:

| | 12 months ended | | Increase / |
|---|-----------------|---------------|------------|
| | 31.12.2018 | 31.12.2017 | (Decrease) |
| | RMB'000 | RMB'000 | % |
| Revenue | 131,140 | 494,145 | (73.5) |
| Cost of sales and services provided | (107,463) | (466,839) | (77.0) |
| Gross profit | <u>23,677</u> | <u>27,306</u> | (13.3) |
| Other income - net | 271 | 4,852 | (94.4) |
| Other operating expenses | (10,899) | (9,829) | 10.9 |
| Selling and marketing expenses | (21,166) | (10,570) | 100.2 |
| (Loss) / profit before income tax | <u>(8,117)</u> | <u>11,759</u> | (169.0) |
| Income tax credit | 2,313 | 4,007 | (42.3) |
| (Loss) / profit for the financial year | <u>(5,804)</u> | <u>15,766</u> | (136.8) |

Notes (cont'd):

1. Operation of significant associated companies, the KYWJ Group (cont'd)

(ii) Statement of Financial Position as at 31 December 2018 for the KYWJ Group is as follows:

| | 31.12.2018 RMB'000 | 31.12.2017 RMB'000 |
|--|-----------------------|-----------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 161,262 | 161,726 |
| | 161,262 | 161,726 |
| CURRENT ASSETS | | |
| Property for development | 849,912 | 693,033 |
| Trade and other receivables | 61,379 | 15,857 |
| Cash and bank balances | 113,594 | 44,481 |
| Deferred tax assets | 12,073 | 9,291 |
| | 1,036,958 | 762,662 |
| CURRENT LIABILITIES | | |
| Borrowing | 23,053 | - |
| Trade and other payables | 934,251 | 674,768 |
| | 957,304 | 674,768 |
| Net Current Assets | 79,654 | 87,894 |
| Total assets less current liabilities | 240,916 | 249,620 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 41,977 | 44,880 |
| Net Assets | 198,939 | 204,740 |
| Equity | | |
| Share capital | 4,444 | 4,444 |
| Reserves | 140,817 | 140,816 |
| Accumulated profit | 53,678 | 59,480 |
| | 198,939 | 204,740 |

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

- a. The total saleable area for the Phase 1, Phase 2, and “new” Phase 3-1 is approximately 363,695 square meters. As at 31 December 2018, the take-up rates for Phase 1-1, Phase 1-2, Phase 1-3, Phase 2 and “new” Phase 3-1 are 92.90%, 87.48%, 90.63%, 89.18% and 49.14% respectively. The total saleable area for “new” Phases 3-2 and 3-3 has not yet been approved.
- b. The cumulative revenue recognized in the income statement up to the current period is approximately RMB1,342 million. The cumulative sales and pre-sales amount to approximately RMB1,967 million, of which approximately RMB625 million belonging to pre-sales revenue which will only be recognised in income statement upon completion in a later period.

Notes (cont'd):

1. (iii)

- c. Phase 2-3 and the “new” Phase 3-1 are in the process of construction, with 35% of work remaining planned to complete by 2020. The “new” Phases 3-2 and 3-3 are in the process of construction, with 85% and 95% of work remaining to complete respectively. The KYWJ Group expects to complete the development of “new” Phases 3-2 and 3-3 by Quarter 4 of 2020.

2. Discontinued operations and disposal of the 5% interest in Yichang Project:

On 8 May 2017, the Company had announced that CIHL (Tianjin) City Development Limited, a wholly owned subsidiary of the Company, would on 7 May 2017 enter into a conditional sale and purchase agreement with Beijing Hongkunweiye Property Development Co. Ltd (“Purchaser”) in relation to the disposal of its 5% equity and debt interests in its subsidiaries, Beijing Kaiyuan Wanjia Management Consulting Company Limited and its subsidiaries (“KYWJ Group” or the “Yichang Project”) to the Purchaser.

On 1 June 2017, the Company completed the disposal of its 5% equity interest in the KYWJ Group. Following the disposal, the KYWJ Group ceased to be subsidiaries and instead became associated companies of the Company.

The financial results of the KYWJ Group from 01 January 2017 to 31 May 2017 have been accounted for as discontinued operations whereby the results of operations of the KYWJ Group have been excluded from the results of continuing operations and reported as discontinued operations.

The Company recognized its share of loss of RMB2.90 million in respect of the associated companies, KYWJ Group in FY 2018.

