

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 /
	31.12.2019	31.12.2018	(Decrease)
	RMB'000	RMB'000	%
Revenue	63,132	89,681	(29.6)
Cost of sales and services provided	<u>(35,650)</u>	<u>(38,657)</u>	(7.8)
Gross profit	27,482	51,024	(46.1)
Other income - net	35,558	7,767	357.8
Expenses			
- Administrative	(9,855)	(8,771)	12.4
- Other operating	(24,441)	(24,656)	(0.9)
- Finance	(77)	(2,391)	(96.8)
Share of loss from associated companies accounted for using the equity method	<u>(1,225)</u>	<u>(2,902)</u>	(57.8)
Profit before income tax	27,442	20,071	36.7
Income tax expense	<u>(1,517)</u>	<u>(1,554)</u>	(2.4)
Profit for the financial year	25,925	18,517	40.0
Profit for the financial year attributable to:			
Owners of the parent	18,560	7,162	159.1
Non-controlling interests	<u>7,365</u>	<u>11,355</u>	(35.1)
	<u>25,925</u>	<u>18,517</u>	40.0

Notes: Operation of associated companies, the KYWJ Group

On 1 June 2017, the Company completed the disposal of its 5% equity interest and debt interest in the KYWJ Group, which resulted in a loss of control in the KYWJ Group. Consequently, even though the Group has lost its control in the KYWJ Group, it still remains a significant influence by virtue of its remaining 50% equity interest and its board representation on the KYWJ Group. Accordingly, the Group has deconsolidated the KYWJ Group and reclassified the investment as associates, which would be accounted for using the equity method.

(i) The summary results of the KYWJ Group for FY 2019 and FY 2018 are as follow:

	12 months ended		Increase / (Decrease) %
	31.12.2019 RMB'000	31.12.2018 RMB'000	
Revenue	204,020	131,140	55.6
Cost of sales and services provided	(164,161)	(107,463)	52.8
Gross profit	<u>39,859</u>	<u>23,677</u>	68.3
Other income - net	1,024	271	277.9
Other operating expenses	(17,917)	(10,899)	64.4
Selling and marketing expenses	(29,182)	(21,166)	37.9
Loss before income tax	<u>(6,216)</u>	<u>(8,117)</u>	(23.4)
Income tax credit	<u>3,765</u>	<u>2,313</u>	62.8
Loss for the financial year	<u><u>(2,451)</u></u>	<u><u>(5,804)</u></u>	(57.8)

Notes (cont'd): Operation of associated companies, the KYWJ Group

(ii) Statement of Financial Position as at 31 December 2019 for the KYWJ Group is as follows:

	31.12.2019 RMB'000	31.12.2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	167,970	161,262
	167,970	161,262
CURRENT ASSETS		
Property for development	1,213,666	849,912
Trade and other receivables	566,350	61,379
Cash and bank balances	156,343	113,594
Deferred tax assets	21,799	12,073
	1,958,158	1,036,958
CURRENT LIABILITIES		
Borrowing	204,496	23,053
Trade and other payables	1,686,932	934,251
	1,891,428	957,304
Net Current Assets	66,730	79,654
Total assets less current liabilities	234,700	240,916
NON-CURRENT LIABILITIES		
Deferred tax liabilities	38,212	41,977
	38,212	41,977
Net Assets	196,488	198,939
Equity		
Share capital	4,444	4,444
Reserves	140,817	140,817
Accumulated profit	51,227	53,678
	196,488	198,939

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

a. The total saleable area for the Phase 1, Phase 2, “new” Phase 3-1 and “new” Phase 3-2 is approximately 462,349 square meters. As at 31 December 2019, the take-up rates for Phase 1-1, Phase 1-2, Phase 1-3, Phase 2, “new” Phase 3-1 and “new” Phase 3-2 are 94.48%, 93.96%, 90.71%, 86.29%, 95.00% and 70.55% respectively. The total saleable area for “new” Phase 3-3 has not yet been approved.

b. Cumulative revenue recognised in the income statement up to the current year is approximately RMB1,567 million. Cumulative sales and pre-sales amounted to approximately RMB3,002 million, of which approximately RMB1,435 million belonging to pre-sales revenue will only be recognised in the income statement in a later period upon completion.

c. Phase 2-3 was completed during Q3 2019. The “new” Phase 3-1 is in the process of construction, with 5% of the remaining work planned to complete by second half of 2020. The delay in completion is due to outbreak of COVID-19. Further details are disclosed in Note 10 of this announcement. The “new” Phases 3-2 and 3-3 are in the process of construction, with 65% and 85% 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.

