CIH

CHINA INTERNATIONAL HOLDINGS LIMITED

2019 | ANNUAL REPORT

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OUR BUSINESS

- **WATER SUPPLY SERVICES**
- **LAND AND REAL ESTATE PROPERTY DEVELOPMENT**

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Group continues to adopt the strategy of focusing on building the core businesses of water treatment and supply and property development. The Group sold the Tianjin Jixian Project in FY2016 and a 5% interest in the Yichang Project in FY2017, thus transferring the management of the Yichang Project to the Hongkun Group, our new partner in this project. This strategy has paid off as we improved cash flows and reduced overall debt of the Group over the last four years, as shown by our stronger balance sheets in recent years.

REVIEW OF 2019

In FY2019, against the backdrop of China's slowing economy and weakening market conditions due to various property cooling measures implemented, Group revenue dipped by 29.6% to RMB63.13 million to RMB89.68 million in FY2018.

With lower cost of water operations during the year, FY2019's cost of sales and services provided was lower by 7.8% to RMB35.65 million, a decrease of RMB3.01 million from RMB38.66 million in FY2018. The Group recorded a lower gross profit of RMB27.48 million in FY2019, a decrease of 46.13% as compared to RMB51.02 million in FY2018.

On the positive side, other income in FY2019 was RMB35.63 million, representing an increase of RMB27.72 million from RMB7.91 million in FY2018.

As a result, the Group recorded a profit after tax of RMB25.93 million in FY2019 as compared to RMB18.52 million in FY2018.

From the year ended 31 December 2019, our cash and cash equivalents rose by RMB103.52 million, mainly from net cash provided by operating activities and financing activities partially offset by investing activities. During the year, we continued to focus on generating cash from water treatment services and property development project, and we will continue to drive cash flows in FY2020.

In 2019, our subsidiary Tianjin Water has completed the construction of Xinhe Water Treatment Plant (新河污水处理及再生水厂项目). The project, with a capacity of treating discharged water of 70 thousand tonnes per day, receives treatment fees from the local government for upgrading the intake water from a sewage treatment plant (污水处理厂) to a standard sufficient for discharge and further treatment, and sells further treated water to customers through our existing network of pipelines.

UPDATE ON GOLD MINING & OIL EXPLORATION PROJECTS

The Group holds a 20.1% interest in Liuhe County Yukun Mining Co Ltd ("Liuhe"), a gold exploration and mining company in the Jilin Province, China. We have made a full impairment on the Liuhe project in Q4 FY2015 and do not expect this project to be viable in future.

The Group still holds an effective stake of 34.54% in an oil exploration company licensed to explore and drill oil & gas fields at early stages in Papua New Guinea through an investment vehicle known as Future Trillion Holdings Limited ("Future Trillion"). The Group has made full impairment for the related investment in this project in Q4 FY2015 and intends to support the partners in the project to apply for or renew the exploration rights in 2020. It will also consider bringing in new partners in this project when there is an opportunity.

LOOKING AHEAD

The Group's water pipeline construction business in Tianjin is very dependent on the local economic environment and the general state of property development. The property development project in Yichang City, Hubei Province requires undertaking construction and related activities. The outbreak of the novel coronavirus pneumonia, also known as COVID-19, has caused significant disruptions to the movement of people, goods and services throughout China. It has also brought disruptions to labour supply to the Group's water and property development projects.

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 the permitting process in Q4 2019 and the outbreak of COVID-19 in Q1 2020, the KYWJ Group expects the completion of Phase 3-1 to be further delayed. However, the KYWJ Group still expects to generate cash inflow through sales of available units from the earlier 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 in the process of seeking approvals for some planning adjustments for Phase 3-3.

SUSTAINABILITY STATEMENT

To comply with SGX-ST Listing Rule 711A, the Group issued the FY2019 Sustainability Report on 27 May 2020 and will continue to issue Sustainability Reports on an annual basis.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude to all our shareholders, management, customers, business partners and our employees for your unyielding faith, support and contributions to the Group during these very challenging times. We look forward to your continued support as we strive to enhance the Group's financial performance. I would also like to thank my fellow Directors for their invaluable contributions.

The Group has no other investment at present, and we will continue to focus on the water treatment and property development businesses in China. Though the economic outlook remains uncertain, we will stay focused and positive, as we continue to create greater value for our shareholders in time to come.

Shan Chang
Non-Executive Chairman

BOARD OF DIRECTORS

SHAN CHANG | Non-Executive Chairman

Mr Shan is one of the founders and the Chairman of the Company. Mr Shan has over 20 years of experience in the construction industry in the PRC and Hong Kong and more than 20 years business and financial management experience in listed companies. Mr Shan is the Chairman of CIGIS (China) Ltd. Mr Shan holds an Executive Master of Business Administration degree from the Tsinghua University, a Master of Science degree in Engineering from the China Academy of Railway Science and a Bachelor of Science degree in Engineering from the Tong Ji University. Age 60.

Present Directorships

Listed companies:
China International Holdings Limited

Others (Non-listed companies):
CIGIS China Limited
CIHL (Tianjin) Haihe Development Limited
Beijing Zhongyuandatong Real Estate Development Company

Past Directorships in listed companies held over the preceding 5 years
Nil

Other principal commitments:
Nil

ZHANG RONG XIANG | Managing Director

Mr Zhang is one of the founders of the Company. Mr Zhang was re-appointed as Managing Director of the Company on 27 April 2018. Mr Zhang has more than 20 years of experience in construction, civil engineering and seismic studies in the PRC and Hong Kong, including over 15 years with the Comprehensive Institute of Site Investigation and Surveying, Ministry of Construction of the PRC.

Mr Zhang holds an Executive Master of Business Administration degree from the Peking University, a Master of Science degree in Engineering from the China Academy of Building Research and a Bachelor of Engineering degree from the Hefei University of Technology. Mr Zhang is a member of the Council of the Architectural Society of China, a Registered Engineer for Construction Supervision and Registered Civil Engineer (Geot.) in the PRC. Age 58.

Present Directorships

Listed companies:
China International Holdings Limited

Others (Non-listed companies):
Beijing Jinlongshidai Investment Limited
Jing Wealth Investment Enterprise Limited
Tianjin City Ningqu Industry Development Limited
Tianjin Zhongchengjianfa Development Limited
CIHL (Tianjin) Haihe Development Limited

Past Directorships in listed companies held over the preceding 5 years
Nil

Other principal commitments :
Nil

◆ TEO WOON KENG JOHN | Independent Director

Mr John Teo was appointed Independent Director on 3 June 2015. He has over 25 years of professional and management experience and has held senior management positions, such as Managing Director, Finance, Temasek Holdings (Pte) Ltd, chief financial officer, National University Hospital and audit manager, Price Waterhouse Singapore.

He served on the Board of the Energy Market Authority, Singapore from April 2008 to March 2014 and was Chairman of the Audit Committee from April 2010. He was a member of the Auditing & Assurance Standards Committee of the Institute of Singapore Chartered Accountants from 2008 to 2016 and the Investment Advisory Committee of People's Association, Singapore from 2005 to 2017.

Mr Teo is a Member of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and a MBA from University of Wales.

He is currently Executive Director of Asia Pacific Lottery Association Ltd and a Director of the Ang Mo Kio Thye Hua Kwan Hospital Ltd. He is a Licensed Solemnizer in Singapore and sits on the management committees of several local community organisations. Age 63.

Present Directorships

Listed companies:
China International Holdings Limited

Others (Non-listed companies):
Asia Pacific Lottery Association Ltd
Ang Mo Kio Thye Hua Kwan Hospital Ltd

Past Directorships in listed companies held over the preceding 5 years
Nil

Other principal commitments:
Executive Director of Asia Pacific Lottery Association Ltd

◆ ZHU JUN | Executive Director

Mr Zhu joined the Company in April 2003 and was re-appointed as Executive Director of the Company on 26 April 2019. Mr Zhu is responsible for the business development and financial matter of the Group. Prior to joining the Company, Mr Zhu worked in banking, financial and capital market sector for more than 15 years as a senior executive. He served as Assistant Director of SINOLINK Worldwide Holdings Limited, a company listed on the Hong Kong Stock Exchange, for at least 6 years. Mr Zhu holds a Master and a Bachelor degree in Economics from the Peking University. Age 55.

Present Directorships

Listed companies:
China International Holdings Limited

Others (Non-listed companies):
Superfaith International Finance Limited
China Goldlink Capital Ltd
City Energy Holdings Limited
Goldlink Asset Management (Asia) Limited
Goldlink Capital Group Limited
Goldlink Capital (HK) Limited
Pacific Grow Holdings Ltd

Past Directorships in listed companies held over the preceding 5 years
Nil

Other principal commitments:
Nil

CHEE TECK KWONG PATRICK | Independent Director

Mr. Chee Teck Kwong Patrick, PBM, holds a Bachelor of Law (Hons) Degree from the University of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore and a Solicitor of the senior courts of England and Wales. He has been in private legal practice since 1980. He is now a Senior Legal Consultant with Withers KhattarWong LLP, an international law firm. His areas of practice are corporate and commercial matters, banking and finance, cross-border joint ventures and investments, mergers and acquisitions, and listing of companies. He has also advised on property law and has handled several landmark development projects in Singapore, Indonesia, Malaysia and China. He also conducts civil litigation and arbitration proceedings. He had initiated and was instrumental to the setting up of a full licensed KhattarWong's law practice in Vietnam.