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

| | FY2018 | | | FY2017 | | |
|--|-----------------------|-------------------------|---------|-----------------------|-------------------------|---------|
| | Continuing operations | Discontinued operations | Total | Continuing operations | Discontinued operations | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Interest income | 6,713 | - | 6,713 | 12,930 | 237 | 13,167 |
| Rental income, net | 1,230 | - | 1,230 | 1,072 | - | 1,072 |
| Loss incurred as guarantor | - | - | - | - | (36) | (36) |
| Depreciation of property, plant and equipment | (9,487) | - | (9,487) | (8,187) | (371) | (8,558) |
| Currency translation loss | (162) | - | (162) | (262) | - | (262) |
| Gain on disposal of subsidiaries | - | - | - | 6,415 | - | 6,415 |
| Fair value gain on investment properties | - | - | - | 2,700 | - | 2,700 |
| Auditors' remuneration | (986) | - | (986) | (1,042) | - | (1,042) |
| Gain on waiver of amount payable | - | - | - | 11,000 | - | 11,000 |
| Share of (loss) / profit of associated companies | (2,902) | - | (2,902) | 6,436 | - | 6,436 |

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 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31.12.2018 RMB'000 | 31.12.2017 RMB'000 | 31.12.2018 RMB'000 | 31.12.2017 RMB'000 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 172,572 | 143,877 | - | - |
| Intangible assets | 243 | 122 | - | - |
| Investment properties | 34,800 | 34,800 | - | - |
| Goodwill arising on consolidation | 20,303 | 20,303 | - | - |
| Investment in subsidiaries | - | - | 196,000 | 196,000 |
| Investment in associates | 99,469 | 102,371 | - | - |
| Deferred income tax assets | 7,733 | 3,425 | - | - |
| | 335,120 | 304,898 | 196,000 | 196,000 |
| Current Assets | | | | |
| Inventories | 1,750 | 2,165 | - | - |
| Trade and other receivables | 219,682 | 351,635 | 452,415 | 460,798 |
| Other current assets | 27,809 | - | - | - |
| Cash and bank balances | 64,266 | 57,063 | 1 | 1 |
| | 313,507 | 410,863 | 452,416 | 460,799 |
| Current Liabilities | | | | |
| Borrowings | 28,000 | 90,848 | - | - |
| Trade and other payables | 143,709 | 180,505 | 142,387 | 146,932 |
| Current income tax liabilities | 25,853 | 15,235 | - | - |
| | 197,562 | 286,588 | 142,387 | 146,932 |
| NET CURRENT ASSETS | 115,945 | 124,275 | 310,029 | 313,867 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 451,065 | 429,173 | 506,029 | 509,867 |
| Non-Current Liabilities | | | | |
| Deferred income | 16,300 | - | - | - |
| Deferred income tax liabilities | 19,394 | 29,440 | - | - |
| | 35,694 | 29,440 | - | - |
| NET ASSETS | 415,371 | 399,733 | 506,029 | 509,867 |
| EQUITY | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 17,779 | 17,779 | 17,779 | 17,779 |
| Reserves | 922,366 | 920,841 | 891,673 | 891,967 |
| Accumulated losses | (627,608) | (631,518) | (403,423) | (399,879) |
| | 312,537 | 307,102 | 506,029 | 509,867 |
| Non-controlling interests | 102,834 | 92,631 | - | - |
| TOTAL EQUITY | 415,371 | 399,733 | 506,029 | 509,867 |

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

Amount repayable in one year or less, or on demand

| As at 31.12.2018 (RMB'000) | | As at 31.12.2017 (RMB'000) | |
|----------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| - | 28,000 | 23,748 | 67,100 |

Amount repayable after one year

| As at 31.12.2018 (RMB'000) | | As at 31.12.2017 (RMB'000) | |
|----------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| - | - | - | - |

Details of any collateral

Not applicable.

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.