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

	12 months ended	
	31.12.2019	31.12.2018
	RMB'000	RMB'000
Interest income	1,046	6,713
Rental income, net	1,346	1,230
Depreciation of property, plant, equipment and right-of-use assets	(11,926)	(10,900)
Currency translation loss	(80)	(162)
Auditors' remuneration	(1,106)	(986)
Share of loss of associated companies	(1,225)	(2,902)

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	
	31.12.2019 RMB'000	31.12.2018 RMB'000	31.12.2019 RMB'000	31.12.2018 RMB'000
Non-Current Assets				
Property, plant and equipment	276,920	172,572	-	-
Intangible assets	135	243	-	-
Investment properties	34,800	34,800	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in subsidiaries	-	-	196,000	196,000
Investment in associates	98,244	99,469	-	-
Right-of-use assets	1,109	-	-	-
Deferred income tax assets	3,893	7,733	-	-
	435,404	335,120	196,000	196,000
Current Assets				
Inventories	2,246	1,750	-	-
Other current assets	7,949	27,809	-	-
Trade and other receivables	181,867	219,682	440,981	452,415
Cash and bank balances	167,891	64,266	1	1
	359,953	313,507	440,982	452,416
Current Liabilities				
Borrowings	33,000	28,000	-	-
Lease liabilities	590	-	-	-
Trade and other payables	201,047	143,709	134,920	142,387
Current income tax liabilities	22,747	25,853	-	-
	257,384	197,562	134,920	142,387
NET CURRENT ASSETS	102,569	115,945	306,062	310,029
TOTAL ASSETS LESS CURRENT LIABILITIES	537,973	451,065	502,062	506,029
Non-Current Liabilities				
Lease liabilities	398	-	-	-
Long term borrowings	72,000	-	-	-
Deferred income	16,300	16,300	-	-
Deferred income tax liabilities	7,979	19,394	-	-
	96,677	35,694	-	-
NET ASSETS	441,296	415,371	502,062	506,029
EQUITY				
Equity attributable to owners of the parent				
Share capital	17,779	17,779	17,779	17,779
Reserves	918,438	922,366	884,559	891,673
Accumulated losses	(605,120)	(627,608)	(400,276)	(403,423)
	331,097	312,537	502,062	506,029
Non-controlling interests	110,199	102,834	-	-
TOTAL EQUITY	441,296	415,371	502,062	506,029

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

Amount repayable in one year or less, or on demand

As at 31.12.2019 (RMB'000)		As at 31.12.2018 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
5,000	28,000	-	28,000

Amount repayable after one year

As at 31.12.2019 (RMB'000)		As at 31.12.2018 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
72,000	-	-	-

Details of any collateral

The borrowing of the Group is secured as follows:

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

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	
	31.12.2019	31.12.2018
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	27,442	20,071
Adjustments for:		
- Amortisation of intangible assets	108	-
- Depreciation of property, plant, equipment and right-of-use assets	11,926	10,900
- Interest expenses	-	2,391
- Interest income	(1,046)	(6,713)
- Gain on disposal of property, plant and equipment	(9)	(15)
- Share of loss of associates	1,225	2,902
- Unrealised currency translation (gain) / loss	(107)	61
	<u>39,539</u>	<u>29,597</u>
Changes in working capital		
- Inventories	(496)	415
- Other current assets	19,860	(24,847)
- Trade and other receivables	(32,321)	(31,933)
- Trade and other payables	57,406	(8,201)
Cash provided by operations	<u>83,988</u>	<u>(34,969)</u>
PRC income tax paid	(12,196)	(4,330)
Net cash provided by / (used in) operating activities	<u>71,792</u>	<u>(39,299)</u>
Cash flows from investing activities		
Increase of restricted bank balances pledged	-	(1)
Interest received	1,000	393
Purchases of property, plant and equipment	(116,395)	(39,595)
Purchases of intangible assets	-	(121)
Proceeds from disposal of property, plant and equipment	9	15
Repayment of loans from an associated company	70,180	168,548
Net cash (used in) / provided by investing activities	<u>(45,206)</u>	<u>129,239</u>
Cash flows from financing activities		
Interest and other finance costs paid	(68)	(6,129)
Purchase of treasury shares	-	(9)
Sale of treasury shares	-	9
Proceeds from borrowings	77,000	-
Repayments of borrowings		
- non-related parties	-	(23,748)
- related parties	-	(39,100)
Dividend paid to a non-controlling shareholder	-	(30,000)
Government grant received	-	16,300
Net cash provided by / (used in) financing activities	<u>76,932</u>	<u>(82,677)</u>

	12 months ended	
	31.12.2019	31.12.2018
	RMB'000	RMB'000
Net increase in cash and cash equivalents	103,518	7,263
CASH AND CASH EQUIVALENTS:		
BEGINNING OF FINANCIAL YEAR	64,120	56,918
Effects of exchange rate changes on cash and cash equivalents	107	(61)
End of financial year	<u>167,745</u>	<u>64,120</u>
Analysis of Cash and Cash Equivalents		
Cash and bank balances	167,891	64,266
Restricted bank balances	<u>(146)</u>	<u>(146)</u>
	<u>167,745</u>	<u>64,120</u>

As at 31 December 2019 and 2018, cash equivalents include restricted bank balances of approximately RMB146,000 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		
2018													
Beginning of financial year	17,779	65,712	810,044	7,764	23,736	8,324	(2,147)	7,409	-	(631,518)	307,103	92,631	399,734
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	-	(633,246)	305,375	91,479	396,854
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	-	-	-	-	-	-	-	-	(9)	-	(9)	-	(9)
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
2019													
Beginning 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
Total comprehensive income for the financial year	-	-	-	-	-	-	-	-	-	18,560	18,560	7,365	25,925
Transfer	-	-	-	-	3,186	-	-	-	-	(3,186)	-	-	-
Share options lapsed	-	-	-	-	-	-	-	(7,114)	-	7,114	-	-	-
End of financial year	17,779	65,712	810,044	7,764	28,741	8,324	(2,147)	-	-	(605,120)	331,097	110,199	441,296

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
2018									
Beginning of financial year	17,779	65,712	810,044	479	8,324	7,409	-	(399,879)	509,868
Total comprehensive loss for the financial year	-	-	-	-	-	-	-	(3,839)	(3,839)
Share options lapsed	-	-	-	-	-	(295)	-	295	-
Share buybacks	-	-	-	-	-	-	(9)	-	(9)
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
2019									
Beginning of financial year	17,779	65,712	810,044	479	8,324	7,114	-	(403,423)	506,029
Total comprehensive loss for the financial year	-	-	-	-	-	-	-	(3,967)	(3,967)
Share options lapsed	-	-	-	-	-	(7,114)	-	7,114	-
End of financial year	17,779	65,712	810,044	479	8,324	-	-	(400,276)	502,062

- 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.

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 2019 there were no share options remain outstanding, as the remaining 2,300,000 options granted in accordance with the CIHL Share Option Scheme 2010 had expired on 9 March 2019 (31 December 2018: 2,300,000 outstanding options).

The Company did not hold any of its issued shares as treasury shares as at 31 December 2019 and 31 December 2018.

The Company did not hold any of its issued shares as subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 31 December 2019 and 31 December 2018, the number of issued shares excluding treasury shares and subsidiary holdings was 71,233,533 ordinary shares.

- 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.

- 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 auditors.

- 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 paragraph 5 below, the Company has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting financial year compared with the audited financial statements for the financial 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 the reasons for, and the effect of, the change.

The Company has adopted *IFRS 16 — Leases* effective for the financial year beginning on 1 January 2019 as follows:

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the previous standard (*IAS 17*).