Mr. Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators, and Singapore Institute of Directors. He had served several years in the sub-committee of National Crime Prevention Council, Singapore, and worked with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s.

From 2002 to 2013, Mr. Chee was the Organising Chairman of the "National Street Soccer League – Lee Hsien Loong Challenge Trophy".

He also sits on the Board of other public listed companies, i.e., Hai Leck Holdings Limited, MeGroup Ltd, and One Apex Limited. He is also Honorary Legal Advisor to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore.

Mr. Chee is the recipient of the National Day Awards 2003 – “The Public Service Medal (Pingat Bakti Masayarakat)” from the President of Republic of Singapore. Age 67.

Present Directorships

Listed companies:
China International Holdings Limited
Hai Leck Holdings Limited
MeGroup Limited
One Apex Limited

Others (Non-listed companies):
Nil

Past Directorships in listed companies held over the preceding 5 years:
Ramba Energy Limited (now known as ENECO Energy Limited)
CSC Holdings Limited
Tat Seng Packaging Group Ltd
Hanwell Holdings Limited
Hengxin Technology Ltd

Other principal commitments:
Senior Legal Consultant with Withers KhattarWong LLP, an international law firm.

◆ SHEN XIA | Executive Director and Chief Financial Officer

Mr Shen joined the Company in May 2010 and was appointed as Chief Financial Officer on 15 August 2014. Mr Shen is responsible for corporate finance and natural resources business operations of the Group. Prior to joining the Company, Mr Shen had more than 20 years of experience in investment banking focusing on natural resources sector. Mr Shen holds a Master degree from University of Oxford in England and a Bachelor degree from Zhejiang University in Hangzhou, China. Age 57.

Present Directorships

Listed companies:
China International Holdings Limited

Others (Non-listed companies):
Nil

Past Directorships in listed companies held over the preceding 5 years
Nil

Other principal commitments
Nil

CORPORATE STRUCTURE

China International Holdings Limited
中翔國際集團有限公司
Bermuda

- 100% — **Hong Kong** China Infrastructure Management (Hong Kong) Limited 中翔基建管理 (香港) 有限公司
- 100% — **Samoa** CIHL Development Limited 中翔基建发展有限公司
  - 100% — **PRC** CIHL (Tianjin) City Development Limited 天津新中城市实业发展有限公司
    - 50% — **PRC** Beijing Kaiyuan Wanjia Management Consulting Company Limited 北京开元万嘉管理咨询有限公司
      - 100% — **PRC** Yichang Xinshougang Property Development Company Limited 宜昌新首钢房地开发有限公司
        - 100% — **PRC** Yichang Jiaye Hotel Management Co., Limited 宜昌嘉业酒店管理有限公司
        - 100% — **PRC** Yichang Xiecheng Exhibition Services Co., Limited 宜昌协成会展服务有限公司
    - 20.1% — **PRC** LiuHe County Yukun Mining Co. Ltd 柳河县钰坤矿业有限公司
    - 100% — **PRC** Beijing Shiji Longquan Enterprise Co., Limited 北京世纪龙泉实业有限公司
    - 100% — **PRC** CIHL (Tianjin) City Development Limited Beijing Project Management Branch Office 天津新中城市实业发展有限公司北京工程管理分公司
- 100% — **British Virgin Islands** Pinnacle China Limited
  - 34.53% — **British Virgin Islands** Future Trillion Holdings Limited
    - 82.086% — **Independent State of Papua New Guinea** MKS Limited
- 100% — **Samoa** China (Tianjin) Water Resources Limited 中国天津水资源有限公司
  - 60% — **PRC** CIHL (Tianjin) Water Development Company Limited 中翔（天津）水业发展有限公司
    - 55% — **PRC** Tianjin Lingang Water Co., Ltd 天津临港水务有限公司
- 100% — **Samoa** Tianjin Bridges Investments Limited 天津桥梁投资有限公司
  - 75% — **PRC** CIHL Haimen (Tianjin) Enterprise Ltd 中翔海门 (天津) 实业有限公司

CORPORATE INFORMATION

DIRECTORS

Mr Shan Chang,
Non-Executive Chairman

Mr Zhang Rong Xiang,
Managing Director

Mr Zhu Jun,
Executive Director

Mr Shen Xia,
Executive Director and Chief Financial Officer

Mr Chee Teck Kwong Patrick,
Independent Director

Mr Teo Woon Keng John,
Independent Director

COMPANY SECRETARY

Ms Claudia Teo Kwee Yee

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
80 Robinson Road #25-00
Singapore 068898
Director-in-charge: Low See Lien
(since financial year ended 31 December 2017)

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SHARE REGISTRAR

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Hamilton HM 11
Bermuda

SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda
Telephone: 1 441 295 5950
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PRINCIPAL BANKERS

Industrial and Commercial Bank of China
HSBC Hong Kong

CORPORATE GOVERNANCE REPORT

The Board of Directors of China International Holdings Limited ("Company" or "Group") is committed to maintain a high standard of corporate governance. The Board and Management had taken steps to align its corporate governance framework with the principles and guidelines of the Code of Corporate Governance 2018 (the "Code"). Unless otherwise stated, the Group has generally adhered to the principle and guidelines as set out in the Code during the financial year ended 31 December 2019 ("FY2019").

◆ BOARD MATTERS THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Board is primarily responsible for directing the affairs of the Company in order to achieve the goals set for the Group. The responsibility includes setting the strategic direction and long term goals, internal controls and risk management, corporate governance and financial performance of the Group.

The Board works closely with Management ensuring that their duties and responsibilities stipulated under the Companies Act and applicable rules and regulations are complied with and their obligations towards shareholders and other stakeholders are met. The Board will hold management accountable for performance.

The Board has adopted a policy where the Directors who are interested in any matter being considered, recuse themselves from discussion and decision-making involving the issue of conflict.

With assistance of the Company Secretaries, the Board and the Management are continually apprised of their compliance obligations and responsibilities arising from regulatory requirements and changes in the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company also has in place a budget for the Directors' training programmes on an annual basis and the Directors are encouraged to participate in industry conferences, seminars, courses or training programmes in connection with their duties and responsibilities as the Directors of the Board and Board Committees, in order to keep abreast of the latest rules, regulations and accounting standards in Singapore.

The Directors have been keeping themselves abreast with the latest rules, regulations and accounting standards applicable to the Group during the course of their principal commitments, in addition to the regular digest provided by the Company Secretaries and external auditors.

It is noted that there is no new director appointed to the Board of the Company in FY2019.

Please also refer to Guideline 4.5.

The Board comprises the following members:

Mr Shan Chang	Non-Executive Chairman
Mr Zhang Rong Xiang	Managing Director
Mr Zhu Jun	Executive Director
Mr Shen Xia	Executive Director
Mr Chee Teck Kwong Patrick	Independent Director
Mr Teo Woon Keng John	Independent Director

The matters specifically reserved for the Board's decision include but are not limited to:

(1) Approving the Group's goals, strategies and objectives;
(2) Monitoring the performance of Management;
(3) Overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management systems, financial reporting and compliance of the Group;
(4) Approving the appointment of Directors of the Company and Key Management Personnel of the Group;
(5) Approving the announcement of unaudited quarterly financial results, unaudited full year financial results and audited financial statements;
(6) Endorsing remuneration framework and key human resource matters of the Group;
(7) Convening of general meetings;
(8) Approving annual budgets, major funding proposals, major acquisition and major disposal of investments according to the Listing Manual of the SGX-ST; and
(9) Assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 and the rules and regulations applicable to a public listed company.

To facilitate effective management, certain functions have been delegated to various Board Committees i.e., Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"), each of which has its own clear written terms of reference ("TOR"). The TORs are reviewed on a regular basis to ensure their continued relevance with the Code.

The Management together with the Board Committees support the Board in discharging its duties and responsibilities. The roles and powers of the Board Committees are set out separately in this Statement.

The Board meets at least quarterly and more frequently as and when required, to review and evaluate the Group's operations and performance and to address key policy matters of the Group, where necessary.

The Constitution of the Company allows Board and Board Committees meetings to be conducted by way of teleconferencing to facilitate Board participation.

In the absence of Board and Board Committees meetings, the Board and the Board Committees discuss, deliberate and approve the matters specially reserved to them by way of resolutions in writing in accordance with the Company's Constitution and Board Committees' term of references where applicable.

The number of Board and Board Committee meetings held during FY2019 and the attendance of each Director, where relevant, are set out as follows:

	Board Meetings	AC Meetings	NC Meetings	RC Meetings	RMC Meetings
Number of Meetings	4	4	1	1	2
Mr Shan Chang	4	4	1	1	2
Mr Zhang Rong Xiang	4	–	–	–	2
Mr Zhu Jun	4	–	–	–	–
Mr Shen Xia	4	–	–	–	2
Mr Chee Teck Kwong Patrick	4	4	1	1	–
Mr Teo Woon Keng John	4	4	1	1	–

Directors with multiple board representation are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Company.

Board papers for Board and Board Committee meetings are supplied to the Directors prior to meetings in order for the Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees.

The Board, the Board Committees and the Directors have separate and independent access to Management, the Company Secretary and external advisors (where necessary) at the Company's expense and are entitled to request from Management such information or clarification as required.

Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

The Company Secretary, or, when unavailable, an authorised designate, attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and Board Committees.

◆ BOARD COMPOSITION AND GUIDANCE

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC conducted its annual review of the Directors' independence according to the Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST. In its deliberation as to the independence of a Director, the NC takes into consideration whether a Director has any business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement in the best interest of the Company. The Independent Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

For FY2019, the Independent Directors have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST.

