

**THIRD QUARTER AND NINE-MONTHS FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

**1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	3 months ended		Increase / (Decrease) %	Group 9 months ended		Increase / (Decrease) %
	30.09.2017 RMB'000	30.09.2016 RMB'000		30.09.2017 RMB'000	30.09.2016 RMB'000	
<b>Revenue</b>	28,422	56,478	(49.7)	471,379	121,552	287.8
Cost of sales and services provided	(12,974)	(30,657)	(57.7)	(421,812)	(67,949)	520.8
<b>Gross profit</b>	15,448	25,821	(40.2)	49,567	53,603	(7.5)
Other income - net	4,431	901	391.8	28,551	3,115	816.6
Expenses						
-Administrative	(2,885)	(2,313)	24.7	(7,983)	(7,721)	3.4
-Other operating	(5,009)	(6,021)	(16.8)	(18,908)	(13,155)	43.7
-Selling and marketing	-	(5,752)	(100.0)	(3,341)	(8,864)	(62.3)
-Finance	(1,820)	(7,859)	(76.8)	(6,954)	(23,230)	(70.1)
Share of (loss) / profit of associated companies accounted for using the equity method	(1,188)	-	NM	4,026	-	NM
<b>Profit before income tax</b>	8,977	4,777	87.9	44,958	3,748	1,099.5
Income tax expense	(3,953)	(6,334)	(37.6)	(14,194)	(14,840)	(4.4)
<b>Profit / (loss) for the financial period</b>	5,024	(1,557)	422.7	30,764	(11,092)	377.4
<b>Profit / (loss) for the financial period attributable to:</b>						
Owners of the parent	965	(5,150)	118.7	16,835	(20,346)	182.7
Non-controlling interests	4,059	3,593	13.0	13,929	9,254	50.5
	5,024	(1,557)	422.7	30,764	(11,092)	377.4

*NM: Not Meaningful*

Notes:

1. Disposal of the 5% interest in Yichang Project: Beijing Kaiyuan Wanjia Management Consulting Company Limited and its subsidiaries.

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 Hongkunweiyue 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 KYWJ Group. Following the disposal, KYWJ Group ceased to be subsidiaries and instead became associated companies of the Company.

2. Operation of significant associated companies, KYWJ Group

The Company recognised its share of profit of RMB4.03 million in respect of the KYWJ Group instead of consolidating its turnover and costs from 01 June 2017 to 30 September 2017. Details of the significant results relating to the KYWJ Group are as follow:

	KYWJ Group					
	3 months ended		Increase / (Decrease) %	9 months ended		Increase / (Decrease) %
	30.09.2017 RMB'000	30.09.2016 RMB'000		30.09.2017 RMB'000	30.09.2016 RMB'000	
<b>Revenue</b>	(350) <sup>#</sup>	27,073	(101.3)	413,126	48,068	759.5
Cost of sales	184	(24,551)	100.7	(400,205)	(48,561)	724.1
<b>Gross (loss) / profit</b>	(166)	2,522	(106.6)	12,921	(493)	2,720.9
Other income - net	2,797	(9)	31,177.8	4,551	2,293	98.5
Operating expenses	(3,208)	(2,270)	41.3	(9,103)	(1,231)	639.5
Selling and marketing expenses	(1,882)	(5,751)	(67.3)	(5,249)	(8,864)	(40.8)
<b>(Loss) / profit before income tax</b>	(2,459)	(5,508)	(55.4)	3,120	(8,295)	137.6
Income tax credit / (expenses)	83	(931)	(108.9)	7,825	(2,675)	(392.5)
<b>(Loss) / profit for the financial period</b>	(2,376)	(6,439)	(63.1)	10,945	(10,970)	199.8

# An official certificate in respect of the actual floor areas for each unit of properties would be issued by a government department, after each unit of properties was completed and surveyed. The actual floor area was used to re-calculate the total price of each unit instead of a forecasted floor area written in the pre-sales contracts. The accumulated difference in price between the pre-sales contracts and actual floor area of the sold units was recorded in Q3 2017. This amounts to a negative revenue of RMB0.35 million, representing 0.08% (of all revenues recognised earlier under the related sold units).