| | 12 months ended | |
|--|-----------------------|-----------------------|
| | 31.12.2018 RMB'000 | 31.12.2017 RMB'000 |
| Cash flows from operating activities | | |
| Profit before income tax including discontinued operations | 20,071 | 52,311 |
| Adjustments for: | | |
| - Depreciation of property, plant and equipment | 9,487 | 8,558 |
| - Interest expenses | 2,391 | 8,718 |
| - Interest income | (6,713) | (13,167) |
| - Gain on disposal of property, plant and equipment | (15) | (80) |
| - Gain on disposal of subsidiaries | - | (6,415) |
| - Share of loss / (gain) of associates | 2,902 | (6,436) |
| - Fair value gain on investment properties | - | (2,700) |
| - Gain on partial waiver of amount payable | - | (11,000) |
| - Unrealised currency translation gain | - | (735) |
| | <u>28,123</u> | <u>29,054</u> |
| Changes in working capital | | |
| - Development properties | - | (104,765) |
| - Inventories | 415 | 1,404 |
| - Other current assets | (27,809) | - |
| - Trade and other receivables | (29,829) | 9,271 |
| - Trade and other payables | (7,775) | 133,336 |
| Cash provided by operations | <u>(36,875)</u> | <u>68,300</u> |
| Interest paid | - | (5,955) |
| PRC income tax paid | <u>(4,330)</u> | <u>(27,738)</u> |
| Net cash (used in) / provided by operating activities | <u>(41,205)</u> | <u>34,607</u> |
| Cash flows from investing activities | | |
| Disposal of subsidiaries, net of cash disposed of | - | 20,116 |
| Increase of restricted bank balances pledged | (1) | (5,854) |
| Interest received | 393 | 554 |
| Purchases of property, plant and equipment | (21,883) | (52,806) |
| Purchases of intangible assets | (121) | - |
| Proceeds from disposal of property, plant and equipment | 15 | 80 |
| Repayment of loans from an associated company | <u>168,980</u> | <u>59,800</u> |
| Net cash provided by investing activities | <u>147,383</u> | <u>21,890</u> |
| Cash flows from financing activities | | |
| Interest and other finance costs paid | (6,129) | (10,067) |
| Cash from non-controlling interest investment | - | 2,250 |
| Purchase of treasury shares | (8) | (1) |
| Sale of treasury shares | 9 | - |
| Borrowings from non-related parties | - | 28,000 |
| Repayments of borrowings | | |
| - non-related parties | (23,748) | (104,765) |
| - related parties | (39,100) | (1,000) |
| Special dividend paid | - | (51,130) |
| Dividend paid to a non-controlling shareholder | <u>(30,000)</u> | <u>(10,000)</u> |
| Net cash used in financing activities | <u>(98,976)</u> | <u>(146,713)</u> |

| | 12 months ended | |
|---|-----------------|---------------|
| | 31.12.2018 | 31.12.2017 |
| | RMB'000 | RMB'000 |
| Net increase / (decrease) in cash and cash equivalents | 7,202 | (90,216) |
| CASH AND CASH EQUIVALENTS: | | |
| BEGINNING OF FINANCIAL YEAR | 56,918 | 146,399 |
| Effects of exchange rate changes on cash and cash equivalents | - | 735 |
| End of financial year | <u>64,120</u> | <u>56,918</u> |
| Analysis of Cash and Cash Equivalents | | |
| Cash and bank balances | 64,266 | 57,063 |
| Restricted bank balances | <u>(146)</u> | <u>(145)</u> |
| | <u>64,120</u> | <u>56,918</u> |

As at 31 December 2018, cash equivalents include restricted bank balances of approximately RMB146,000 (31 December 2017, RMB145,000) for securing the performance and fund utilization for a land development project of the Company.