The Independent Directors did not own shares of the Company and were not in foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

As at the date of this report, Mr Chee Teck Kwong Patrick has served on the Board beyond nine (9) years since the date of his first appointment. The NC and the Board have conducted rigorous review and consider all nature of relationships and circumstances that could influence the judgement and decisions of Mr Chee Teck Kwong Patrick before tabling its finding and recommendations to the Board for approval.

The Board concurred with the NC's view that Mr Chee Teck Kwong Patrick has demonstrated strong independence character and judgement in the Board and Board Committees meetings over the years, in discharging his duties and responsibilities as an Independent Director with the utmost commitment in upholding the interest of non-controlling shareholders. He receives only a fixed Director's fee from the Company and do not have any relationships that could interfere with the exercise of their independent business judgement in the best interest of the Company. Mr Chee Teck Kwong Patrick has displayed characteristics expected of an Independent Director.

Taking into account of the above, the Board has affirmed the independence status of Mr Chee Teck Kwong Patrick and resolved that he continues to be considered an Independent Director, notwithstanding he has served on the Board beyond nine (9) years from the date of his first appointment.

For FY2019, the Board has six Directors, three (3) Executive Directors and three (3) Non-Executive Directors, two of them are independent. All the Directors have no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Company. There are adequate safeguards and checks in place to ensure that decision making process by the Board is independent. Although the Independent Directors are not in majority, the Board has always discussed important issues robustly and has been able to reach a consensus on the issues without having to rely on any majority voting to decide nor having an individual or small group of individuals dominate the Board's decision-making process.

Name of Directors	Role Undertaken	Board Committee Membership
Mr Shan Chang	Non-Executive Chairman	AC NC RC RMC
Mr Zhang Rong Xiang	Managing Director	RMC
Mr Zhu Jun	Executive Director	-
Mr Shen Xia	Executive Director	RMC
Mr Chee Teck Kwong Patrick	Non-Executive Independent Director	AC NC RC
Mr Teo Woon Keng John	Non-Executive Independent Director	AC NC RC

Members of the Board, have experience in accounting or finance, business management, legal or corporate governance, relevant industrial knowledge, strategic planning and customer-based experience or knowledge. Their profiles are set out on pages 05 to 09 of the Annual Report.

The size and composition of the Board are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is appropriate to facilitate effective decision-making, and that the Board has an appropriate balance of independent Directors.

During FY2019, the NC conducted its annual review of the Directors' independence and was satisfied that the Company has complied with the guidelines of the Code, including the guideline that at least one-third of the Board is made up of Independent Directors. As the Chairman is not an Independent Director, the NC also reviewed the composition of Independent Directors on the Board and was satisfied that the Non-Executive Directors made up to at least half of the Board.

For FY2019, Non-Executive Directors represented half of the Board members and contributed to the Board process by monitoring and reviewing management's performance against the established goals and objects. The Non-Executive Directors meet without the presence of Management, where necessary. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions constructively, the Non-Executive Directors will bring independent and objective judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Company does not have any alternate directors.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board and its Board Committees have a wide range of core competencies, experiences, skills and knowledge in, but not limited to, the fields of business development, business management, industry knowledge, financial, legal and accounting.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(1) by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
(2) evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of the above steps in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

The Board, with the concurrence of the NC, had reviewed and considered the size and mix of the Board and the Board Committees annually and is of the view that the current Board composition provides an appropriate balance and diversity of relevant gender, skills, experience and expertise required for effective management of the Group. Based on the foregoing, whilst the Company does not have an articulated diversity policy, it is evident that the Board is diverse in terms of skills, knowledge, experience and expertise required for effective management of the Group. The NC will continue to assess on an annual basis the diversity of the Board and to ensure that the diversity would be relevant to the business of the Group.

◆ CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The roles of the Non-Executive Chairman and Managing Director are separate, with a clear division of responsibilities between the two.

The Non-Executive Chairman, Mr Shan Chang, plays a pivotal role in steering the strategic direction and growth of the Company due to his considerable business experience. The role of the Non-Executive

Chairman includes:

(1) leading the Board to ensure its effectiveness in all aspects of its role;
(2) setting the agenda and ensuring that adequate time is available for the discussion of all agenda items, in particular, strategic issues;
(3) promoting a culture of openness and debate at the Board;
(4) ensuring that the Directors receive complete, adequate and timely information;
(5) ensuring effective communication between Management and the Board;
(6) ensuring effective communication with the shareholders of the Company;
(7) encouraging constructive relations within the Board and between the Board and Management;
(8) facilitating the effective contribution of non-executive directors in particular;
(9) promoting high standards of corporate governance.

The Managing Director, Mr Zhang Rong Xiang, assumes full executive responsibilities over the business directions and operational decisions of the Group in accordance with the Group's pre-determined goals, strategies and objectives.

To enable independent decision making of the Board and to ensure that there is an appropriate balance of power and authority on the Board, the Independent Directors are responsible for providing a non-executive perspective to the activities of the Group and contributing a balanced viewpoint to all Board deliberations.

Where the Chairman is not an independent director, Guideline 2.2 of the Code advocates that independent Directors should make up majority of the Board. Although the Company has one-third of the Board, comprising two independent directors out of six directors, is independent, all of the Directors were involved in debating matters tabled during Board meetings, regardless whether they were independent or not. The Board is aware of Guideline 2.2 and will review the need for the appointment of an additional independent director as part of its continuous assessment of corporate governance best practices.

For FY2019, the Company did not appoint a lead independent Director. As recommended by Guideline 3.3 of the Code, every company should appoint an independent director to be the lead independent director where the chairman is not an independent director. The NC has discussed and noted that the Non-Executive Chairman has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. He has and will be able to effectively discharge his duties as the chairman of the Board. The Board has concurred with the NC's recommendation. Notwithstanding, the two independent Directors do meet periodically (albeit on an informal basis) to discuss about the Group's affairs without the presence of the other Directors or Management. Any issues, concerns and/or suggestions arising from their discussions will be directly raised to the Non-Executive Chairman.

◆ BOARD MEMBERSHIP

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The NC is responsible for reviewing the composition and effectiveness of the Board and determining whether the Directors possess the requisite qualifications and expertise and whether the independence of the Directors is compromised pursuant to the guidelines set out in the Code.

The key duties of the NC includes but not limited to the following:

(1) To review annually the independent of each Director with reference to the guideline set out in the Code;
(2) To review all nominations for new appointments and re-election of Directors, put forth their recommendations for approval by the Board and ensure the new directors are aware of their duties and obligation;
(3) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
(4) To review Board succession plans, in particular, the Chairman and CEO;
(5) To assess the effectiveness of the Board as a whole and NC; and
(6) To review training and professional development programs for the Board.

Each member of the NC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of his re-nomination as a Director.

The NC comprises three Directors, the majority of whom, including the chairman, are independent. The NC members are:

Mr Chee Teck Kwong Patrick (Chairman)
Mr Teo Woon Keng John
Mr Shan Chang

The NC has formalised a procedure for the selection, appointment and re-election of Directors. Letters of appointment will be issued to new Non-Executive and Independent Directors setting out their duties, obligations and terms of appointment as appropriate while a service agreement accompanied with supporting documents setting out duties, responsibilities and terms of appointment will be given to new Executive Director.

In the case of a new Director to be appointed, inter alia, an evaluation of a candidate's qualifications and experience with due consideration being given to ensure that the Board consists of members who as a whole will collectively possess the relevant core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge.

The search for new Directors, if any, will, if considered necessary, be made through executive search companies, contacts and/or recommendations. Shortlisted persons will be evaluated by the NC before being recommended to the Board for consideration.

In accordance with the Bye-Laws of the Company, one-third of Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation at the annual general meeting of the Company, and a Director appointed during the year shall hold office until the next annual general meeting of the Company. The retiring Directors may offer themselves for re-election.

The NC has reviewed and recommended the nomination of Mr Shan Chang and Mr Chee Teck Kwong Patrick who will be retiring by rotation in accordance with Regulation 104 of the Bye-Laws of the Company, for re-election as Directors of the Company at the forthcoming Annual General Meeting of the Company.

The table below provides information pertaining to each Director's date of appointment and date of the last re-election:

Director	Date of first appointment	Date of last re-election
Mr Shan Chang	7 Nov 1998	28 April 2017
Mr Zhang Rong Xiang	15 Jan 1999	27 April 2018
Mr Zhu Jun	25 Jun 2003	26 April 2019
Mr Chee Teck Kwong Patrick	16 Jun 2008	28 April 2017
Mr Shen Xia	17 May 2010	26 April 2019
Mr Teo Woon Keng John	3 June 2015	27 April 2018

The Board and the NC review on annual basis whether or not a Director is independent, taking into account the definition of independence under the Code, inter alia, one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC and the Board have formed a view that none of the Non-Executive and Independent Directors has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The Board and the NC also reviewed each individual Director's judgement and conduct in carrying out his duties for FY2019. Together with the NC, the Board affirmed that Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John continue to be independent pursuant to the definition of Independence under the Code.

The Board and the NC have assessed the independence of each Director, including Directors whose tenure had exceeded nine years from the date of his first appointment. The independency has been subjected to a vigorous review by the NC.

In this regard, Mr Chee Teck Kwong Patrick has served beyond nine years from the date of his first appointment on 16 June 2008. In addition to the declarations of independence pursuant to the definition of "Independent Director" under the Code, Mr Chee Teck Kwong Patrick had submitted additional justifications and reasons for their independence to the NC. The NC had reviewed his independent thoroughly to determine whether he had continously exercised independence judgement in the best interest of the Company and of the Group while discharging his duties and responsibilities as a Director of the Company despite his extended tenure in office.