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

	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	3,695	64	9,802	222
Rental income, net	705	686	705	1,360
Employee share option expense	-	-	-	(335)
Depreciation of property, plant and equipment	(2,062)	(2,196)	(6,312)	(6,663)
Currency translation gain / (loss)	7	109	(196)	(292)
Auditors' remuneration	(221)	(243)	(729)	(717)
Reversal of loss incurred as guarantor	-	-	-	4,933
Gain on partial waiver of amount payable	-	-	11,000	-
Share of (loss) / profit of associated companies	(1,188)	-	4,026	-

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

	Group		Company	
	30.09.2017 RMB'000	31.12.2016 RMB'000	30.09.2017 RMB'000	31.12.2016 RMB'000
<b>Non-Current Assets</b>				
Property, plant and equipment	142,122	256,303	-	-
Intangible assets	122	122	-	-
Investment properties	32,100	32,100	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in subsidiaries	-	-	196,000	196,000
Investment in associates	99,105	-	-	-
Deferred income tax assets	3,376	4,492	-	-
	<b>297,128</b>	<b>313,320</b>	<b>196,000</b>	<b>196,000</b>
<b>Current Assets</b>				
Development properties	-	895,747	-	-
Inventories	2,275	3,569	-	-
Trade and other receivables	353,524	93,830	462,561	494,747
Cash and cash equivalents	68,407	156,975	1	1
	<b>424,206</b>	<b>1,150,121</b>	<b>462,562</b>	<b>494,748</b>
<b>Current Liabilities</b>				
Borrowings	103,374	149,563	-	-
Trade and other payables	180,005	658,720	147,885	124,754
Current income tax liabilities	17,336	16,403	-	-
	<b>300,715</b>	<b>824,686</b>	<b>147,885</b>	<b>124,754</b>
<b>NET CURRENT ASSETS</b>	<b>123,491</b>	<b>325,435</b>	<b>314,677</b>	<b>369,994</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>420,619</b>	<b>638,755</b>	<b>510,677</b>	<b>565,994</b>
<b>Non-Current Liabilities</b>				
Borrowings	-	23,749	-	-
Deferred income tax liabilities	27,363	72,676	-	-
	<b>27,363</b>	<b>96,425</b>	-	-
<b>NET ASSETS</b>	<b>393,256</b>	<b>542,330</b>	<b>510,677</b>	<b>565,994</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	17,779	257,321	17,779	257,321
Reserves	920,663	656,270	891,968	627,861
Accumulated losses	(634,307)	(573,574)	(399,070)	(319,188)
	304,135	340,017	510,677	565,994
Non-controlling interests	89,121	202,313	-	-
<b>TOTAL EQUITY</b>	<b>393,256</b>	<b>542,330</b>	<b>510,677</b>	<b>565,994</b>

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

Amount repayable in one year or less, or on demand

As at 30.09.2017 (RMB'000)		As at 31.12.2016 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
35,274	68,100	109,463	40,100

Amount repayable after one year

As at 30.09.2017 (RMB'000)		As at 31.12.2016 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	-	23,749	-

Details of any collateral

The borrowings of the Group are secured as follows:

- (i) First legal mortgage over the entire pipeline network of the Group;
- (ii) First legal mortgage over certain investment properties, land and buildings of the Group;