The Company agreed to pay rents for the leasehold properties in its portfolio. The Company has adopted *IFRS 16* retrospectively by recognising the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019).

With the adoption of *IFRS 16*, the Company is required to recognise the property leases on the Statement of Financial Position to reflect the right-of-use of leasehold property and the associated obligation for the lease payments as lease liabilities. The right-of-use of leasehold property and the corresponding lease liabilities are derived by discounting the future lease payments using the Company’s incremental borrowing rate for borrowings of similar amounts and tenors, and with similar security.

As at 1 January 2019 (the date of adoption of *IFRS 16*), the Company recognised the right-of-use of leasehold property of RMB1.60 million and lease liabilities of RMB1.45 million for its leases previously classified as operating leases. The adoption of *IFRS 16* has no impact on the net assets, total return and distributable amount to Unitholders.

Prior to the adoption of *IFRS 16*, lease payments made to property owners are presented as rent expenses in income statement. However, with the adoption of *IFRS 16*, such payments are now reflected as finance cost and depreciation of the right-of-use assets of leasehold property on the Statements and as payments for lease liabilities under financing cash flows on the Cash Flow Statement.

In FY2019, the Group recognised finance cost on lease liabilities for leasehold property of RMB77,281 and depreciation of right-of-use of leasehold property of RMB490,228 on the 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.

	31.12.2019	31.12.2018
Profit attributable to owners of the parent (RMB'000)	18,560	7,162
Weighted average number of ordinary shares in issue ('000)	71,234	71,234
Basic and diluted earnings per share (RMB fen)	26.05	10.05

Basic earnings per share is calculated by dividing the profits 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 profit 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.

As at 31 December 2018, the share options of 2,300,000 are anti-dilutive as the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial year ended 31 December 2018. There were no share options outstanding at 31 December 2019.

- 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net asset value * (RMB'000)	331,097	312,537	502,062	506,029
Number of shares ('000)	71,234	71,234	71,234	71,234
Net asset per share (RMB)	4.648	4.387	7.048	7.104

* 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

FY2019 revenue for the Group was RMB63.13 million, a decrease of RMB26.55 million or 29.6% compared to the RMB89.68 million in FY 2018. The decrease of 29.6% was mainly due to lower revenue on construction of water pipeline. The breakdown of revenue in FY2019 and FY2018 is shown below:

	FY 2019	FY 2018	Increase / (decrease)	
	RMB'000	RMB'000	RMB'000	%
Revenue				
- Water supply revenue	43,992	34,911	9,081	26.0
- Revenue on construction of water pipeline	21,790	54,770	(32,980)	(60.2)
- Adjustment of revenue on land development project	(2,650)	-	(2,650)	NM
	<u>63,132</u>	<u>89,681</u>	<u>(26,549)</u>	<u>(29.6)</u>

NM: Not meaningful

Revenue on construction of water pipeline was lower by 60.2% in FY 2019 compared to FY 2018, as

there were lesser numbers of new development projects in the area. The water pipeline construction business is very dependent on the local economic environment and the general state of property development. Adjustment of revenue on a land development project of RMB2.65 million represents a lower revenue was recognised after a final consideration was agreed in FY2019.

Cost of sales and services provided in FY 2019 decreased by 7.8% to RMB35.65 million, a decrease of RMB3.01 million as compared to RMB38.66 million in FY 2018 with lower cost of water operations.

The Group recorded a gross profit of RMB27.48 million in FY 2019, a decrease of 46.1% compared to RMB51.02 million in FY 2018.

Other income in FY2019 was RMB35.56 million, representing an increase of RMB27.79 million compared to the RMB7.77 million in FY2018. The increase of 357.8% was due to net income contributed (billings less direct costs incurred for providing the services) from CIHL (Tianjin) Water Development Company Limited for providing temporary water treatment services prior to commissioning of the new plant.

Finance costs in FY2019 was RMB0.08 million, a decrease of RMB2.31 million or 96.8% compared to the RMB2.39 million in FY2018 as interest expenses of borrowings in FY2019 had been capitalised.

