

CHINA INTERNATIONAL HOLDINGS LIMITED

Condensed Interim Financial Statements

for the six months ended 30 June 2023

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group	
		6 months ended	
		30.06.2023	30.06.2022
		RMB'000	RMB'000
Revenue	4	51,846	56,867
Cost of sales and services provided		(42,852)	(34,955)
Gross profit		<u>8,994</u>	<u>21,912</u>
Other income - net		1,925	1,243
Expenses			
- Administrative		(5,298)	(4,270)
- Other operating		(8,961)	(9,382)
- Finance		(2,363)	(1,843)
Share of loss from a joint venture accounted for using the equity method		<u>(556)</u>	<u>-</u>
(Loss) / profit before income tax	6	(6,259)	7,660
Income tax credit	7	<u>352</u>	<u>604</u>
(Loss) / profit for the financial period, net of tax		<u>(5,907)</u>	<u>8,264</u>
(Loss) / profit for the financial period attributable to:			
Owners of the parent		(5,936)	5,926
Non-controlling interests		<u>29</u>	<u>2,338</u>
		<u>(5,907)</u>	<u>8,264</u>
(Loss) / earnings per share for the period attributable to the owners of the Company during the financial period:			
Basic (RMB fen)		(7.81)	7.82
Diluted (RMB fen)		(7.81)	7.72

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30.06.2023 RMB'000	31.12.2022 RMB'000	30.06.2023 RMB'000	31.12.2022 RMB'000
ASSETS					
Current assets					
Cash and bank balances	5	55,552	63,372	1	1
Trade and other receivables	5	245,417	213,362	413,937	417,558
Other current assets		18,188	19,876	-	-
Inventories		3,534	3,678	-	-
Total current assets		322,691	300,288	413,938	417,559
Non-current assets					
Deferred income tax assets		12,954	12,519	-	-
Investment in a joint venture	15	96,358	96,913	-	-
Investment in subsidiaries		-	-	196,000	196,000
Investment properties	12	87,306	91,100	-	-
Property, plant and equipment	11	215,810	237,386	-	-
Intangible assets	10	35,382	29,397	-	-
Other receivables	5	30,000	30,000	-	-
Total non-current assets		477,810	497,315	196,000	196,000
Total assets		800,501	797,603	609,938	613,559
LIABILITIES					
Current liabilities					
Trade and other payables	5	150,885	136,542	129,334	127,041
Borrowings	13	69,398	60,960	-	-
Current income tax liabilities		1,422	2,623	-	-
Lease liabilities		32	89	-	-
Total current liabilities		221,737	200,214	129,334	127,041
Non-current liabilities					
Long term borrowings	13	34,785	43,931	-	-
Deferred income		13,447	13,855	-	-
Deferred income tax liabilities		9,944	11,558	-	-
Total non-current liabilities		58,176	69,344	-	-

	Note	The Group		The Company	
		30.06.2023	31.12.2022	30.06.2023	31.12.2022
		RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities		279,913	269,558	129,334	127,041
NET ASSETS		520,588	528,045	480,604	486,518
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	14	19,452	18,898	19,452	18,898
Reserves		934,667	934,329	894,977	894,590
Accumulated losses		(560,185)	(551,807)	(433,825)	(426,970)
		393,934	401,420	480,604	486,518
Non-controlling interests		126,654	126,625	-	-
Total equity		520,588	528,045	480,604	486,518