Based on the Board's and the NC's observations during the tenure of office occupied by Mr Chee Teck Kwong Patrick for FY2019, Mr Chee distinctively demonstrated independent mindedness and conduct at Board and Board Committees meetings. Together with the NC, the Board, is of the firm view and opinion that Mr Chee continues to exercise independent judgement in the best interest of the Company in the discharge of his duties as Director, despite their extended tenure in office.

New Directors will undergo an orientation programme whereby they are briefed by the Company Secretary of their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They will also be briefed by Management on the Group's industry and business operations.

It is noted that there is no new director appointed to the Board of the Company in FY2019.

The NC has reviewed the multiple board representations of the Directors and whether competing time commitments were faced when the Directors serve on multiple boards, in addition to the principal commitments of Directors on annual basis.

The NC has received assurance from the Directors who are holding multiple board representations, in particulars the Directors holding listed company board representations, that their time and effort in carrying out their duties as Directors of the Company will not be compromised. The NC has also considered the number of listed company board representations held by each Director. In FY2019, all Non-Executive and Independent Directors held up to not more than six (6) listed company board representations. Notwithstanding the foregoing, each of them contributes his time, resources and commitment to the Group.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding multiple listed company board representations and principal commitments of some Directors of the Company, as the Board and the Board Committees experienced minimal competing time commitments among its Board and Board Committees meetings in FY2019, which are planned and scheduled in advance.

Please refer to Annual Report pages 05 to 09 for listed company directorships and principal commitments of each director.

◆ BOARD PERFORMANCE

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC has in place a performance evaluation process where effectiveness of the Board as a whole is carried out on an annual basis following the conclusion of each financial year.

The evaluation questionnaire focuses on a set of performance criteria, which includes the size and composition of the Board, the Board's access to information pertaining to the Company, the efficiency and effectiveness of Board processes and the standards of conduct of Directors. All Directors are required to complete the evaluation questionnaire. The findings of the evaluation questionnaire are collated and analysed, and thereafter present to the NC for discussion. The NC will then present the findings of the evaluation questionnaire and make its recommendation to the Board.

The evaluation questionnaire, which allows for comparison with industry peers, is approved by the Board and they address how the Board has enhanced long term shareholder value. The Board has not changed any of such performance criteria or questions during FY2019.

Informal evaluation of the performance of the Board is undertaken on a continuous basis by the NC with inputs from the Executive Directors and the Non-Executive Chairman. The latter will act on the results of the evaluation and where appropriate, in consultation with the NC, will propose the appointment of new Directors or seek the resignation of current Directors.

Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of a Director include the Director's attendance at meetings held during the financial year and the contributions made by that Director at those meetings.

Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented as and when appropriate, if any.

The performance evaluation of the Board as a whole for FY2019 had been conducted. It was satisfied that all Directors individually and severally contributed effectively and demonstrated full commitment to their roles, accordingly, the performance of the Board for FY2019 was satisfactory.

The annual evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to but not limiting to:

(1) Board composition;

(2) Information of the Board;
(3) Board procedures;
(4) Board accountability;
(5) Interactions with CEO & Management;
(6) Standards of conduct by the Board.

◆ REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

The key responsibilities of the RC include but not limited to the following:

(1) To recommend to the Board a framework of remuneration for Executive Directors and Key Management Personnel of the Group that is aligned with the interests of shareholders and ensure that such remuneration is appropriate to attract, motivate and retain the right talents for the Group;
(2) To review and recommend to the Board for their endorsement on the annual remuneration packages for Executive Directors, Key Management Personnel and employees related to Directors or controlling shareholders of the Group, if any, which include a performance-related variable bonus component.
(3) To review and recommend to the Board the benefits under any long-term incentive schemes, if any, for Executive Directors and Key Management Personnel of the Group;
(4) To review and recommend the remuneration package of employees related to Directors or controlling shareholder of the Group, if any; and
(5) To review the contracts of service of the Executive Directors and Key Management Personnel of the Group.

Each member of the RC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the RC in respect of matters concerned him, if any.

The RC comprises the following Directors, the majority of whom, including the chairman, are independent. The RC Members are:

Mr Chee Teck Kwong Patrick (Chairman)
Mr Shan Chang
Mr Teo Woon Keng John

The RC holds at least one meeting in each financial year.

The recommendations of the RC pertaining to the service contracts of Directors are submitted for endorsement by the Board before the execution of any such service contracts.

In reviewing the remuneration packages for Executive Directors and Key Management Personnel of the Group, as well as employees related to the Directors and controlling shareholders of the Group, if any, the RC will consider their contributions as well as the financial performance and the commercial needs of the Group and ensure that they are adequately but not excessively remunerated by the Group.

Further, the RC will take into consideration remuneration packages and employment conditions within the industry and within similar organisation structure as well as the Group's relative performance and the performance of individual employee.

The RC ensures that the remuneration packages of employees relating to the Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC aims to be fair and avoid rewarding poor performance during the course of RC's duties including in the event of termination, termination clauses should be fair and not overly generously in respect of contract services entered into with Executive Directors and Key Management Personnel of the Group.

The RC has access to expert advice from external remuneration consultation, where required. In FY2019, the Board has not engaged any professional advice on remuneration matters.

◆ LEVEL AND MIX OF REMUNERATION

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

The Company adopts a remuneration policy for Executive Directors and Key Management Personnel of the Group that comprise a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of profit-sharing or a variable bonus that is linked to the performance of the Group and the individual performance for the preceding financial year.

Currently, the Company does not have a long-term incentive, share option scheme or share award scheme within the Group. The Company will be obtaining shareholders' approval for the new share option scheme and share performance scheme at the Special General Meeting ("SGM") to be held immediately after the Company's Annual General Meeting ("AGM").

Even though there are no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or Key Management Personnel of the Group in exceptional circumstances of misstatement of financial results or of misconduct resulting financial loss to the Group, the Group will not hesitate to take legal actions against the personnel responsible in the event of such exceptional circumstances or misconduct resulting financial loss to the Group.

Directors' fees payable/paid to the Non-Executive and Independent Directors are set in accordance with a remuneration framework comprising a basic fee and increment fixed fee, taking into account of the level of responsibilities such as taking the roles of chairman and member of Board Committees.

The Board, after the recommendation of the RC, has recommended the aggregate Directors' fees of RMB1,300,000 to Non-Executive and Independent Directors of the Company for financial year ending 31 December 2020, to be paid quarterly in arrears, for shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled for 29 June 2020.

The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

◆ DISCLOSURE ON REMUNERATION

Principle 8: *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

The remuneration paid (other than share options granted) to each Director of the Company for FY2019 is disclosed in the respective bands as set out below.

Directors	Fee	Salary	Allowance	Bonus	Total
	%	%	%	%	%
Below S$250,000					
Mr Shan Chang	100	–	–	–	100
Mr Teo Woon Keng John	88	–	12	–	100
Mr Zhang Rong Xiang	–	94	–	6	100
Mr Zhu Jun	–	69	26	5	100
Mr Chee Teck Kwong Patrick	88	–	12	–	100
Mr Shen Xia (1)	–	75	20	5	100

Note:
(1) Mr Shen Xia is also the CFO, a key executive of the Company.

In view of the confidentiality and sensitivity attached to remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose exact remuneration received by each Executive Director of the Company, but in the bands of S$250,000 disclosed above.

For FY2019, the Company did not have any key executive officer who is not also a Director of the Company. Hence, no further disclosure of remuneration is required under Guideline 8.1 of the Code. The CFO of the Company is Mr Shen Xia, who is also a Director of the Company.

There are no employees of the Group who are immediate family members of a Director or a substantial shareholder, and whose remuneration exceeds S$100,000 during FY2019.

Currently, the Company does not have a long-term incentive, share option scheme or share award scheme within the Group. The Company will be obtaining shareholders' approval for the new share option scheme and share performance scheme at the SGM to be held immediately after the Company's AGM.

◆ ACCOUNTABILITY AND AUDIT RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board recognises the importance of sound internal controls and risk management practices and acknowledges its responsibility for the systems of internal controls and risk management of the Group. In this regard, the role of the Board includes:

(1) ensuring that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets;
(2) determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;
(3) determining the levels of risk tolerance and risk policies of the Company;
(4) overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technologycontrols and risk management systems); and
(5) reviewing the adequacy and effectiveness of the risk management and internal control systemsannually.

In 2019, the Management carried out an annual review of the Group's key risks and the effectiveness of the key internal controls of the Group.

The Board has received assurance from the CEO and CFO that, as at 31 December 2019, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of Group's operations and finances.

The Board has also received assurance from the CEO and the key management personnel responsible for risk management and internal control systems that, as at 31 December 2019, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as the said assurances received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2019 to address financial, operational, compliance risks and information technology risks which the Group considers relevant and material to its operations.

The Board noted that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

◆ AUDIT COMMITTEE

Principle 10: *The Board has an Audit Committee which discharges its duties objectively.*

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel of the Group, to enable them to discharge its functions properly.

The AC has full access to Management and full discretion to invite any Director and officer to attend AC meetings held from time to time.