Share of loss from associated companies in FY 2019 was RMB1.23 million compared to the share of loss of RMB2.90 million recorded in FY 2018. Loss in FY 2019 and 2018 is attributed from the KYWJ Group as it incurred higher expenses for general advertising and marketing activities. The new operating company, HongKun had focused on more advertising and marketing to attract new buyers. Furthermore, the cumulative pre-sales from the uncompleted Phase 3 will only be recognised in the income statements by the KYWJ Group upon completion in later periods.

The Group recorded an after tax profit of RMB25.93 million in FY2019 compared to RMB18.52 million in FY2018.

Analysis on Statement of Financial Position

Property, plant and equipment rose from RMB172.57 million as at 31 December 2018 to RMB276.92 million as at 31 December 2019 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 RMB219.68 million as at 31 December 2018 to RMB181.87 million as at 31 December 2019 as the partial recovery was made of the amount due from an associated company, Yichang Xinshougang Property Development Company Limited.

Other current assets decreased from RMB27.81 million as at 31 December 2018 to RMB7.95 million as at 31 December 2019, after direct costs incurred for the supply of temporary wastewater treatment services has been recognised in profit or loss on a net basis under other income in CIHL (Tianjin) Water Development Company Limited.

Trade and other payables increased from RMB143.71 million as at 31 December 2018 to RMB201.05 million as at 31 December 2019. This was mainly due to increase in receipts in advance from the pipe line construction services of CIHL (Tianjin) Water Development Company Limited.

Cash and cash equivalents as at 31 December 2019 were higher at RMB167.89 million as compared to RMB64.27 million as at 31 December 2018.

Long term borrowings of RMB72.00 million as at 31 December 2019 represent proceeds from borrowings of CIHL (Tianjin) Water Development Company Limited.

Cash Flows Analysis

As at 31 December 2019, 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 provided by operating activities was RMB71.79 million in FY 2019, which was mainly from revenue and receipts in advance from pine line construction services in CIHL (Tianjin) Water Development Company Limited.

Net cash used in investing activities was RMB45.21 million in FY 2019, which was mainly paid for construction of the new project (新河再生水厂项目) in CIHL (Tianjin) Water Development Company Limited.

Net cash provided by financing activities in FY 2019 of RMB76.93 million came from borrowings from a bank.

- 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.](#)

Both the Group's water businesses in Tianjin and the property development project in Yichang City, Hubei Province require undertaking construction and related activities. The Novel coronavirus pneumonia, now known as COVID-19, outbreak has caused significant disruptions to the movement of people, goods and services throughout China. It has also resulted in disruptions to labour supply to many businesses, including to the Group's water and property development projects.

The Group is unable to estimate the extend of the adverse impact on the business at this point in time but will make prompt disclosure when it becomes aware of any material or significant information concerning its operations.

The Group commenced the construction of the new project (新河再生水厂项目) in 2018 and completed construction in December 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, to be fed into the network of the Tianjin Water. It is expected to significantly increase the water supply capacity of Tianjin Water. The new project's cost of approximately RMB160 million was financed from internal cash resources and debt financing.

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

In FY2018, the KYWJ Group (50% owned associated companies of the Group) had commenced the development in "new" Phases 3-1, 3-2 and 3-3. To-date, the property development projects are still on-going. Due to the delay in permitting process in Q4 2019 and the onset of COVID-19 in Q1 2020,

the KYWJ Group expects the completion of Phase 3-1 to be further delayed to the second half of 2020. However, the KYWJ Group still expects to generate cash inflow through sales of available units from the completed Phases 1 and 2 and pre-sales of Phases 3-1 and Phase 3-2, albeit at a slower pace. The KYWJ Group is seeking approval for some planning adjustments in respect of Phase 3-3.

The Group has made full impairment in relation to the Liuhe Gold project in Q4 FY2015, and Company has not found an opportunity to our share of ownership of this investment. The project will meanwhile remain under care.

The Group has made full impairment for the related investment in the Group's project in Papua New Guinea in Q4 FY2015 and intends to support the project company to apply renew exploration rights in 2020. It will also consider disposal of this investment when there is an opportunity. The project will remain under care and maintenance.

The Group will go 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.