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

GROUP

| | ← Attributable to owners of the parent → | | | | | | | | | | Non-controlling Interests RMB'000 | Total Equity RMB'000 | |
|--|--|--------------------------|--------------------------------|----------------------------|-------------------------------|---------------------------------------|-----------------------------|----------------------------------|----------------------------|-------------------------------|--------------------------------------|-------------------------|---------------------|
| | Share Capital RMB'000 | Share Premium RMB'000 | Contributed Surplus RMB'000 | Capital Reserve RMB'000 | Statutory Reserves RMB'000 | Capital Redemption Reserve RMB'000 | Exchange Reserve RMB'000 | Share Options Reserve RMB'000 | Treasury shares RMB'000 | Accumulated Losses RMB'000 | | | Subtotal RMB'000 |
| 2017 | | | | | | | | | | | | | |
| Beginning of financial year | 257,321 | 46,060 | 565,589 | 7,268 | 23,767 | 8,324 | (2,147) | 7,409 | - | (573,574) | 340,017 | 202,313 | 542,330 |
| Total comprehensive income for the financial year | - | - | - | - | - | - | - | - | - | 19,802 | 19,802 | 15,189 | 34,991 |
| Transfer | - | - | - | - | 2,051 | - | - | - | - | (2,051) | - | - | - |
| Disposal of subsidiaries | - | - | - | 496 | (2,082) | - | - | - | - | - | (1,586) | (87,121) | (88,707) |
| Capital reorganisation | (244,455) | - | 244,455 | - | - | - | - | - | - | - | - | - | - |
| Special dividend | - | - | - | - | - | - | - | - | - | (75,695) | (75,695) | (40,000) | (115,695) |
| Scrip shares issued | 4,913 | 19,652 | - | - | - | - | - | - | - | - | 24,565 | - | 24,565 |
| Capital injection from a non-controlling shareholder | - | - | - | - | - | - | - | - | - | - | - | 2,250 | 2,250 |
| Share buybacks | - | - | - | - | - | - | - | - | (1) | - | (1) | - | (1) |
| End of financial year | 17,779 | 65,712 | 810,044 | 7,764 | 23,736 | 8,324 | (2,147) | 7,409 | (1) | (631,518) | 307,102 | 92,631 | 399,733 |
| 2018 | | | | | | | | | | | | | |
| Beginning of financial year | 17,779 | 65,712 | 810,044 | 7,764 | 23,736 | 8,324 | (2,147) | 7,409 | (1) | (631,518) | 307,102 | 92,631 | 399,733 |
| Adoption of IFRS 15 | - | - | - | - | - | - | - | - | - | (1,728) | (1,728) | (1,152) | (2,880) |
| Balance as at 1 January 2018 | 17,779 | 65,712 | 810,044 | 7,764 | 23,736 | 8,324 | (2,147) | 7,409 | (1) | (633,246) | 305,374 | 91,479 | 396,853 |
| Total comprehensive income for the financial year | - | - | - | - | - | - | - | - | - | 7,162 | 7,162 | 11,355 | 18,517 |
| Transfer | - | - | - | - | 1,819 | - | - | - | - | (1,819) | - | - | - |
| Share options lapsed | - | - | - | - | - | - | - | (295) | - | 295 | - | - | - |
| Share buybacks | - | - | - | - | - | - | - | - | (8) | - | (8) | - | (8) |
| Sale of treasury shares | - | - | - | - | - | - | - | - | 9 | - | 9 | - | 9 |
| End of financial year | 17,779 | 65,712 | 810,044 | 7,764 | 25,555 | 8,324 | (2,147) | 7,114 | - | (627,608) | 312,537 | 102,834 | 415,371 |

COMPANY

| | Share Capital RMB'000 | Share Premium RMB'000 | Contributed Surplus RMB'000 | Capital Reserve RMB'000 | Capital Redemption Reserve RMB'000 | Share Options Reserve RMB'000 | Treasury shares RMB'000 | Accumulated Losses RMB'000 | Total Equity RMB'000 |
|---|-----------------------------|-----------------------------|-----------------------------------|-------------------------------|---|--|-------------------------------|----------------------------------|----------------------------|
| 2017 | | | | | | | | | |
| Beginning of financial year | 257,321 | 46,060 | 565,589 | 479 | 8,324 | 7,409 | - | (319,188) | 565,994 |
| Total comprehensive loss for the financial year | - | - | - | - | - | - | - | (4,995) | (4,995) |
| Capital reorganisation | (244,455) | - | 244,455 | - | - | - | - | - | - |
| Special dividend | - | - | - | - | - | - | - | (75,696) | (75,696) |
| Scrip shares issued | 4,913 | 19,652 | - | - | - | - | - | - | 24,565 |
| Share buybacks | - | - | - | - | - | - | (1) | - | (1) |
| End of financial year | 17,779 | 65,712 | 810,044 | 479 | 8,324 | 7,409 | (1) | (399,879) | 509,867 |
| 2018 | | | | | | | | | |
| Beginning of financial year | 17,779 | 65,712 | 810,044 | 479 | 8,324 | 7,409 | (1) | (399,879) | 509,867 |
| Total comprehensive loss for the financial year | - | - | - | - | - | - | - | (3,839) | (3,839) |
| Share options lapsed | - | - | - | - | - | (295) | - | 295 | - |
| Share buybacks | - | - | - | - | - | - | (8) | - | (8) |
| Sale of treasury shares | - | - | - | - | - | - | 9 | - | 9 |
| End of financial year | 17,779 | 65,712 | 810,044 | 479 | 8,324 | 7,114 | - | (403,423) | 506,029 |

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

A capital reorganization exercise of reducing the par value of each share from S\$1.00 to S\$0.05 was completed and became effective on 20 May 2017.