C. Condensed interim statements of changes in equity

The Group	← Attributable to owners of the parent →												
	Note	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	Subtotal RMB'000	Non-controlling Interests RMB'000	Total Equity RMB'000
2023													
Balance at 1 January 2023	14	18,898	70,695	810,044	7,764	34,601	8,324	(2,147)	5,048	(551,807)	401,420	126,625	528,045
Total comprehensive (loss) / profit for the financial period		-	-	-	-	-	-	-	-	(5,936)	(5,936)	29	(5,907)
Transfer		-	-	-	-	(49)	-	-	-	49	-	-	-
Reversal of staff & workers' bonus fund (Haimen)		-	-	-	-	-	-	-	-	1,517	1,517	-	1,517
Dividend payment													
- Cash		-	-	-	-	-	-	-	-	(1,901)	(1,901)	-	(1,901)
- Scrip		462	481	-	-	-	-	-	-	(943)	-	-	-
- Dividend payables		-	-	-	-	-	-	-	-	(1,164)	(1,164)	-	(1,164)
Share based payment		-	-	-	-	-	-	-	35	-	35	-	35
Share awards vested													
- Cash		-	-	-	-	-	-	-	(37)	-	(37)	-	(37)
- Scrip		92	92	-	-	-	-	-	(184)	-	-	-	-
Balance at 30 June 2023		<u>19,452</u>	<u>71,268</u>	<u>810,044</u>	<u>7,764</u>	<u>34,552</u>	<u>8,324</u>	<u>(2,147)</u>	<u>4,862</u>	<u>(560,185)</u>	<u>393,934</u>	<u>126,654</u>	<u>520,588</u>
2022													
Balance at 1 January 2022	14	18,874	70,643	810,044	7,764	33,427	8,324	(2,147)	4,924	(617,473)	334,380	130,968	465,348
Total comprehensive profit for the financial period		-	-	-	-	-	-	-	-	5,926	5,926	2,338	8,264
Transfer		-	-	-	-	481	-	-	-	(481)	-	-	-
Share based payment		-	-	-	-	-	-	-	581	-	581	-	581
Share awards vested													
- Cash		-	-	-	-	-	-	-	(117)	-	(117)	-	(117)
- Scrip		7	16	-	-	-	-	-	(23)	-	-	-	-
Balance at 30 June 2022		<u>18,881</u>	<u>70,659</u>	<u>810,044</u>	<u>7,764</u>	<u>33,908</u>	<u>8,324</u>	<u>(2,147)</u>	<u>5,365</u>	<u>(612,028)</u>	<u>340,770</u>	<u>133,306</u>	<u>474,076</u>

C. Condensed interim statements of changes in equity (cont'd)

The Company	Note	Share	Share	Contributed	Capital	Capital	Share	Accumulated	Total
		Capital	Premium	Surplus	Reserve	Redemption Reserve	Options Reserve		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2023									
Balance at 1 January 2023	14	18,898	70,695	810,044	479	8,324	5,048	(426,970)	486,518
Total comprehensive loss for the financial period		-	-	-	-	-	-	(2,847)	(2,847)
Dividend payment									
- Cash		-	-	-	-	-	-	(1,901)	(1,901)
- Scrip		462	481	-	-	-	-	(943)	-
- Dividend payables		-	-	-	-	-	-	(1,164)	(1,164)
Share based payment		-	-	-	-	-	35	-	35
Share awards vested									
- Cash		-	-	-	-	-	(37)	-	(37)
- Scrip		92	92	-	-	-	(184)	-	-
Balance at 30 June 2023		<u>19,452</u>	<u>71,268</u>	<u>810,044</u>	<u>479</u>	<u>8,324</u>	<u>4,862</u>	<u>(433,825)</u>	<u>480,604</u>
2022									
Balance at 1 January 2022	14	18,874	70,643	810,044	479	8,324	4,924	(423,156)	490,132
Total comprehensive loss for the financial period		-	-	-	-	-	-	(1,928)	(1,928)
Share based payment		-	-	-	-	-	581	-	581
Share awards vested									
- Cash		-	-	-	-	-	(117)	-	(117)
- Scrip		7	16	-	-	-	(23)	-	-
Balance at 30 June 2022		<u>18,881</u>	<u>70,659</u>	<u>810,044</u>	<u>479</u>	<u>8,324</u>	<u>5,365</u>	<u>(425,084)</u>	<u>488,668</u>