The directors do not propose a dividend for the current period Q4 of 2019. The board will consider over the next few months and before the upcoming annual general meeting of shareholders whether to propose a full-year dividend for 2019 after the impact of COVID-19 on the Chinese economy and the Group's business operations becomes clearer.

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

	Water supply services	Land development	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial year ended				
31 December 2019				
Total segment revenue	65,782	(2,650)	44,714	107,846
Inter-segment revenue	-	-	(44,714)	(44,714)
Revenue from external parties	65,782	(2,650)	-	63,132
Segment results	30,132	(2,650)	-	27,482
Interest income	6,256	24	(5,234)	1,046
Rental income	-	-	1,346	1,346
Other income	-	-	33,246	33,246
Administrative expenses	-	-	(9,855)	(9,855)
Other operating expenses	(11,653)	(2,049)	(10,739)	(24,441)
Currency translation loss	-	-	(80)	(80)
Finance costs	-	-	(77)	(77)
Share of loss of associated companies	-	-	(1,225)	(1,225)
Income tax (expense) / credit	(5,617)	(498)	4,598	(1,517)
PROFIT FOR THE FINANCIAL YEAR				25,925
Depreciation	(10,726)	(5)	(1,195)	(11,926)

(a) Business activities (cont'd):

	Water supply services RMB'000	Land development RMB'000	All other segments RMB'000	Total RMB'000
As at 31 December 2019				
Total assets	508,122	19,749	267,486	795,357
Total assets include:				
Right-of-use assets	-	-	1,109	1,109
Property, plant and equipment	269,467	6	7,447	276,920
Intangible assets	135	-	-	135
Goodwill	20,303	-	-	20,303
Investment properties	-	-	34,800	34,800
Investment in associated companies	-	-	98,244	98,244
Deferred income tax assets	1,807	-	2,086	3,893
Inventories	2,246	-	-	2,246
Other current assets	7,949	-	-	7,949
Trade and other receivables	62,820	15,652	103,395	181,867
Cash and cash equivalents	143,395	4,091	20,405	167,891
Total assets				795,357
Addition to property, plant and equipment	115,778	-	617	116,395
As at 31 December 2019				
Total liabilities	261,074	17,939	75,048	354,061
Total liabilities include:				
Short term borrowings	5,000	-	28,000	33,000
Trade and other payables	154,648	17,024	29,375	201,047
Current income tax liabilities	13,126	915	8,706	22,747
Deferred income tax liabilities	-	-	7,979	7,979
Deferred income	16,300	-	-	16,300
Lease liability	-	-	988	988
Long term borrowings	72,000	-	-	72,000
				354,061

(a) Business activities (cont'd):

	Water supply services	Land development	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial year ended 31 December 2018				
Total segment revenue	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)
Finance costs	-	-	(2,391)	(2,391)
Share of loss 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 and amortisation	(10,376)	(7)	(517)	(10,900)

(a) Business activities (cont'd):

	Water supply services RMB'000	Land development RMB'000	All other segments RMB'000	Total RMB'000
As at 31 December 2018				
Total assets	<u>284,745</u>	<u>31,013</u>	<u>332,869</u>	<u>648,627</u>
Total assets include:				
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	<u>64,266</u>
Total assets				<u>648,627</u>
Addition to property, plant and equipment	<u>39,530</u>	<u>-</u>	<u>65</u>	<u>39,595</u>
As at 31 December 2018				
Total liabilities	<u>122,044</u>	<u>4,156</u>	<u>107,056</u>	<u>233,256</u>
Total liabilities include:				
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	-	-	<u>16,300</u>
Total liabilities				<u>233,256</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) % Group
(a) Turnover reported for first half year	26,267	36,898	(28.8)
(b) Operating (loss) / profit after tax before deducting minority interests reported for first half year	(14,152)	65	NM
(c) Turnover reported for second half year	36,865	52,783	(30.2)
(d) Operating profit after tax before deducting minority interests reported for second half year	40,077	18,452	117.20

NM: Not meaningful

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

	2019	2018
Ordinary	-	-
Preference	-	-
Total Annual Dividend	-	-

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
28 February 2020