On 27 June 2017, 20,003,350 new shares (“New Shares”) were allotted and issued at an issue price of S\$0.25 per New Share in the sum of S\$5,000,528 (approximately equivalent to RMB24,565,000) to eligible shareholders of the Company who have elected to participate in the Scrip Dividend Scheme.

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

As at 31 December 2018, 400,000 options granted in accordance with CIHL Share Option Scheme 2010 have lapsed and 2.3 million options remain outstanding (31 December 2017, 2.7 million). If all of these options are exercised, 2,300,000 shares in the capital of the Company would be issued on conversion. Under the 2010 scheme, 2,300,000 options representing 100% (of all options granted under the Scheme) could be exercised as at 31 December 2018 (31 December 2017: 2,700,000, 100%).

The Company did not hold any of its issued shares as treasury shares as at 31 December 2018 (31 December 2017: 400 shares).

The Company did not hold any of its issued shares as subsidiary holdings as at 31 December 2018 and 31 December 2017.

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

| | 31.12.2018 | 31.12.2017 |
|---|-------------------|-------------------|
| Total number of issued shares | 71,233,533 | 71,233,533 |
| Less: treasury shares | - | (400) |
| Total number of issued shares excluding treasury shares | <u>71,233,533</u> | <u>71,233,133</u> |

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

| | Treasury shares |
|-------------------------|-----------------|
| Beginning of FY2018 | 400 |
| Share buyback in FY2018 | 3,200 |
| Sale of treasury shares | <u>(3,600)</u> |
| End of FY2018 | <u>-</u> |

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

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed in item 5 below, the same accounting policies and methods of computations used in the audited financial statements for the year ended 31 December 2017 have been applied to the financial statements for the current year.

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

The Group adopted the new *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from contracts with customers* effective for the financial year beginning on or after 1 January 2018.

The Group previously recognised revenue from construction of water pipeline contracts ("Construction Contracts") over the period of the contract activity with reference to the stage of completion.

In FY2018, the Group has assessed the implications of the adoption of IFRS 15 based on Construction Contracts entered with the customers. Based on the assessment of the Construction Contracts, each comprise of a single performance obligation which is satisfied at a point in time, i.e. when the promised services has been handover to the customer. Hence, revenue is recognised upon the completion of services rendered.

For the transition to IFRS 15, the Group has elected to apply the modified retrospective transition approach by adjusting the cumulative effect of initially applying this standard to the retained earnings as at 1 January 2018. The effect of adjustment to opening retained earnings is RMB2.88 million.

The cumulative effect made to the consolidated Statement of Financial Position as at 1 January 2018 for the adoption of IFRS 15 is as follow:

| | Balance as at 31 December 2017 | Effect of IFRS 15 | Balance as at 31 January 2018 |
|---|-----------------------------------|----------------------|-------------------------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Statements of Financial Position | | | |
| ASSETS | | | |
| Current assets | | | |
| Trade and other receivables | 351,421 | (1,659) | 349,762 |
| Other current assets - costs to fulfil a contract | - | 2,962 | 2,962 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 180,291 | 5,143 | 185,434 |
| Current income tax liabilities | 15,235 | (960) | 14,275 |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Accumulated losses | (631,518) | (1,728) | (633,246) |
| Non-controlling interests | 92,631 | (1,152) | 91,479 |

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.

| | 31.12.2018 | 31.12.2017 |
|--|---------------|---------------|
| Earnings attributable to owners of the parent (RMB'000) | | |
| -Continuing operations | 7,162 | 18,210 |
| -Discontinued operations | - | 1,592 |
| | <u>7,162</u> | <u>19,802</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>71,234</u> | <u>61,533</u> |
| Basic and diluted earnings per share (RMB fen) | | |
| -Continuing operations | 10.05 | 29.59 |
| -Discontinued operations | - | 2.59 |
| | <u>10.05</u> | <u>32.18</u> |

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

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

The share options of 2,300,000 (31 December 2017: 2,700,000) are anti-dilutive as the exercise prices of the share options were higher than the average market prices of the Company's ordinary shares during the financial years ended 31 December 2018 and 31 December 2017.

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

| | GROUP | | COMPANY | |
|-----------------------------|------------|------------|------------|------------|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| Net asset value * (RMB'000) | 312,537 | 307,102 | 506,029 | 509,867 |
| Number of shares ('000) | 71,234 | 71,233 | 71,234 | 71,233 |
| Net asset per share (RMB) | 4.387 | 4.311 | 7.104 | 7.158 |

* Exclude non-controlling interests

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

Profit or Loss Analysis

Revenue in FY2018 of the Group was RMB89.68 million, a decrease of RMB1.15 million or 1.3% compared RMB90.83 million in FY2017.