D. Condensed interim consolidated statement of cash flows

	Note	The Group	
		6 months ended	
		30.06.2023	30.06.2022
		RMB'000	RMB'000
Cash flows from operating activities			
(Loss) / profit before income tax		(6,259)	7,660
Adjustments for:			
-Amortisation of intangible assets		194	123
-Amortisation of deferred income		(408)	(408)
-Depreciation of property, plant and equipment		18,372	11,306
-Interest expenses and other financial costs		2,363	1,843
-Interest income	6	(139)	(358)
-Expenses of share option and share award plan		35	581
-Gain on disposal of property, plant and equipment		(1,119)	(3)
-Reversal of staff & workers' bonus fund (Haimen)		1,517	-
-Loss on disposal of other receivables		26	-
-Share of loss of associated companies		556	-
		15,138	20,744
Changes in working capital			
-Other current assets		1,520	(5,032)
-Inventories		311	(567)
-Trade and other receivables		(24,615)	(33,188)
-Trade and other payables		17,453	(2,947)
Cash used in operations		9,807	(20,990)
Cash from government's preferential tax policy		-	3,746
PRC income tax paid		(2,900)	(3,501)
Net cash provided by / (used in) operating activities		6,907	(21,245)
Cash flows from investing activities			
Interest (paid) / received		(2,199)	358
Purchases of property, plant and equipment		(8,869)	(22,122)
Restricted cash affected by frozen bank account	5c	(18,765)	-
Purchases of intangible assets		-	(20)
Loan to a joint venture		(1,125)	-
Net cash used in investing activities		(30,958)	(21,784)
Cash flows from financing activities			
Interest and other finance costs paid		(1,887)	(1,828)
Repayments of borrowings		(9,001)	(7,500)
Proceeds from borrowings		10,292	8,300
Principal payment of lease liabilities		-	(50)
Share awards vested - cash		(37)	(117)
Dividend payment - cash	8	(1,901)	-
Net cash used in financing activities		(2,534)	(1,195)
Net decrease in cash and cash equivalents		(26,585)	(43,724)
CASH AND CASH EQUIVALENTS:			
BEGINNING OF FINANCIAL PERIOD		63,372	115,613
END OF FINANCIAL PERIOD		36,787	71,889

D. Condensed interim consolidated statement of cash flows (Cont'd)

	The Group	
	6 months ended	
	30.06.2023	30.06.2022
	RMB'000	RMB'000
Analysis of cash and cash equivalents		
Cash and bank balances	55,552	63,372
Restricted bank balances	(18,765)	-
	<u>36,787</u>	<u>63,372</u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

China International Holdings Limited (the “Company”) is listed on the main board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Company is an exempted company incorporated in Bermuda with limited liability under the Companies Act of Bermuda.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The Company is an investment holding company.

The principal activities of the Group are: (a) water supply services; (b) wastewater treatment services; and (c) land and real estate property development.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS - 34 Interim Financial Reporting issued by the International Accounting Standards Committee. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (RMB’000) as indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 5 – Loss allowance for trade and other receivables and contract assets.
- Note 11 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.
- Note 13 – determination of fair value of investment property using significant unobservable inputs.
- Note 4 – Revenue from wastewater treatment services.
- Note 15 – Investment in a joint venture – Hubei Huike International Exhibition Service Co., Ltd (“Huike”)

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purpose, the Group is organised into business units based on its products and services and has two reportable segments for the financial period ended 30 June 2023 as follows:

Water supply services	- Construction of water pipeline, supply of gray water and wastewater treatment service
Land development	- Provision of engineering and land leveling service for preliminary land development projects
Others	- Others include investment/corporate segment

The other segments include investment segment which identifies new investment opportunities locally and oversea that has the potential to increase revenue streams and produce good returns on investments.

These operating segments are reported in a manner consistent with internal reporting provided to the Managing Director who is the Group’s chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4.1. Reportable segments

(a) Business activities

The segment information provided to the management for the reportable segments is as follows:

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial period ended 30 June 2023				
Total segment revenue	63,940	-	-	63,940
Inter-segment revenue	(12,094)	-	-	(12,094)
Revenue from external segment	51,846	-	-	51,846
Segment results	8,994	-	-	8,994
Interest income	95	1	43	139
Rental income	-	-	805	805
Other income	-	-	1,020	1,020
Administrative expenses	-	-	(5,298)	(5,298)
Other operating expenses	(3,041)	(1,568)	(4,352)	(8,961)
Currency translation gain	-	-	(39)	(39)
Finance expenses	(1,871)	-	(492)	(2,363)
Share of loss of a joint venture	-	-	(556)	(556)
Income tax credit / (expense)	874	-	(522)	352
Profit for the financial period			(5,907)	(5,907)
Depreciation and amortisation	(17,785)	(3)	(371)	(18,159)