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

	3 months ended		9 months ended	
	30.09.2017 RMB'000	30.09.2016 RMB'000	30.09.2017 RMB'000	30.09.2016 RMB'000
<b>Cash flows from operating activities</b>				
Profit before income tax	8,977	4,777	44,958	3,748
Adjustments for:				
Depreciation of property, plant and equipment	2,062	2,196	6,312	6,663
Interest expenses and other financial costs	1,820	7,859	6,954	23,230
Interest income	(3,939)	(64)	(15,076)	(222)
Employee share option expense	-	-	-	335
Gain on disposal of property, plant and equipment	(80)	(2)	(80)	(7)
Unrealised currency translation (gain) / loss	-	(156)	-	161
Gain on disposal of 5% interest in subsidiaries	-	-	(5,559)	-
Share of loss / (profit) of associated companies	1,188	-	(4,026)	-
Gain on partial waiver of amount payable	-	-	(11,000)	-
	<u>10,028</u>	<u>14,610</u>	<u>22,483</u>	<u>33,908</u>
<b>Changes in working capital</b>				
Development properties	-	(42,412)	(104,767)	(125,972)
Inventories	254	302	1,294	346
Trade and other receivables	22,780	(8,205)	8,957	(3,639)
Trade and other payables	(10,011)	86,642	135,612	158,644
Cash provided by operations	<u>23,051</u>	<u>50,937</u>	<u>63,579</u>	<u>63,287</u>
Interest paid	-	(1,880)	(5,955)	(14,654)
PRC income tax paid	(3,641)	(5,356)	(24,536)	(14,415)
Net cash provided by operating activities	<u>19,410</u>	<u>43,701</u>	<u>33,088</u>	<u>34,218</u>
<b>Cash flows from investing activities</b>				
Interest received	141	29	671	29,532
Purchases of property, plant and equipment	(24,757)	(8,766)	(48,804)	(17,997)
Increased of restricted bank balances pledged	-	(161)	(5,854)	(5,582)
Proceed from disposal of property, plant and equipment	80	-	80	13
Loans to associated companies	60,000	191	59,800	(126)
Net proceeds from disposal of subsidiaries	-	-	20,109	-
Net cash provided by / (used in) investing activities	<u>35,464</u>	<u>(8,707)</u>	<u>26,002</u>	<u>5,840</u>
<b>Cash flows from financing activities</b>				
Interest and other finance costs paid	(1,021)	-	(9,273)	-
Borrowings from non-related parties	-	-	28,000	60,000
Borrowings from a related party	-	-	-	21,800
Dividend paid to a non-controlling shareholder	(10,000)	-	(10,000)	-
Special dividend paid	-	-	(52,715)	-
Repayments of borrowings from non-related parties	(11,299)	(10,439)	(93,239)	(80,508)
Repayments of borrowings from a related party	-	(9,000)	-	(12,000)
Net cash used in financing activities	<u>(22,320)</u>	<u>(19,439)</u>	<u>(137,227)</u>	<u>(10,708)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>32,554</u>	<u>15,555</u>	<u>(78,137)</u>	<u>29,350</u>
<b>CASH AND CASH EQUIVALENTS:</b>				
BEGINNING OF FINANCIAL PERIOD	<u>35,708</u>	<u>29,673</u>	<u>146,399</u>	<u>15,878</u>
END OF FINANCIAL PERIOD	<u>68,262</u>	<u>45,228</u>	<u>68,262</u>	<u>45,228</u>

	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and bank balances	68,407	53,794	68,407	53,794
Restricted bank balances	(145)	(8,566)	(145)	(8,566)
	<u>68,262</u>	<u>45,228</u>	<u>68,262</u>	<u>45,228</u>

As at 30 September 2017, cash and cash equivalents include restricted bank balances of approximately RMB145,000 (30 September 2016: RMB8,566,000).

The restricted cash mainly comprise of:

- (i) Restricted bank balances of approximately RMB145,000 (30 September 2016: RMB145,000) for securing the performance and fund utilisation for a land development project of the Group;
- (ii) Cash of RMB nil (30 September 2016: RMB7,692,000) deposited in certain banks as guarantee deposits for mortgage loan facilities granted by the banks to the buyers of the Group's development properties. Such guarantees will only be released after the loan has been settled or issue of the real estate ownership certificate to the buyers, whichever is earlier; and
- (iii) Short-term bank deposits of RMB nil (30 September 2016: RMB729,000) in a PRC subsidiary pledged to a lender as security for RMB borrowings granted to a PRC subsidiary.