Cost of sales and services provided in FY2018 increased by 4.4% to RMB38.66 million, an increase of RMB1.65 million as compared to RMB37.01 million in FY2017. The increase is mainly due to higher cost of water operations.

Gross profit margin decreased from 59.2% in FY2017 to 56.9% in FY2018, as the cost of sales went up in FY2018 by 4.4%.

Other income in FY2018 was RMB7.77 million, representing a decrease of RMB26.37 million as compared to the RMB34.14 million in FY2017. The decrease of 77.2% was attributed mainly to a gain on disposal of subsidiaries and a gain on waiver of amount payable recorded in the previous year.

Other operating expenses in FY2018 were RMB24.66 million, which represent an increase of RMB6.01 million as compared to the RMB18.65 million in FY2017. This increase of 32.2% arose mainly from legal and professional expenses in FY2018, after the Company paid professional service expenses in respect of disposal of Yichang project, and staff costs.

Finance costs in FY2018 was RMB2.39 million, a decrease of RMB6.33 million or 72.6% as compared to the RMB8.72 million in FY2017. The decrease was mainly due to lower interest expenses following the repayment of borrowings in Quarter 2 of FY2018.

Share of loss from associated companies in FY2018 was RMB2.90 million while a share of profit of RMB6.44 million was recorded in FY2017. A loss in FY2018 is attributed from the KYWJ Group due to a higher expenses incurred for general advertising / marketing activities by the new operating

company, Hong Kun which focused more on advertising and marketing to attract new buyers.

The Group recorded an after tax profit of RMB18.52 million in FY2018 compared to RMB32.10 million in FY2017.

Analysis on Statement of Financial Position

Property, plant and equipment increased from RMB143.88 million as at 31 December 2017 to RMB172.57 million as at 31 December 2018, which was mainly due to the construction of the new project (新河再生水厂项目) in CIHL (Tianjin) Water Development Company Limited.

Trade and other receivables decreased from RMB351.64 million as at 31 December 2017 to RMB219.68 million as at 31 December 2018, which was mainly due to a decrease in amount due from an associated company, Yichang Xinshougang Property Development Company Limited.

Other current assets of RMB27.81 million as at 31 December 2018 mainly comprises the direct costs incurred for a temporary wastewater treatment services supplied and pipe line construction in CIHL (Tianjin) Water Development Company Limited.

Total borrowings decreased from RMB90.85 million as at 31 December 2017 to RMB28.00 million as at 31 December 2018, since the deducted amount has been repaid by the Company.

Trade and other payables decreased from RMB180.51 million as at 31 December 2017 to RMB143.71 million as at 31 December 2018, which was mainly due to dividend payment to a non-controlling shareholder.

Deferred income of RMB16.30 million as at 31 December 2018 represents a grant from the government for supporting the new project (新河再生水厂项目) in CIHL (Tianjin) Water Development Company Limited. The deferred income will be credited as other income over the life of the related assets, in the same manner in which that asset is depreciated.

Cash and bank balances as at 31 December 2018 was RMB64.27 million as compared to RMB57.06 million as at 31 December 2017.

Cash Flows Analysis

As at 31 December 2018, included in cash and bank balances are restricted bank balances of approximately RMB146,000, which was deposited for securing the performance and fund utilisation for a land development project of the Group.

Net cash used in operating activities was RMB41.20 million in FY2018, which was mainly paid for a refundable deposit in CIHL (Tianjin) City Development Limited, and temporary wastewater treatment services costs in CIHL (Tianjin) Water Development Company Limited.

Net cash provided by investing activities in FY2018 was RMB147.38 million, mainly from recovery of loans made to the KYWJ Group.

Net cash used in financing activities in FY2018 was RMB98.98 million, mainly for the payment of dividend to a non-controlling shareholder and for the repayment of borrowings.

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

No forecast or prospect statement was previously provided.

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

The Group expects the current operations of the Tianjin Water project (“Tianjin Water”) to have a positive performance in 2019. The Group has commenced the construction of the new project (新河再生水厂项目) in 2018 and expects to complete the construction of the new project in the second half of 2019. The new project is a water treatment plant for reclaimed water (再生水厂). It will treat the water discharged from a wastewater treatment plant (污水处理厂) to the standard of reclaimed water, and to be fed into the network of the Tianjin Water. It is expected to significantly increase the water supply capacity of Tianjin Water when completed. The new project is expected to cost approximately RMB160 million and will be financed from internal cash resources and debt financing.