4.1. Reportable segments (Cont'd)

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2023				
Total assets	536,868	1,388	262,245	800,501
Total assets include:				
Property, plant and equipment	214,167	19	1,624	215,810
Intangible assets	8,966	-	6,113	15,079
Goodwill arising on consolidation	20,303	-	-	20,303
Long term receivable	-	-	30,000	30,000
Investment properties	-	-	87,306	87,306
Investment in joint venture	-	-	96,358	96,358
Deferred income tax assets	10,889	-	2,065	12,954
Inventories	3,534	-	-	3,534
Other current assets	18,188	-	-	18,188
Trade and other receivables	230,562	100	14,755	245,417
Cash and cash equivalents	30,259	1,269	24,024	55,552
Total assets				800,501
Disposal to property, plant and equipment	(323)	-	(4,215)	(4,538)
Total liabilities include:				
Short-term borrowings	19,998	-	49,400	69,398
Trade and other payables	130,945	5,135	14,805	150,885
Current income tax liabilities	(4,634)	-	6,056	1,422
Deferred income tax liabilities	4,432	-	5,512	9,944
Deferred income	13,447	-	-	13,447
Lease liabilities	-	-	32	32
Long term borrowings	34,785	-	-	34,785
Total liabilities				279,913

4.1. Reportable segments (Cont'd)

The segment information provided to the management for the reportable segments is as follows:

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial period ended 30 June 2022				
Total segment revenue	88,910	-	-	88,910
Inter-segment revenue	(32,043)	-	-	(32,043)
Revenue from external segment	56,867	-	-	56,867
Segment results	21,912	-	-	21,912
Interest income	175	3	180	358
Rental income	-	-	803	803
Other income	-	-	71	71
Administrative expenses	-	-	(4,270)	(4,270)
Other operating expenses	(2,549)	(1,688)	(5,145)	(9,382)
Currency translation gain	-	-	11	11
Finance expenses	(1,836)	-	(7)	(1,843)
Income tax credit / (expense)	2,066	-	(1,462)	604
Profit for the financial period			8,264	8,264
Depreciation and amortisation	(10,779)	(2)	(525)	(11,306)

4.1. Reportable segments (Cont'd)

	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2022				
Total assets	533,066	1,067	217,265	751,398
Total assets include:				
Property, plant and equipment	241,318	24	5,362	246,704
Intangible assets	9,155	-	-	9,155
Goodwill arising on consolidation	20,303	-	-	20,303
Long term receivable	-	-	30,000	30,000
Investment properties	-	-	32,100	32,100
Deferred income tax assets	3,265	-	2,085	5,350
Inventories	2,816	-	-	2,816
Other current assets	18,060	-	-	18,060
Trade and other receivables	210,797	101	104,123	315,021
Cash and cash equivalents	27,352	942	43,595	71,889
Total assets				751,398
Addition / (disposal) to property, plant and equipment	8,248	(309)	(136)	7,803
Total liabilities include:				
Short-term borrowings	16,000	-	28,000	44,000
Trade and other payables	110,703	5,170	32,107	147,980
Current income tax liabilities	(2,492)	-	6,455	3,963
Deferred income tax liabilities	7,000	-	10,526	17,526
Deferred income	14,262	-	-	14,262
Lease liabilities	-	-	133	133
Long term borrowings	49,458	-	-	49,458
Total liabilities				277,322

4.2. Disaggregation of Revenue

	The Group			
	6 months ended 30 June 2023			
	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Water supply	10,945	-	-	10,945
Construction of water pipeline	19,236	-	-	19,236
Wastewater treatment	21,665	-	-	21,665
Total revenue	51,846	-	-	51,846
Timing of revenue recognition:				
At a point in time	19,236	-	-	19,236
Over time	32,610	-	-	32,610
Total revenue	51,846	-	-	51,846

Geographical information:

The revenues of the Group for financial period ended 30 June 2023 are derived wholly in one geographical market, namely, the People's Republic of China (the "PRC").