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	Accumulated losses RMB'000			Total RMB'000
<b>2016</b>												
<b>Beginning of financial period</b>	257,321	46,060	565,589	7,268	21,506	8,324	(2,147)	9,833	(638,254)	275,500	207,197	482,697
Total comprehensive (loss) / income for the financial period	-	-	-	-	-	-	-	-	(20,346)	(20,346)	9,254	(11,092)
Transfer	-	-	-	-	1,465	-	-	-	(1,465)	-	-	-
Share option lapsed	-	-	-	-	-	-	-	(2,759)	2,759	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	335	-	335	-	335
<b>End of financial period</b>	<b>257,321</b>	<b>46,060</b>	<b>565,589</b>	<b>7,268</b>	<b>22,971</b>	<b>8,324</b>	<b>(2,147)</b>	<b>7,409</b>	<b>(657,306)</b>	<b>255,489</b>	<b>216,451</b>	<b>471,940</b>
<b>2017</b>												
<b>Beginning of financial period</b>	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 period	-	-	-	-	-	-	-	-	16,835	16,835	13,929	30,764
Transfer	-	-	-	-	1,872	-	-	-	(1,872)	-	-	-
Disposal of subsidiaries	-	-	-	496	(2,082)	-	-	-	-	(1,586)	(87,121)	(88,707)
Capital reorganisation	(244,455)	-	244,455	-	-	-	-	-	-	-	-	-
Special dividend	-	-	-	-	-	-	-	-	(75,696)	(75,696)	(40,000)	(115,696)
Scrip share issued	4,913	19,652	-	-	-	-	-	-	-	24,565	-	24,565
<b>End of financial period</b>	<b>17,779</b>	<b>65,712</b>	<b>810,044</b>	<b>7,764</b>	<b>23,557</b>	<b>8,324</b>	<b>(2,147)</b>	<b>7,409</b>	<b>(634,307)</b>	<b>304,135</b>	<b>89,121</b>	<b>393,256</b>

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

COMPANY

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>2016</b>								
<b>Beginning of financial period</b>	257,321	46,060	565,589	479	8,324	9,833	(316,331)	571,275
Total comprehensive loss for the financial period	-	-	-	-	-	-	(4,010)	(4,010)
Share option lapsed	-	-	-	-	-	(2,759)	2,759	-
Recognition of share-based payments	-	-	-	-	-	335	-	335
<b>End of financial period</b>	<u>257,321</u>	<u>46,060</u>	<u>565,589</u>	<u>479</u>	<u>8,324</u>	<u>7,409</u>	<u>(317,582)</u>	<u>567,600</u>
<b>2017</b>								
<b>Beginning of financial period</b>	257,321	46,060	565,589	479	8,324	7,409	(319,188)	565,994
Total comprehensive loss for the financial period	-	-	-	-	-	-	(4,186)	(4,186)
Capital reorganisation	(244,455)	-	244,455	-	-	-	-	-
Special dividend	-	-	-	-	-	-	(75,696)	(75,696)
Scrip share issued	4,913	19,652	-	-	-	-	-	24,565
<b>End of financial period</b>	<u>17,779</u>	<u>65,712</u>	<u>810,044</u>	<u>479</u>	<u>8,324</u>	<u>7,409</u>	<u>(399,070)</u>	<u>510,677</u>

- 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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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 to eligible shareholders of the Company who have elected to participate in the Scrip Dividend Scheme.

The Capital Reorganisation 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.

As at 30 September 2017 and 30 September 2016, 2,700,000 options granted in accordance with CIHL Share Option Scheme 2010 remained outstanding. If all of these options are exercised, 2,700,000 shares in the capital of the Company would be issued on conversion. Under the 2010 scheme, 2,700,000 options representing 100% (of all options granted under the Scheme) could be exercised as at 30 September 2017 and 30 September 2016.

The Company did not hold any of its issued shares as treasury shares as at 30 September 2017 and 30 September 2016.

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

As at 30 September 2017, the number of issued shares excluding treasury shares was 71,233,533 ordinary shares (31 December 2016: 51,230,183)

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

Not applicable.

- 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 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.

There are a number of new or revised International Financial Reporting Standards (“IFRSs”) and related interpretations promulgated by International Financial Reporting Interpretations Committee (“IFRICs”) that are effective for accounting periods beginning on or after 1 January 2017. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for the financial period ended 30 September 2017. Save as aforesaid, the accounting policies and methods of computation used in the preparation of the financial information of the

Group for the financial period ended 30 September 2017 are the same as those used in the annual financial statements of the Group for the financial year ended 31 December 2016.

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

The Group adopted the new or amended IFRSs and IFRICs that are mandatory for application for financial year beginning on or after 1 January 2017. The adoption of these new or amended IFRSs and IFRICs did not result in substantial changes to the Group's accounting policies nor any significant impact on the consolidated financial statements.