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

Subsequent to the disposal of its 5% interest, the Group retained 50% shareholding in the KYWJ Group with significant influence and became a significant associated company to the Group. Property development remains a significant focus to the Group. As of to-date, the property development project is still in development, and has commenced the development in “new” Phases 3-1, 3-2 and 3-3 during FY2018. The KYWJ Group is expecting to continuously generate cash inflow through the sales of available units from completed Phases 1 and 2 and pre-sales of Phase 3-1.

The Group has made full impairment in relation to the Liuhe Gold project in Q4 FY2015, and is considering to dispose this investment when there is an opportunity. The project will remain under care and maintenance.

The Group has made full impairment for the related investment in the Group’s project in Papua New Guinea in Q4 FY2015 and is considering to dispose this investment when there is an opportunity.

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

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared nor recommended by the directors on fourth quarter and the financial year ended 31 December 2018.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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) Business activities

| | Continuing operations | | | Total RMB'000 |
|--|----------------------------------|-----------------------------|-------------------------------|-------------------|
| | Water supply services RMB'000 | Land development RMB'000 | All other segments RMB'000 | |
| Financial year ended 31 December 2018 | | | | |
| Total segment revenue | 89,681 | - | - | 89,681 |
| Inter-segment revenue | - | - | - | - |
| Revenue from external parties | 89,681 | - | - | 89,681 |
| Segment results | 51,024 | - | - | 51,024 |
| Interest income | 351 | 1 | 6,361 | 6,713 |
| Rental income | - | - | 1,230 | 1,230 |
| Other income | 14 | - | (28) | (14) |
| Administrative expenses | - | - | (8,771) | (8,771) |
| Other operating expenses | (11,437) | (1,670) | (11,549) | (24,656) |
| Currency translation loss | - | - | (162) | (162) |
| Operating profit | | | | 25,364 |
| Finance costs | - | - | (2,391) | (2,391) |
| Share of profit of associated companies | - | - | (2,902) | (2,902) |
| Income tax (expense) / credit | (10,807) | - | 9,253 | (1,554) |
| PROFIT FOR THE FINANCIAL YEAR | | | | 18,517 |
| Depreciation | (8,963) | (7) | (517) | (9,487) |

Continuing operations

| | Water supply services RMB'000 | Land development RMB'000 | All other segments RMB'000 | Total RMB'000 |
|---------------------------------------|--|--------------------------------|----------------------------------|------------------|
| As at 31 December 2018 | | | | |
| Total assets | 284,745 | 31,013 | 332,869 | 648,627 |
| Total assets includes: | | | | |
| Property, plant and equipment | 164,415 | 11 | 8,146 | 172,572 |
| Intangible assets | 243 | - | - | 243 |
| Goodwill | 20,303 | - | - | 20,303 |
| Investment properties | - | - | 34,800 | 34,800 |
| Investment in associated companies | - | - | 99,469 | 99,469 |
| Deferred income tax assets | 5,647 | - | 2,086 | 7,733 |
| Inventories | 1,750 | - | - | 1,750 |
| Other current assets | 27,809 | - | - | 27,809 |
| Trade and other receivables | 26,510 | 18,334 | 174,838 | 219,682 |
| Cash and cash equivalents | 38,068 | 12,668 | 13,530 | 64,266 |
| Total assets | | | | 648,627 |
| Addition to non-current assets | 54,304 | - | 65 | 54,369 |
| As at 31 December 2018 | | | | |
| Total liabilities | 122,044 | 4,156 | 107,056 | 233,256 |
| Total liabilities includes: | | | | |
| Short term borrowings | - | - | 28,000 | 28,000 |
| Trade and other payables | 86,470 | 3,635 | 53,604 | 143,709 |
| Current income tax liabilities | 19,274 | 521 | 6,058 | 25,853 |
| Deferred income tax liabilities | - | - | 19,394 | 19,394 |
| Deferred income | 16,300 | - | - | 16,300 |
| Total liabilities | | | | 233,256 |