The key responsibilities of the AC include but not limited to the following:

(1) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and the announcements relating to the Group's financial performance;
(2) To review the assurance from CEO and the CFO on the financial records and financial statements;
(3) To review scope, audit plans and reports of the external auditor and the internal auditor;
(4) To review and report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management system;
(5) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST;
(6) To review and recommend to the Board of the release of the unaudited quarterly financial results and unaudited full year financial results;

(7) To review and recommend the re-appointment of the external auditor, and approve the remuneration of the external auditor;
(8) To oversee co-ordination where more than one auditing firm or auditing corporation is involved in the Group's external audit;
(9) To review the independence of the external auditor annually;
(10) To review all non-audit services provided by the external auditor to determine if the provision of such services will affect the independence of the external auditor; and
(11) To review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Each member of the AC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the AC in respect of matters concerned him, if any.

For FY2019, there were no non-audit fees paid to the external auditor, Nexia TS Public Accounting Corporation ("Nexia") and the AC is satisfied with the independence and objectivity of Nexia.

The AC has also considered the performance of Nexia based on factors such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Company's and the Group's audit as well as the size and complexity of the Company and of the Group. Accordingly, the AC has recommended the re-appointment of Nexia as external auditor of the Company for the ensuing year. The aggregate amount of fees paid to external auditor, as well as its fees is disclosed in page 84 of the Annual Report.

The AC, together with the external auditors and the Management, considered and discussed the Key Audit Matters included in the auditors' report. The AC concurs with the basis included in the Key Audit Matters. For more information on the Key Audit Matters, please refer to page 41 to 44 of the Annual Report.

The Company confirms that Rules 712 and 716 of the Listing Manual of SGX-ST have been complied with, specifically, the Board and the AC are satisfied that the appointment of different auditing firms for the Company and its subsidiaries or significant associate companies will not compromise the standard and effectiveness of the audit of the Company for FY2019.

The AC has adopted a whistle-blowing policy pursuant to which an appropriate channel has been established for the Group's employees to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters of the Group through emails.

The whistle-blowing policy was last reviewed by the AC in 2014 to ensure that the Group's whistle-blowing policy staying relevant and reaching out to the Group's employees in Singapore and overseas.

During FY2019, the key activities carried out by AC included but is not limited to:

(1) Reviewed and recommended unaudited quarterly financial results and unaudited full year financial

results to the Board for approval;

(2) Reviewed annual audit plans and reports presented by the internal auditor and external auditor;

(3) Received and discussed with the external auditor on the changes of International Financial Reporting Standards that may have a direct impact on the Group's financial statements ahead of the effective dates;

(4) Reviewed re-appointment of the external auditor and determining its independence before making a recommendation for Board's approval;

(5) Reviewed and reported to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system;

(6) Reviewed interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and

(7) Reviewed the Group's audited financial statements with Management and external auditor of the Company. Accordingly, the AC is of the view that the Group's financial statements for FY2019 are fairly presented in conformity with relevant International Financial Reporting Standards in all material aspects.

The AC comprises three Non-Executive Directors, the majority of whom, including the chairman, are independent. The AC members are:

Mr Teo Woon Keng John (Chairman)
Mr Shan Chang
Mr Chee Teck Kwong Patrick

Each of them has extensive knowledge and experience in the fields of corporate finance, law and business. The Board is of the view that the AC members are appropriately qualified in discharging their duties and responsibilities and are capable of exercising sound and independent judgement in view of their requisite expertise and experience.

None of the members of the AC is a partner or director of the Group's auditing firms or auditing corporations or was a former partner or former director of the Group's auditing firms or auditing corporations. None of them has any financial interest in the Group's auditing firms or auditing corporations.

The Company has outsourced its internal audit function to Crowe Horwath First Trust Risk Advisory Pte Ltd ("Crowe Horwath"). Crowe Horwath is a corporate member of the Institute of Internal Auditors Singapore, and is staffed with professionals with relevant qualifications and experience. The internal audit function primary line of reporting would be to the AC.

Crowe Horwath carries out their internal audit functions based on work plan agreed with the AC, where different aspects of internal control are reviewed for each year, and also take into consideration key risk facts identified. Crowe Horwath have submitted a report dated 6 February 2020 to the AC, reporting, inter alia, that (i) having performed the system review procedures of the Company's internal controls and

(ii) save for certain matters highlighted to the Company which have been duly noted by Management, based on their review of the adequacy and effectiveness of the Company system of internal controls or measures, they did not identify any significant deficiencies or non-compliance of controls or measures implemented by Management under such procedures and systems.

The Company cooperates fully with Crowe Horwath in terms of allowing unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

In performing its functions, the AC reviews the overall scope of both internal audit and external audit, and the assistance and resources given by Management to the internal auditor and the external auditor.

The AC also meets with the internal auditor and the external auditor annually after the conclusion of each financial year, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls.

◆ SHAREHOLDER RIGHTS AND ENGAGEMENT SHAREHOLDERS' RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: *The Company treats all shareholders fairly and equitably in order to enable the, to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The shareholders of the Company are entitled to receive notice of general meetings, annual report, offer information statement or circulars, whichever is applicable via mail. Such documents are also made available at SGXNET. To facilitate shareholders to exercise their ownership rights, the Board ensures adequate and material information concerning to the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST are released to SGX-ST through SGXNET in a timely and fair manner.

All resolutions put forth at general meetings to be voted are by a poll and the results of each resolution is announced at general meetings and released subsequently to SGX-ST.

Resolutions on each distinct issue are tabled separately at general meetings. For resolutions tabled under special business, a descriptive explanation of the effects of a resolution will be disclosed in the notice of general meeting.

The Chairmen of the AC, NC and RC are available to address shareholders' questions at general meetings like Annual General Meetings and Extraordinary General Meetings. The Management will be present to facilitate in addressing shareholders' queries at general meetings. All the Directors were present at the last Annual General Meeting held on 26 April 2019.

The external auditor of the Company will also be present at the Annual General Meeting of the Company to address any shareholders' queries that they may have on the consolidated audited financial statements of the Group.

Individual shareholders and corporate shareholders, who are unable to attend general meetings of the Company, are entitled to appoint not more than two proxies to vote on their behalf at the general meetings of the Company.

The proceedings of general meetings, including questions and answers exchanged among the Board, the Management and the shareholders, will be recorded in minutes and made available to the shareholders of the Company upon their request.

The Company currently does not have a fixed dividend policy. The dividend that the Directors of the Company may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors of the Company:

(1) the level of the earnings of the Group;
(2) the financial condition of the Group;
(3) the projected levels of the Group's capital expenditure and other investment plans;
(4) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
(5) other factors as the Directors of the Company may consider appropriate.

It is noted that there was no dividend declared to the shareholders of the Company for FY2019.

The Company has decided not to recommend any dividend for FY2019 at the forthcoming Annual General Meeting of the Company as working capital is required for the Group's business activities in view of the COVID-19.

◆ ENGAGEMENT WITH SHAREHOLDERS

Principle 12: *The Company communicates regularly with its shareholders and facilitates the participation of shareholder during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.*

The Board is committed to maintain a high standard of corporate governance by disclosing to its stakeholders, including its shareholders and investors, with adequate and material information concerning the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST through SGXNET to SGX-ST in a timely and fair manner.

The Board is mindful of its obligation to provide adequate and timely disclosure of all material and price-sensitive information to SGX-ST through SGXNET.

The announcements, including but not limiting to the Group's unaudited financial results for each of the first three quarters of its financial year, the Group's unaudited full year financial results, and the material updates of the Group's business development prepared in accordance with disclosure requirements of the Listing Manual of the SGX-ST are also released through SGXNET in a timely manner.

Following the amendments to Rule 705 of the Listing Manual which took effect as of 7 February 2020, the Company in no longer required to continue with quarterly reporting of the Company and the Group's unaudited financial statements, and instead, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis, as required under the revised Listing Manual.

The Board believes that announcement of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep Shareholders and potential investors updated on the Company's and the Group's state of affairs.

The Company does not practice selective disclosure as the relevant material and price-sensitive information are released to SGX-ST through SGXNET in a timely and fair manner.

The shareholders of the Company, including institutional investors and retail investors, are encouraged to attend general meetings, especially Annual General Meeting which serves as the primary channel to express their views and raise their questions regarding the Group's businesses and prospects.

In addition, the Management will address shareholders' questions and concerns in respect of the Group's businesses should they approach the Company through emails or calls.

The Annual General Meeting of the Company serves as the primary channel for the Management to solicit and collate the views of the shareholders of the Company, including institutional investors and retail investors.

While the Company does not have a dedicated investor relations team, the Company recognises the importance of regular, effective and timely communication with the shareholders.

The Group also maintains a website at http://www.cihgrp.net/ where the public can access to information relating to the Company. The Company continuously reviews ways to enhance its corporate reporting process and the ease of access to information released.

◆ MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Company's engagement with its material stakeholders is set out in the Sustainability Report which was announced on 27 May 2020.

The Company's efforts on sustainability are focused on creating sustainable value for key stakeholders, which include environment, communities, customers, staff, regulators, and shareholders.

The Company maintains a corporate website at http://www.cihgrp.net/ to communicate and engage stakeholders.

◆ DEALINGS IN SECURITIES

The Group has adopted an internal policy that complies with and is consistent with Rule 1207(19) of the SGX- ST Listing Manual in relation to dealings in the securities of the Company.

Directors, officers and employees of the Company are notified that they are prohibited from trading in the securities of the Company while in possession of material unpublished price sensitive information, and during the period commencing one month before the announcement of the Company's half year and full-year results, ending on the date of the announcement of the relevant results. In compliance with Rule 1207(19) of the SGX-ST Listing Manual, quarterly reminders of the restrictions in dealing in the securities of the Company are issued to all Directors, officers and employees of the Company. The Directors are issued with a copy of the Company's Best Practice on Securities' Dealings as they are privy to price sensitive information.