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

	<u>30.09.2017</u>	<u>30.09.2016</u>
Profit / (loss) attributable to owners of the parent (RMB'000)	16,835	(20,346)
Weighted average number of ordinary shares in issue ('000)	58,264	51,230
Basic and diluted earnings / (loss) per share (RMB' fen)	28.89	(39.72)

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

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

The share options of 2,700,000 (30 September 2016: 2,700,000) are anti-dilutive as: (i) the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial periods ended 30 September 2017 and 30 September 2016, and (ii) the Group recorded a loss for the financial period ended 30 September 2016.

- 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.

	<u>GROUP</u>		<u>COMPANY</u>	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Net asset value (RMB'000)	304,135	340,017	510,677	565,994
Number of shares ('000)	71,234	51,230	71,234	51,230
Net asset per share (RMB)	4.270	6.637	7.169	11.048

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or

- cyclical factors; and  
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Profit or Loss Analysis

Revenue in Q3 2017 of the Group was RMB28.42 million, a decrease of RMB28.06 million as compared to the revenue of RMB56.48 million in Q3 2016, representing a decrease of 49.7%, as property sales were no longer consolidated in the Group's revenue in Q3 2017.

Cost of sales and services provided in Q3 2017 decreased by 57.7% to RMB12.97 million, a decrease of RMB17.68 million as compared to RMB30.66 million in Q3 2016, as the cost of property sales was no longer consolidated in the Group's cost of sales and services provided in Q3 2017.

A comparison of the revenues and cost of sales and services provided is shown below:

	Q3-2017				Q3-2016			
	Revenue (net)	Cost of service provided	Gross profit	Gross profit rate	Revenue (net)	Cost of service provided	Gross profit	Gross profit rate
	RMB'000'	RMB'000'	RMB'000'	%	RMB'000'	RMB'000'	RMB'000'	%
Development properties	-	-	-	-	27,044	(24,552)	2,492	9.21
Water operation	28,422	(12,974)	15,448	54.4	29,434	(6,105)	23,329	79.26
	28,422	(12,974)	15,448	54.4	56,478	(30,657)	25,821	45.72

The Group recorded a gross profit of RMB15.45 million in Q3 2017, a decrease of 40.2% as compared to RMB25.82 million in Q3 2016.

Other income in Q3 2017 was RMB4.43 million, which represents an increase of RMB3.53 million as compared to the RMB0.90 million in Q3 2016. The increase of 391.8% came mainly from higher interest income in CIHL (Tianjin) City Development Limited.

Administrative expenses in Q3 2017 were RMB2.89 million, which represent an increase of RMB0.57 million as compared to the RMB2.31 million in Q3 2016. The increase of 24.7% was mainly from higher legal and professional expenses.

Selling and marketing expenses in Q3 2017 was RMB nil, representing a decrease of 100%, as selling and marketing expenses of the KYWJ Group were no longer consolidated in the Company in Q3 2017.

Finance costs in Q3 2017 was RMB1.82 million, a decrease of RMB6.04 million or 76.8%, mainly from lower interest expenses in CIHL (Tianjin) City Development Limited.

Share of loss of associated companies in Q3 2017 was RMB1.19 million. Upon completion of the disposal of its 5% interest in KYWJ Group on 1 June 2017, the KYWJ Group ceased to be subsidiaries and was treated as associated companies. The Company recorded its share of loss of the KYWJ Group using the equity method.

Income tax expenses in Q3 2017 was RMB3.95 million, representing a decrease of 37.6% from the RMB6.33 million recorded in Q3 2016, as income tax expenses in the KYWJ Group was no longer consolidated in the Company in Q3 2017.

The Group recorded an after tax profit of RMB5.02 million in Q3 2017 compared to a loss of RMB1.56 million in Q3 2016.