	The Group			
	6 months ended 30 June 2022			
	Water supply services	Land development	Other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Water supply	7,790	-	-	7,790
Construction of water pipeline	20,949	-	-	20,949
Wastewater treatment	28,128	-	-	28,128
Total revenue	56,867	-	-	56,867
Timing of revenue recognition:				
At a point in time	20,949	-	-	20,949
Over time	35,918	-	-	35,918
Total revenue	56,867	-	-	56,867

Geographical information:

The revenues of the Group for financial period ended 30 June 2022 are derived wholly in one geographical market, namely, the People's Republic of China (the "PRC").

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	The Group		The Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial Assets				
Other receivables (Non-current assets)	30,000	30,000		
Contract assets	190,986	170,789	-	-
Trade and other receivables (Amortised cost)	54,431	42,573	413,937	417,558
Cash and bank balances	55,552	63,372	1	1
	<u>330,969</u>	<u>306,734</u>	<u>413,918</u>	<u>417,559</u>
Financial Liabilities				
Trade and other payables and borrowings (amortised cost)	255,068	241,433	129,334	127,041

a) Trade receivables and contract assets

As at 30 June 2023, contract assets increased to RMB190.99 million from RMB170.79 million at 31 December 2022. These are revenue derived from wastewater treatment services or income from temporary wastewater treatment services (before 1 January 2020). The contract assets will be transferred to trade receivables when the Group's rights to consideration in exchange for the services rendered become unconditional, i.e. being when the customer completes its payment management processes.

Loss allowance for trade receivables and contract assets are measured at an amount equal to the lifetime expected credit losses ("ECL") via provision matrix as these items do not have a significant financing component. Trade receivables and contract assets have been grouped based on shared credit risk characteristics and the length of time past the due date by reference to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accordingly, for the financial year ended 31 December 2022, the Group recognised a loss allowance of RMB17.87 million against the contract assets.

For the current financial year, the Group will recognise any further loss allowance (if any) against the contract assets after measuring this estimate again in 2H 2023.

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments.

No other loss allowance has been recognized as at 30 June 2023 as the management believes that the amounts that are past due are collectible, based on historical payment behaviour and credit-worthiness of the customers.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade receivables and contract assets.

b) Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of other receivables, ie, amount owing by non-related parties, amount due from associates, amount owing by non-controlling shareholders of subsidiaries and deposits. These other financial assets are subject to immaterial credit loss, except for amount owing by associates.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counter parties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the group, and a failure to make contractual payments.

c) Cash and bank balances

	30.06.2023
	RMB'000
Restricted bank balances	55,552
Restricted bank balances	(18,765)
	<u>36,787</u>

Included in cash and bank balances are restricted bank balances of RMB18.76 million which arose after the Yiling District Public Security Bureau of Yichang City, Hubei Province ("湖北省宜昌市公安局夷陵分局") ("Yiling Public Security Bureau") froze the bank account of the Group's

wholly-owned subsidiary, CIHL (Tianjin) City Development Limited ("天津新中城市实业发展有限公司") ("CIHL Tianjin") on 28 March 2023. To date, there is no further development on this matter.

6. Profit before taxation

6.1. Significant items

	The Group	
	6 months ended 30.06.2023	6 months ended 30.06.2022
	RMB'000	RMB'000
Income		
Interest income	139	358
Gain on disposal of property, plant and equipment	1,119	3
Reversal of staff & workers' bonus fund (Haimen)	1,517	-
Expenses		
Interest on borrowings	(2,363)	(1,843)
Depreciation of property, plant and equipment and investment properties	(18,372)	(11,306)
Expenses of share options and share awards	(35)	(581)

6.2. Related party transactions

There are no other related party transactions apart from those disclosed elsewhere in the audited financial statements in the FY2022 Annual Report.

7. Taxation

The Group calculates the period's income tax expense / (credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 30.06.2023	6 months ended 30.06.2022
	RMB'000	RMB'000
Current income tax expense	(415)	2,331
Tax reductions	-	(2,747)
Deferred income tax expense relating to origination and reversal of temporary differences	63	(188)
	(352)	(604)

8. Dividends

	The Group	
	6 months ended	6 months ended
	30.06.2023	30.06.2022
	RMB'000	RMB'000
Ordinary dividend paid:		
Final dividend of S\$1 cent per share for the financial year ended 31 December 2022 (2021: nil)		
- Cash	1,901	-
- Scrip	943	-
- Dividend payable	1,164	-
	4,008	-