The Directors, officers and employees are also reminded and expected to observe insider-trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

The Directors and the officers of the Company are required to notify the Company of their dealings in the Company's shares within two business days of the transaction.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

◆ INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company has established guidelines on interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual) and has set out procedures for the review and approval of any interested person transaction.

The AC reviews all material interested person transactions and keeps the Board informed of such transactions. Before making its recommendations to the Board for its approval, the AC ensures that such interested person transactions are carried out on normal commercial terms or entered into on an arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders. Measures are taken to ensure that the terms and conditions of interested person transactions are not more favourable than those granted to non-related persons under similar circumstances.

For FY2019, the Company did not enter into any interested person transaction and hence, no announcement is required under the rules of the SGX-ST Listing Manual.

◆ MATERIAL CONTRACTS

Save for the service contracts between the Executive Directors and as disclosed elsewhere in the financial statements for FY2019, there were no material contracts (including loans) of the Group involving the interests of any Directors or controlling shareholders entered into during FY2019 that is required to be disclosed under Rule 1207(8) of the SGX-ST Listing Manual.

CHINA INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Incorporated in Bermuda)
(Company Registration No.: 23356)

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 48 to 130 are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

- Mr Shan Chang
- Mr Zhang Rong Xiang
- Mr Zhu Jun
- Mr Chee Teck Kwong Patrick
- Mr Shen Xia
- Mr Teo Woon Keng John

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

◆ Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At 31.12.2019	At 1.1.2019
Company		
(No. of ordinary shares of S$0.05 (FY2018: S$0.05) each)		
Mr Zhang Rong Xiang	210,550	210,550

The director's interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

◆ Share options

(a) CIHL Share Option Scheme

The Group adopted CIHL Share Option Scheme (the "2010 Scheme") on 8 March 2010. As at the date of this statement, the following share options have been granted by the Company to the directors pursuant to the 2010 Scheme:

No. of unissued ordinary shares of the Company under option

Name of director	Aggregate granted since commencement of scheme to 31.12.2019	Lapsed in financial year ended 31.12.2019	Expired in financial year ended 31.12.2019	Granted in financial year ended 31.12.2019	Aggregate exercised since commencement of scheme to 31.12.2019	Aggregate outstanding as at 31.12.2019
Mr Shan Chang	400,000	-	(400,000)	-	-	-
Mr Zhang Rong Xiang	500,000	-	(500,000)	-	-	-
Mr Zhu Jun	500,000	-	(500,000)	-	-	-
Mr Chee Teck Kwong Patrick	400,000	-	(400,000)	-	-	-
Mr Shen Xia	500,000	-	(500,000)	-	-	-
	2,300,000	-	(2,300,000)	-	-	-

There were 2,300,000 share options granted to the above directors of the Company on 10 March 2014 at the exercise price of S$0.904. The vesting schedule of the share options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The fair value of share options granted during the financial year 31 December 2014 was estimated to be S$1,447,000, equivalent to RMB6,989,000 using the Binomial Option Pricing Model. On 9 March 2019, all the share options have expired.

Since the commencement of the 2010 Scheme to the end of the financial year ended 31 December 2019, save as disclosed above:

(i) no employees of the Company or its subsidiaries have received 5% or more of the total number of share options available under the 2010 Scheme;
(ii) no share options have been granted to controlling shareholders of the Company or their associates; and
(iii) no share options have been granted at a discount of more than 20% to the prevailing market price of the shares.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

The 2010 Scheme is administered by the Remuneration Committee, members of which included Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

(b) CIHL Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at a Special General Meeting held on 8 March 2010. The PSP shall complement the 2010 Scheme and serve as an additional and flexible incentive tool.

Under the rules of the PSP, all directors and employees of the Group as well as the employees of associates are eligible to participate in the PSP at the absolute discretion of the Remuneration Committee.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the 2010 Scheme shall not exceed 15% of the issued share capital of the Company at any time.

The Remuneration Committee is charged with the administration of the PSP in accordance with the rules of the PSP. The Remuneration Committee administering the PSP comprises the directors, Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

None of the directors in the Remuneration Committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the Remuneration Committee provided that:

(i) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 25% of the 2010 Scheme; and
(ii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the 2010 Scheme.

No shares had been granted to any participant since the commencement of the PSP.

◆ Audit committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

- Mr Teo Woon Keng John (Chairman)
- Mr Shan Chang
- Mr Chee Teck Kwong Patrick

All members of the AC were non-executive directors.

The AC carried out its functions in accordance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual and the Code of Corporate Governance, including a review of the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 and the Independent Auditors' Report thereon. The AC has full access to management, has discretion to invite any director or executive officer to attend its meetings and is given the resources required for it to discharge its functions.

The AC has also reviewed the following:

(i) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
(ii) the compliance with legal and other regulatory requirements;
(iii) the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
(iv) the appointment of the independent auditors and the level of audit and non-audit fees;
(v) the co-operation given by the Company's management and officers to the independent auditors;
(vi) the review of independent auditors' audit plan, audit report and any recommendations on internal accounting controls arising from the statutory audit; and

(vii) any other matter which in the AC's opinion, should be brought to the attention of the Board.

No non-audit fees were paid to the independent auditors for financial year ended 31 December 2019. The AC is satisfied with the independence and objectivity of the independent auditor, Nexia TS Public Accounting Corporation ("Nexia"); and has recommended to the Board that Nexia be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

◆ Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....

Shan Chang

Director

....

Zhang Rong Xiang

Director

3 June 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of China International Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of China International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 130.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Revenue recognition

(Refer to Notes 2.6 and 5 to the financial statements)

For the financial year ended 31 December 2019, the Group recognised revenue of approximately RMB63.1 million primarily generated from supply of gray water and construction of water pipeline. Revenue is recognised at a point in time when the Group satisfied a performance obligation by transferring the control of the promised goods or services to the customers.

We identified revenue recognition as key audit matter as revenue is one of the key performance indicators of the Group and it could be inappropriately reported to achieve desired financial results. Accordingly, there is inherent risk that revenue could be misstated and may not be recorded in the correct accounting period.

How our audit addressed the key audit matter

In obtaining sufficient audit evidence, the following procedures were performed:

- Reviewed and evaluated the Group's revenue recognition policy is in accordance with IFRS 15 Revenue from Contracts with Customers;

- Understood and validated key controls over the revenue recognition cycles;

- Reviewed the terms and conditions of signed significant contracts;

- Understood and assessed the reasonableness of the estimated cost and additional cost accrued;

- Performed substantive analytical procedures to ascertain the accuracy and completeness of the sales transactions taking place before and after year-end, ascertained that the recognition was in the correct period; and

- Performed test of details to assess the existence and validity of the sales transaction on a sampling basis.

Key Audit Matters (Cont'd)

Other income – temporary water treatment services income
(Refer to Notes 2.6(iv), 4(c) and 6(a) to the financial statements)

During the financial year ended 31 December 2019, the Group recognised other income from temporary water treatment services amounting to RMB32.9million from its subsidiary, CIHL (Tianjin) Water Development Company Limited.

The Group had assessed the facts and circumstances surrounding these services, and determined the income from temporary water treatment services is recognised at a point in time when the Group satisfied the performance obligation of the contract and has a present right to payment.

As the consideration is variable, in estimating the income, the Group has applied a cost-plus basis with reference to the prevailing market rate of the expenses incurred; and considered the most likely amount of consideration which the Group expects to be entitled to, in exchange for transferring the promised services to the customer to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

We identified the recognition of income of these services as key audit matter due to the magnitude of contribution to the Group's consolidated financial statements and a significant degree of judgment and assumptions involved in the estimated income to be recognised. Inappropriate judgments and/ or estimates used could result in a material variance in the income recognised in profit or loss and the corresponding contract assets.

How our audit addressed the key audit matter

In obtaining sufficient audit evidence, the following procedures were performed:

- Reviewed and evaluated the Group's income recognition policy is in accordance with principles of related IFRSs;
- Performed substantive procedures to assess the existence, accuracy and completeness of the transactions; and
- Assessed the reasonableness of the consideration recognition.

Key Audit Matters (Cont'd)

Recoverability of goodwill arising on consolidation

(Refer to Notes 2.10 and 15 to the financial statements)

As at the financial year ended 31 December 2019, goodwill of RMB20.3 million has been recognised in the consolidated statement of financial position as a result of the acquisition of CIHL (Tianjin) Water Development Company Limited on 1 October 2010.

The recoverable amount of goodwill has to be reviewed annually regardless of whether there is any indication of impairment. The Group has determined the recoverable amount of goodwill, to be attributable to its water supply service cash-generating-unit ("CGU") of which the goodwill belongs. The recoverable amount of goodwill is highly dependent on management's forecasts and estimates which include, but are not limited to, discount rate, growth rate and budgeted gross margin.

We identified goodwill arising on consolidation as key audit matter due to the inherent uncertainty involved in the forecasts and estimates, which forms the basis of the assessment of recoverability.