| | Continuing operations | | | Discontinued operations | |
|---|-----------------------|------------------|--------------------|-------------------------|---------------|
| | Water supply services | Land development | All other segments | Property development | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Financial year ended | | | | | |
| 31 December 2017 | | | | | |
| Total segment revenue | 90,826 | - | - | 392,438 | 483,264 |
| Inter-segment revenue | - | - | - | (645) | (645) |
| Revenue from external parties | 90,826 | - | - | 391,793 | 482,619 |
| Segment results | 53,814 | - | - | 765 | 54,579 |
| Interest income | 390 | 26 | 12,514 | 237 | 13,167 |
| Rental income | - | - | 1,072 | - | 1,072 |
| Other income | - | - | 11,280 | 1,500 | 12,780 |
| Administrative expenses | - | - | (9,866) | - | (9,866) |
| Other operating expenses | (7,250) | (1,988) | (9,411) | (4,003) | (22,652) |
| Selling and marketing expenses | - | - | - | (3,340) | (3,340) |
| Fair value gain on investment properties | - | - | 2,700 | - | 2,700 |
| Gain on disposal of subsidiaries | - | - | 6,415 | - | 6,415 |
| Currency translation loss | - | - | (262) | - | (262) |
| Operating profit | | | | | 54,593 |
| Finance costs | - | - | (8,718) | - | (8,718) |
| Share of profit of associated companies | - | - | 6,436 | - | 6,436 |
| Income tax (expense) / credit | (11,594) | - | (13,461) | 7,735 | (17,320) |
| PROFIT FOR THE FINANCIAL YEAR | | | | | 34,991 |
| Depreciation | (7,390) | (29) | (768) | (371) | (8,558) |
| Reversal of development properties write-down | - | - | - | 67,034 | 67,034 |

Continuing operations

| | Water supply services RMB'000 | Land development RMB'000 | All other segments RMB'000 | Total RMB'000 |
|---|--|--------------------------------|----------------------------------|------------------|
| As at 31 December 2017 | | | | |
| Total assets | 238,426 | 16,484 | 460,851 | 715,761 |
| Total assets includes: | | | | |
| Property, plant and equipment | 136,013 | 18 | 7,846 | 143,877 |
| Intangible assets | 122 | - | - | 122 |
| Goodwill | 20,303 | - | - | 20,303 |
| Investment properties | - | - | 34,800 | 34,800 |
| Investment in associated companies | - | - | 102,371 | 102,371 |
| Deferred income tax assets | 1,339 | - | 2,086 | 3,425 |
| Inventories and properties for development | 2,165 | - | - | 2,165 |
| Trade and other receivables | 28,282 | 15,948 | 307,405 | 351,635 |
| Cash and cash equivalents | 50,202 | 518 | 6,343 | 57,063 |
| Total assets | | | | <u>715,761</u> |
| Addition to non-current assets | 52,702 | - | 10 | 52,712 |
| As at 31 December 2017 | | | | |
| Total liabilities | <u>151,324</u> | <u>4,787</u> | <u>159,917</u> | <u>316,028</u> |
| Total liabilities includes: | | | | |
| Short term borrowings | 23,748 | - | 67,100 | 90,848 |
| Trade and other payables | 118,919 | 4,266 | 57,320 | 180,505 |
| Current income tax liabilities | 8,657 | 521 | 6,057 | 15,235 |
| Deferred income tax liabilities | - | - | 29,440 | 29,440 |
| Total liabilities | | | | <u>316,028</u> |

(b) Geographical location

The income and profits of the Group are derived wholly in one geographical market, namely, the People's Republic of China (the "PRC").

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

This has been addressed in note 8 to this announcement.

15 A breakdown of sales.

| | Latest Financial Year RMB'000 Group | Previous Financial Year RMB'000 Group | Increase/ (Decrease) % |
|--|---|---|------------------------------|
| (a) Turnover reported for first half year | 36,898 | 50,519 | (27.0) |
| (b) Operating profit / (loss) after tax before deducting minority interests reported for first half year | 65 | 25,407 | (99.7) |
| (c) Turnover reported for second half year | 52,783 | 40,307 | 31.0 |
| (d) Operating profit after tax before deducting minority interests reported for second half year | 18,452 | 9,584 | 92.5 |

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | 2018 | 2017 |
|-----------------------|------|------------------|
| Ordinary | - | S\$15,369,054.90 |
| Preference | - | - |
| Total Annual Dividend | - | S\$15,369,054.90 |

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

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

18 Disclosure of person occupying a managerial position in the issuer or any of its principal Subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

None of the employees occupying a managerial position in the Company and any of its principal subsidiaries is a relative of any director, chief executive officer or substantial shareholder of the Company.

19 Undertakings confirmation pursuant to Rule 720(1)

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

BY ORDER OF THE BOARD

Zhang Rong Xiang
Managing Director
01 March 2019