9. Net Asset Value

	The Group		The Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	RMB	RMB	RMB	RMB
Net asset value per ordinary share *	5.052	5.291	6.163	6.412

* Exclude non-controlling interests

10. Intangible assets

	The Group					Total
	Goodwill	Computer software	Equipment management system	Automatic water sales system	Land Use right	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 Dec 2022						
Cost	20,303	243	88	77	9,595	30,306
Accumulated amortisation	-	243	22	45	599	909
Net book amount	20,303	-	66	32	8,996	29,397
6 months ended 30 June 2023						
Opening net book amount	20,303	-	66	32	8,996	29,397
Amortisation charge	-	-	15	13	167	195
Addition	-	-	-	-	6,180	6,180
Closing net book amount	20,303	-	51	19	15,009	35,382
Cost	20,303	243	88	77	15,775	36,486
Accumulated amortisation	-	243	37	58	766	1,104
Net book amount	20,303	-	51	19	15,009	35,382

Goodwill arising from business combination is allocated to the water supply service cash-generating unit (“CGU”) comprising CIHL (Tianjin) Water Development Co., Limited (“Water Development”) in PRC at acquisition. This CGU is expected to benefit from that business combination.

The recoverable amount of the CGU was determined based on fair value less costs of disposal calculations. The fair value is within Level 3 of the fair value hierarchy.

No goodwill was allocated to other CGUs and they were not tested for impairment because there were no impairment indicators at 30 June 2023.

11. Property, plant and equipment

During the six months ended 30 June 2023, the Group disposed assets amounting to RMB4.54 million.

During the six months ended 30 June 2022, the Group acquired assets amounting to RMB7.80 million.

12. Investment properties

The Group’s investment properties are located in Beijing and Yichang, Hubei province in the PRC and are held as office building to generate rental income or for sale. The properties located in Beijing are leased to non-related parties under operating leases with rentals receivable monthly.

	The Group	
	30.06.2023	31.12.2022
	RMB’000	RMB’000
Beginning of financial period	91,100	32,100
Addition in the financial period	-	59,000
Added value tax (*)	(3,794)	
Fair value loss recognised in profit or loss	-	-
Net book value as at end of financial period	<u>87,306</u>	<u>91,100</u>

* Added value tax of RMB3.79 million in respect of investment properties in Yichang was reclassified as other current assets.

As disclosed in the announcement on SGX-ST on 4 July 2023, the Group’s investment properties in Yichang have had their transfers of title temporarily frozen by the local authorities.

The properties are held at fair value. Changes in fair values are presented in consolidated statement of comprehensive income as part of other losses-net.

For the measurements of the Group’s investment properties, the Group relies on valuation reports

prepared by professionally qualified valuers at annual reporting dates.

13. Borrowings

	The Group and the Company	
	30.06.2023	31.12.2022
	RMB'000	RMB'000
<u>Amount repayable within one year or on demand</u>		
- Secured	41,398	32,960
- Unsecured	28,000	28,000
<u>Amount repayable after one year</u>		
- Secured	34,785	43,931

Borrowings of the Group are secured as follows:

- (1) First legal mortgage over certain investment properties, land and buildings of the Group;
- (2) First legal mortgage over buildings in a related company; and
- (3) First legal mortgage over equity interests of a subsidiary and first legal mortgage of subsidiaries of the Group.

14. Share capital

	The Group and the Company			
	30.06.2023		31.12.2022	
	Number of shares	Amount	Number of shares	Amount
	'000	RMB'000	'000	RMB'000
Beginning of financial period	75,871	18,898	75,771	18,874
Issue of ordinary shares by scrip dividend	1,760	462	-	-
Issue of ordinary shares by share awards vested	350	92	100	24
End of financial period	77,981	19,452	75,871	18,898

The Company did not hold any treasury shares as at 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

15. Investment in a joint venture company - Huike

	The Group
	RMB'000
2023	
Investment at equity method	
1 January 2023	96,913
Share of loss of a joint venture	<u>(555)</u>
Net carrying amount on 30 June 2023	<u>96,358</u>

On 8 September 2022, Hubei Huike International Exhibition Service Co., Ltd (“Huike”) was incorporated in the PRC with a registered share capital of RMB10,000,000 as a special purpose vehicle company to hold a convention center in Yichang (“Exhibition Asset”). The Group, through a wholly owned subsidiary of the Group, CIHL (Tianjin) City Development Limited (“XZCID”), had subscribed to a 50% equity interest of Huike at a cost of RMB5,000,000. Another shareholder, Beijing Mengqi Information Consulting Company Limited (“Mengqi”) holds the remaining 50% interest. The principal activity of Huike is to hold and manage the Exhibition Asset.