How our audit addressed the key audit matter

In obtaining sufficient audit evidence, the following procedures were carried out:

- Critically evaluated whether the model used by management to determine the recoverable amount of goodwill is complies with IAS 36 Impairment of Assets;

- Analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU;

- Evaluated the reasonableness and appropriateness of the key assumptions, e.g.revenue growth rate and discount rate, used by the management, by comparing them against historical forecasts and performance, as well as publicly available market data;

- Performed sensitivity analysis against the key assumptions used; and

- Reviewed management's disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Low See Lien.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
3 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	5	63,132	89,681
Cost of sales and services provided		(35,650)	(38,657)
Gross profit		27,482	51,024
Other income- net	6(a)	35,629	7,914
Other losses- net	6(b)	(71)	(147)
Expenses			
- Administrative		(9,855)	(8,771)
- Other operating		(24,441)	(24,656)
- Finance	7	(77)	(2,391)
Share of net loss of associates accounted for using the equity method	17	(1,225)	(2,902)
Profit before income tax		27,442	20,071
Income tax expense	10	(1,517)	(1,554)
Total comprehensive profit for the financial year		25,925	18,517
Total comprehensive profit for the financial year attributable to:			
Equity holders of the Company		18,560	7,162
Non-controlling interests		7,365	11,355
		25,925	18,517
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (RMB (Fen) per share)	11	26.05	10.05

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Note	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	278,029	172,572	-	-
Intangible assets	13	135	243	-	-
Investment properties	14	34,800	34,800	-	-
Goodwill arising on consolidation	15	20,303	20,303	-	-
Investments in subsidiaries	16	-	-	196,000	196,000
Investments in associates	17	98,244	99,469	-	-
Deferred income tax assets	18	3,893	7,733	-	-
		435,404	335,120	196,000	196,000
Current assets					
Inventories	19	2,246	1,750	-	-
Other current assets	20	7,949	27,809	-	-
Trade and other receivables	21	181,867	219,682	440,981	452,415
Cash and cash equivalents	22	167,891	64,266	1	1
		359,953	313,507	440,982	452,416
LIABLITIES					
Current liabilities					
Borrowings	23	33,000	28,000	-	-
Lease liabilities	12	590	-	-	-
Trade and other payables	24	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					
Borrowings	23	72,000	-	-	-
Lease liabilities	12	398	-	-	-
Deferred income	25	16,300	16,300	-	-
Deferred income tax liabilities	18	7,979	19,394	-	-
		96,677	35,694	-	-
Net assets		441,296	415,371	502,062	506,029
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	26(a)	17,779	17,779	17,779	17,779
Reserves	27	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	16	110,199	102,834	-	-
TOTAL EQUITY		441,296	415,371	502,062	506,029

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Profit before income tax		27,442	20,071
Adjustments for:			
- Amortisation of intangible assets	9	108	-
- Depreciation of property, plant and equipment	12	11,816	10,900
- Gain on disposal of property, plant and equipment	6(b)	(9)	(15)
- Interest expenses	7	77	2,391
- Interest income	6(a)	(1,046)	(6,713)
- Share of net loss of associates accounted for using the equity method	17	1,225	2,902
- Unrealised currency translation (gain)/loss		(107)	61
		39,506	29,597
Changes in working capital:			
- Inventories		(496)	415
- Other current assets		19,860	(24,847)
- Trade and other receivables		(32,470)	(31,933)
- Trade and other payables		57,406	(8,201)
Cash provided by/(used in) operations activities		83,806	(34,969)
Income tax paid		(12,198)	(4,330)
Net cash generated provided by/(used in) operating activities		71,608	(39,299)
Cash flows from investing activities			
Increase of restricted bank balances pledged		-	(1)
Interest received		780	393
Interest paid		(3,346)	-
Purchases of property, plant and equipment		(112,176)	(39,595)
Purchase of intangible assets		-	(121)
Proceeds from disposal of property, plant and equipment		9	15
Repayment of loans and interest from associates		70,180	168,548
Net cash (used in) /provided by from investing activities		(44,553)	129,239

The accompanying notes form an integral part of these financial statements.

	Note	2019 RMB'000	2018 RMB'000
Cash flows from financing activities			
Interest and other finance expenses		(77)	(6,129)
Dividend paid to a non-controlling shareholder		-	(30,000)
Government grant received		-	16,300
Principal payment of lease liabilities		(460)	-
Purchase of treasury shares	27(d)	-	(9)
Proceeds from borrowings			
- non-related parties		77,000	-
Repayments of borrowings			
- non-related parties		-	(23,748)
- related parties		-	(39,100)
Sale of treasury shares	27(d)	-	9
Net cash provided by/(used in) financing activities		76,463	(82,677)
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 currency translation on cash and cash equivalents		107	(61)
End of financial year	22	167,745	64,120

Reconciliation of liabilities arising from financing activities:

	1 January 2019	Principal and interest payments	Adoption of IFRS 16	Addition	Non-cash movement-Interest expense	31 December 2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	28,000	-	-	77,000	-	105,000
Accrued interest	1,231	(3,346)	-	-	3,278	1,163
Lease liabilities	-	(537)	1,448	-	77	988

	1 January 2018	Principal and interest payments	Non-cash movement-Interest expense	31 December 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	90,848	(62,848)	-	28,000
Accrued interest	4,970	(6,129)	2,390	1,231

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	Share capital	Share premium	Contributed surplus	Capital reserve	Statutory reserves*	Capital redemption reserve	Currency translation reserve	Share options reserve	Treasury shares	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
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]	-	-	-	-	-	-	-	-	-	(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)
Sales 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

The accompanying notes form an integral part of these financial statements.

* As stipulated by the relevant laws and regulations for foreign investment enterprises in PRC, the PRC subsidiaries of the Group are required to provide for statutory surplus reserve fund and voluntary contribution of enterprise expansion fund. Appropriations to such reserve funds are made out of a total of 10.5% of net profit after tax of the statutory financial statements of the PRC subsidiaries and the amount and allocation basis are decided by their respective board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses of the PRC subsidiaries, if any, and can be applied to convert into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation. The appropriations to the statutory surplus reserve fund and enterprise expansion fund are reflected in the statutory reserves under shareholders' funds.

(1) On 1 January 2018, the Group has adopted IFRS 15 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 2018). In addition to this transition method, the Group has elected to apply this standard retrospectively only to contracts that are not completed contracts as at 1 January 2018.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General 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.

The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is in the People's Republic of China (the "PRC").

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associates are disclosed in Notes 16 and 17 to the financial statements respectively.

2. Summary of significant accounting policies

These policies have been consistently applied to all the financial years presented, unless otherwise stated. The financial statements are for the group consisting of China International Holdings Limited and its subsidiaries (the "Group").

2.1 Basis of preparation

(i) Compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements of the Group have been prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements are presented in Renminbi ("RMB") and all values in the tables are rounded to the nearest thousand (RMB'000) as indicated.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of other standards and amendments listed above did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years, except for the adoption of IFRS 16 Leases.

<u>Adoption of IFRS 16 Leases ("IFRS 16")</u>

The Group has adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application (i.e. 1 January 2019) ("cumulative effect method"). The Group has not restated comparatives for the financial year ended 31 December 2018, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening statement of financial position on 1 January 2019. The details of the Group's accounting policies are disclosed in Note 2.8 to the financial statements.

(a) When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

(b) When the Group is the lessees

Prior to the adoption of IFRS 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on astraight-line basis.

On initial adoption of IFRS 16, the Group has elected to apply the following practical expedients:

(i) Practical expedients applied

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

- excluding initial direct costs for the measurement of the right-of-use ("ROU") asset at the date of initial application, and

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not to apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

Accordingly, leasehold land and buildings and land use rights are not reclassified as right-of-use assets.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(i) Measured its ROU assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

(ii) Measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability on 1 January 2019 was 6.5%.

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	1,772
Less: Discounting effect using weighted average incremental borrowing rate of 6.5%	(324)
Lease liability recognised as at 1 January 2019	1,448
Of which are:	
Current lease liabilities	563
Non-current lease liabilities	885
	1,448

The effect of adoption of IFRS 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/(decrease) **RMB'000**
Property, plant and equipment	1,599
Trade and other receivables	(151)
Lease liabilities recognised as at 1 January 2019	1,448

There is no impact to the opening retained earnings as of 1 January 2019.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2(c) below), after initially being recognised at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10 to the financial statements.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(e) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, including executive directors. The Board of Directors, including executive directors, are responsible for allocating resources and assessing performance and position of the operating segments, and makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's presentation currency and the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance expenses. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within "Other losses – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation by transferring a promise good or service to a customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) Water supply income

The Group supply grey water to the customers. Revenue is recognised at a point in time when control of the water has been transferred to the customers, being when the customer has full discretion over the usage of the water, and there is no unfulfilled obligation that could affect the customer’s usage. Usage is measured by meters installed at the customer’s locations.

The revenue is then measured at the transaction price per unit of usage that is agreed under contract. In most of the cases, payments are received in advance from customer, nevertheless, no element of financing is deemed present as the timing of the transfer of the water is at the discretion of the customer.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Construction of water pipeline

Revenue from construction of water pipeline is recognised at a point in time when the control has been transferred to the customer, being when the promised services have been handed over and acknowledged by the customers. The Group does not has an enforceable right to payment until the water pipeline has been handed over to the customers.

The revenue is measured at the transaction price agreed under contract. In most of the cases, payments are received in advance from customer, nevertheless, no element of financing is deemed present as such payment terms is an industry practice to protect the performing company from the customers' failure to adequately complete some or all of its obligations under the contract.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For costs incurred for uncompleted contract are disclosed as other current asset in Note 2.14 to the financial statements.