### Analysis on Statement of Financial Position

On 1 June 2017, the KYWJ Group ceased to be subsidiaries and became associated companies of the Company. As at 30 September 2017, the company's equity and debt interests in KYWJ Group have accordingly been reclassified and recognised as investment in associates of RMB99.11 million and other receivables of RMB301.04 million respectively, instead of eliminating them as intercompany balances in the Consolidated Statement of Financial Position. Details are as follow:

Financial statement line item of KYWJ Group in The Consolidated Statement of Financial Position									
	30.09.2017			31.12.2016			Increase/(decrease)		
	KYWJ Group RMB'000	Others RMB'000	Total RMB'000	KYWJ Group RMB'000	Others RMB'000	Total RMB'000	KYWJ Group RMB'000	Others RMB'000	Total RMB'000
Investment in associates	99,105	-	99,105	-	-	-	99,105	-	99,105
Trade and other receivables	301,041	52,483	353,524	-	93,830	93,830	301,041	(41,347)*	259,694

\* The decrease of the others of trade and other receivables of RMB41.35 million is mainly due to the decrease of other receivables in CIHL (Tianjin) City Development Limited.

The reclassification of investment in KYWJ Group as an associated company of the Company from 1 June 2017 resulted in its assets and liabilities were no longer consolidated in the consolidated balance sheet of the Group. Some balance sheet item decreased significantly, for example Property, plant and equipment decreased from RMB256.30 million as at 31 December 2016 to RMB142.12 million as at 30 September 2017, Property for development decreased from RMB895.75 million as at 31 December 2016 to RMB nil as at 30 September 2017 and Trade and other payables decreased from RMB658.72 million to RMB180.01 million as at 30 September 2017. Details are as follow:

Financial statement line item of KYWJ Group in the consolidated B/S attributable to KYWJ Group									
	30.09.2017			31.12.2016			(Decrease) / Increase		
	KYWJ Group RMB'000	Others RMB'000	Total RMB'000	KYWJ Group RMB'000	Others RMB'000	Total RMB'000	KYWJ Group RMB'000	Others RMB'000	Total RMB'000
Property, plant and equipment	-	142,122	142,122	156,100	100,203	256,303	(156,100)	41,919 <sup>(1)</sup>	(114,181)
Property for development	-	-	-	895,747	-	895,747	(895,747)	-	(895,747)
Trade and other payables	-	180,005	180,005	525,974	132,746	658,720	(525,974)	47,259 <sup>(2)</sup>	(478,715)

(1) The increase of other property, plant and equipment of RMB41.92 million is mainly due to the increase of construction costs of pipelines in CIHL (Tianjin) Water Development Company Limited.

(2) The increase of trade and other payables of RMB47.26 million is mainly due to the increase of dividend payable to a non-controlling shareholder of CIHL (Tianjin) Water Development Company Limited.

Cash and cash equivalents as at 30 September 2017 was RMB68.41 million as compared to RMB156.98 million as at 31 December 2016.

### **Cash Flows Analysis**

As at 30 September 2017, included in cash and cash equivalents are restricted bank balances of approximately RMB145,000, which was deposited for securing the performance and fund utilisation for a land development project of the Group.

Net cash generated from operating activities is RMB19.41 million in Q3 2017, mainly from receivables of other receivables in CIHL (Tianjin) City Development Limited.

Net cash provided by investing activities in Q3 2017 was RMB35.46 million, mainly due to repayment of loans made by the KYWJ Group.

Net cash used in financing activities in Q3 2017 was RMB22.32 million, mainly due to payment of the dividend to a non-controlling shareholder and 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.](#)

Not applicable.

- 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 retains a 50% interest in the Yichang project after the disposal of the 5% stake in the second quarter of 2017. The Group expects to generate more sales from the second phase in the remainder of 2017 and 2018. In the meantime, Yichang project has started preparation for the third phase of the development. The Group expects the third phase to commence construction in 2018.

The Group expects the Tianjin Water project to perform positively into the remainder of 2017. The Group expects to see significant progress in the development of new projects in 2018.

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

The Group will going forward be focused on cash generation from the 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 for the third quarter and the nine-month period ended 30 September 2017.

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

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

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

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and of the Company for the third quarter and nine months financial periods ended 30 September 2017 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

Zhang Rong Xiang  
Managing Director

Zhu Jun  
Executive Director

Shen Xia  
Executive Director

- 15 Undertakings confirmation pursuant to Rule 720(1)

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

**BY ORDER OF THE BOARD**

Zhang Rong Xiang  
Managing Director  
10 November 2017