Summarised financial information of Huike

The table below provides summarised financial information for Huike. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group’s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method.

Summarised statement of financial position of Huike

	30.06.2023 RMB'000	31.12.2022 RMB'000
Current		
Cash and cash equivalents	127	118
Other current assets	2	8
Liabilities	(1,414)	(300)
Total current net assets	<u>(1,285)</u>	<u>(174)</u>
Non-current		
Investment property (*)	194,000	194,000
Financial liabilities (excluding trade and other payables)		
Amount owing to shareholders	(184,000)	(184,000)
Total non-current net assets	<u>10,000</u>	<u>10,000</u>
Net assets	8,715	9,826
Reconciliation to carrying amount:		
Net assets at the beginning of financial period	9,826	10,000
Loss for the financial period	(1,111)	(174)
Closing net assets	<u>8,715</u>	<u>9,826</u>
Group's share in percentage terms (%)	50%	50%
Group's share of net assets	4,358	4,913
Deemed investment	92,000	92,000
Carrying amount	<u>96,358</u>	<u>96,913</u>
For the financial period		
Loss for the financial period	(1,111)	(173)
Income tax expense	-	-
Total comprehensive loss	<u>(1,111)</u>	<u>(173)</u>

* During the financial year ended 31 December 2022, Huike acquired the Exhibition Asset from the Group's then associate, Beijing Kaiyuanwanjia Management Consulting Limited and its subsidiaries ("KYWJ Group") for a consideration of RMB194,000,000.

To date, the legal titles for the Exhibition Asset have not been transferred to Huike. Notwithstanding the fact that Huike has not yet obtained the relevant legal titles of the Exhibition Asset, management considers that Huike has unencumbered rights over the ownership of the Exhibition Asset through a legally binding commercial sale and purchase agreement entered with the KYWJ Group at the relevant time.

For the measurements of Huike's Exhibition Asset, the Group relies on valuation reports prepared by professionally qualified valuers at annual reporting dates.

16. Subsequent events

There were several significant events in the first half of 2023. These events were related to the disposal by the Group of the KYWJ's stake on 18 December 2022. The Company believes it is too early to predict the impact of the outcome of these events on the Group's results at this point in time.

A summary of the significant events is set out below:

No.	Description	Date of Disclosure at SGX-ST	Status
1	Frozen Bank Account in China	2 April 2023	No further developments to date.
2	Appointment of RSM Corporate Advisory to conduct an Independent Review of the Disposal of the Group's share of 50% in the KYWJ group	4 April 2023	The review work of RSM Corporate Advisory is still in progress.
3	Litigation commenced by plaintiff, Mr. Zhang zhaowang	17 May 2023	The Court to hear this litigation has been designated as the Yichang Dianjun District Court. The date for trial has not yet been set.
4	Temporary freeze on transfers of property titles	4 July 2023	No further developments.
5	Litigation in relation to convention center assets	4 July 2023	The Court has circulated the evidence submitted by the Defender and the Company and our lawyers are making cross-examination preparations. The date for the trial has not yet been set.

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of China International Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Profit or Loss Analysis

Revenue in 1H 2023 of the Group was RMB51.85 million, a decrease of RMB5.0 million or 8.8% compared RMB56.87 million in 1H 2022. The decrease of 8.8% came mainly from lower revenue on wastewater treatment services.

Lower revenue on wastewater treatment services was recorded on lower cost of wastewater treatment.

A breakdown of revenue in 1H 2023 and 1H 2022 is as follows:

	1H 2023	1H 2022	Increase / (decrease)	
	RMB'000	RMB'000	RMB'000	%
Revenue				
- Water supply	10,945	7,790	3,155	40.5
- Construction of water pipeline	19,236	20,949	(1,713)	(8.2)
- Wastewater treatment services	21,665	28,128	(6,463)	(23.0)
	<u>51,846</u>	<u>56,867</u>	<u>(5,021)</u>	<u>(8.8)</u>

Cost of sales and services provided in 1H 2023 amounted to RMB 42.85 million or 82.6 % of revenue as against RMB 34.96 million or 61.5% of revenue for 1H 2022. The higher percentage was partly due to increased depreciation charges of RMB 9.23 million from investments in property plant and equipment made during the period.

Expenditures for the 1H 2023 for the Group was RMB 16.62 million compared to RMB 15.49 million for the for same period in 1H 2022. Administrative expenses rose by RMB 1.02 million due partly to higher professional and legal fees incurred on the litigation cases and the Independent Review.

The Group recorded a net loss of RMB 5.91 million in 1H 2023 compared to profit of RMB 8.26 million for 1H 2022.

Analysis on Statement of Financial Position

Cash and cash equivalents as at 30 June 2023 was RMB 55.55 million compared to RMB 63.37 million on 31 December 2022.

Trade and other receivables increased from RMB213.36 million as at 31 December 2022 to RMB245.42 million as at 30 June 2023, mainly from higher amounts due from government bodies for wastewater treatment services provided by CIHL (Tianjin) Water Development Company Limited.

Cash Flows Analysis

Net cash provided by operating activities amounted to RMB6.91 million in 1H 2023, mainly from receipts in advance. Trade and other payables increased from RMB136.54 million at 31 December 2022 to RMB150.89 million at 30 June 2023.

Net cash used in investing activities amounted to RMB30.96 million in 1H 2023, mainly for payments of properties, plant and equipment and cash frozen in bank account at Bohai Bank .

Net cash used in financing activities in 1H 2023 of RMB2.53 million, and comprised mainly interest and principal repayments on borrowings.

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

The Company's independent auditors, Messrs CLA Global TS Public Accounting Corporation, had issued a disclaimer of opinion ("Disclaimer of Opinion") on the Group's audited financial statements for the financial year ended 31 December 2022 ("FY2022") (the "Audited Financial Statements"). The basis for the Disclaimer of Opinion is in relation to (i) Independent review; and (ii) frozen bank account.

Independent review

The Company has been cooperating with the independent reviewer to complete the independent review. As at the date of this announcement, the independent review is still ongoing. The Company will make appropriate announcements as and when there are further material developments.

Frozen bank account

As disclosed in note 5(c) and note 16 of this announcement, there is no further development to date. The Company will make appropriate announcements as and when there are further material developments.

Based on current available information, the Board confirms that to the best of our understanding,

the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

4. 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 operating period and the next 12 months

After the PRC government reformulated its policy towards Covid-19 at the end of 2022, there has been an improvement in the economic climate. However, the economy of the PRC has not fully recovered and at this point in time the Group remains cautiously optimistic about general economic conditions for the next 12 months. Management will make prompt disclosure when it becomes aware of any material or significant information concerning its operations.

Tianjin Lingang Water Co. Ltd, a subsidiary of the Group has completed the expansion project to provide re-pressurized water from the Tianjin Water's pipeline network for supply to local users. The total capital cost of the expansion project ("Lingang Project") was about RMB70 million. Financing came from internal shareholders' funds and bank financing. The completed project will allow for an increase in sales of treated and untreated water to the related service areas.

The Group has no other investment plans at present and will continue to focus on the execution of the existing plans. The Group has made full impairment in relation to the Liuhe Gold project in Q4 FY2015, and the Company has not found an opportunity to dispose of 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 the exploration licence had expired in 2020. Since then, the Group has with the support of local partners secured a new exploration licence ("PPL 666") covering roughly the same area previously explored by the Group and its then partners. The Group plans to bring in new partners to advance the project.

The Group will continue to focus on cash generation from its portfolio of investment properties and further developing the water treatment business in China.

5. Dividend information

5a. Current Financial Period Reported on

No dividend has been declared or recommended taking into account the Group's operational and financial cash needs.

5b. Corresponding Period of the Immediate Preceding Financial Year

None.

5c. Date Payable.

Not applicable.

5d. Books Closure Date

Not applicable.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Zhang Rongxiang
Managing Director

Zhu Jun
Executive Director

14 August 2023