(iii) Land development construction contracts

The Group performs construction and upgrade services to the land for the customer. Revenue is recognised when control over the agreed services has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the services over time or at a point in time. For these contracts, revenue are generally recognise over time by reference to the Group's progress towards completing the services. The measurement of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. The customer is invoiced when the milestone of the contract is reached. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(iv) Temporary water treatment services income

Income from temporary water treatment services is recognised at a point in time when the Group satisfied the performance obligation of the contract; the Group has the present right to payment and the collection of the consideration is probable. The consideration is estimated on a cost-plus basis with reference to the prevailing market rate of the expenses incurred. The Group considered and estimated the most likely amount of consideration which the Group expects to be entitled to, in exchange for transferring the promised services to the customer. The consideration estimated is to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(vii) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

2.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

The accounting policy for leases from 1 January 2019 are as follows:

(i) Where the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Reassessment is only required when the terms and conditions of the contract are changed.

(a) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented as “Property, plant and equipment” in the statements of financial position.

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties" and accounted for in accordance with Note 2.18 to the financial statements.

(b) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments include the following:
- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

(c) Short term and low value leases

Payments associated with short-term leases of offices and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) Where the Group is the lessor

The accounting policy applicable to the Group as a lessor in the comparative period were the same under IFRS 16.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

The accounting policy for leases where the Group is the lessee before 1 January 2019 are as follows:

(iii) Where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 30). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.9 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

2.10 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, less cash subject to restriction. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer to Note 2.15 to the financial statements for the classification, recognition and measurement of financial assets and Note 21 to the financial statements for Group's impairment policies.

2.13 Inventories

Inventories comprise of raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is determined by reference to the underlying specific contracts in progress in which the inventories will ultimately be used.

2.14 Other current assets

Other current assets, comprise costs incurred in fulfilling a contract with a customer, are recognise only if (a) these costs relate directly to a contract or to an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (c) the costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

The assets recognised are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of these other current assets exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2.15 Financial assets

(a) Classification

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model from managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Subsequent measurement for debt instruments classified as amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets classified at amortised cost, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets classified at amortised cost, the Group applies general approach. Refer to Notes 3(b) and 21 to the financial statements respectively for further disclosure on the impairment policy.

2.16 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.17 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	Useful lives
Leasehold land and buildings	20 years
Water plant and its ancillary facilities	10 and 20 years
Plant and machinery	10 years
Office equipment	5 years
Renovation	3 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Construction in progress represents water plant and its ancillary facilities, and is stated at cost less impairment losses. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and avaliable for use. Depreciation begins when the relevant assets are available for use.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in profit or loss.

2.18 Investment properties

Investment properties, principally leasehold office buildings, are held for long-term rentals yields and/or for capital appreciation. They are carried at fair value. Changes in fair values are presented in statement of comprehensive income as part of "Other losses – net".

Investment properties are initially recognised at cost including all direct costs attributable to the property and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.19 Intangible assets

(a) Goodwill

The excess of the sum of the consideration transferred, amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in statement of comprehensive income as a gain from bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Computer software

Intangible assets acquired separately are measured on initial recognition at cost. Costs associated with maintaining the computer software are expensed off when incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any. These costs are amortised to statement of comprehensive income using the straight-line method over their estimated useful lives of 3 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The amortisation period and amortisation method of intangible assets, other than goodwill, are reviewed at least at each statement of financial position date. The effects of any revision are recognised in statement of comprehensive income when the changes arise.

2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income as other income or finance expenses.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in statement of comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.22 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.23 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group is required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

Contributions to Mandatory Provident Fund, a defined contribution retirement scheme, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in statement of comprehensive income as and when incurred.

The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as employee benefit expense in the period in which the related services are performed. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the CIHL Share Option Scheme (the "2010 Scheme").

The fair value of options granted under the 2010 Scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(a) including any market performance conditions (eg the entity's share price);

(b) excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(c) including the impact of any non-vesting conditions (eg the requirement for employees to save).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(v) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.25 Government grant

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.26 Share capital and treasury shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification, measurement and exposure limits.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in PRC. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in the Hong Kong dollar ("HKD"), United States dollar ("USD") and Singapore dollar ("SGD"). The Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will closely monitor its foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

At 31 December 2019, if the HKD had weakened/strengthened by 2% (2018: 4%) against the RMB with all other variables held constant, the recalculated post-tax profit for the financial year would have been RMB94,000 (2018: RMB54,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HKD-denominated cash and bank balances and accruals.

At 31 December 2019, if the SGD had weakened/strengthened by 3% (2018: 2%) against the RMB with all other variables held constant, the recalculated post-tax profit for the financial year would have been RMB32,000 (2018: RMB20,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of SGD-denominated cash and bank balances and accruals.

At 31 December 2019, if the USD had weakened/strengthened by 1% (2018: 1%) against the RMB with all other variables held constant, the foreign exchange losses/gains on translation of USD-denominated financial assets are not expected to have any significant impact to post-tax profit for the year.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks arises primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The table below sets out the carrying amounts as at 31 December, by maturity or re-pricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
2019			
Financial assets			
Fixed rate			
Restricted bank balances	146	-	146
Floating rate			
Cash at bank	167,706	-	167,706
Financial liabilities			
Fixed rate			
Borrowings	28,000	3,228	31,228
Floating rate			
Borrowings	73,772	-	73,772
2018			
Financial assets			
Fixed rate			
Restricted bank balances and short-term bank deposits	2,245	-	2,245
Floating rate			
Cash at bank	61,993	-	61,993
Financial liabilities			
Fixed rate			
Borrowings	28,000	-	28,000

The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities, and the impact of the exposure to interest rate risk from financial assets at variable rate is not significant.

If the RMB interest rates had been higher/lower by 0.1% (2018: Nil) with all other variables including tax rate being held constant, the post-tax profit would have been lower/higher by RMB2,739,000 (2018: Nil) as a result of higher/lower interest expense on these borrowings.

The Company does not have exposure to interest rate risk as it does not hold variable financial assets and liabilities.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Refer to Note 21 to the financial statements for the details of Group's exposure to credit risk in relation to trade and other receivables. Cash and cash equivalent are subject to immaterial credit loss as bank deposits are placed with banks with high credit-rating.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient funds to enable the Group and the Company to meet contractual and financial obligations when due and the availability of funding through credit facilities. At the end of the reporting period, assets held by the Group and the Company for maintaining liquidity risk included cash and cash equivalents as disclosed in Note 22 to the financial statements.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains a level of cash and cash equivalents, deemed adequate by management for working capital purposes so as to mitigate the effectiveness of cash flows.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
Group			
2019			
Trade and other payables	96,379	-	96,379
Borrowings	33,000	83,518	116,518
Lease liabilities	590	466	1,056
	129,969	83,984	213,953
2018			
Trade and other payables	77,128	-	77,128
Borrowings	28,000	-	28,000
	105,128	-	105,128
Company			
2019			
Other payables	134,920	-	134,920
2018			
Other payables	142,387	-	142,387

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, repurchase shares, raise new debts, redeem existing debts or sell assets to reduce debts.

Management monitors capital based on the return on shareholders' fund. The return on shareholders' fund was 5.61% (2018: 2.29%) for the current financial year ended 31 December 2019. The return on shareholders' fund is calculated as net profit attributable to owners of the parent divided by shareholders' equity.

According to the Rule 723 of the Listing Manual of the SGX-ST, at least 10% of the Company's shares should be held in the hands of the public.

Apart from the above, the Group and the Company are not subject to any other externally imposed capital requirements.

(e) Fair value measurement

The fair value measurement hierarchy have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

See Note 14 to the financial statements for disclosure of the investment properties that are measured at fair value. The fair values of current financial assets and liabilities carried at amortised cost approximates their carrying amounts.

(f) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents the recognised financial instruments that are offset in the Company's statement of financial position as at 31 December 2019 and 2018 respectively.

	Gross amounts of recognised financial assets/ (liabilities) RMB'000	Gross amounts of recognised financial liabilities/ (assets) set off in the statement of financial position RMB'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position RMB'000
Company			
As at 31 December 2019			
Due from subsidiaries	902,130	(461,209)	440,921
Due to subsidiaries	(591,775)	461,209	(130,566)
As at 31 December 2018			
Due from subsidiaries	899,262	(446,907)	452,355
Due to subsidiaries	(585,000)	446,907	(138,093)

(g) Financial instruments by category

The aggregate carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Financial assets				
Trade and other receivables [(1)]	175,033	214,842	440,979	452,413
Cash and cash equivalents	167,891	64,266	1	1
Financial assets, at amortised cost	342,924	279,108	440,980	452,414
Financial liabilities				
Borrowings	105,000	28,000	-	-
Lease liabilities	988	-	-	-
Trade and other payables [(2)]	96,379	77,128	134,920	142,387
Financial liabilities, at amortised cost	202,367	105,128	134,920	142,387

[(1)] *Excluding prepayments and advances* [(2)] *Excluding receipts in advance*

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade receivables, contract assets and other receivables

As at 31 December 2019, the Group's trade receivables, contract assets and other receivables amounted to RMB26,898,000 (2018: RMB13,880,000), RMB38,848,000 (2018: RMB15,367,000) and RMB 31,120,000 (2018: RMB4,733,000) respectively.

The Group measured the loss allowance of trade receivables and contract assets at an amount equal to lifetime expected credit losses ("ECL") using a provision matrix. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. At every reporting date the historical observed default rates will be updated and changes in the forward looking estimates will be analysed.

The Group generally measured the loss allowance of other receivables at an amount equal to 12-month ECL by taking into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the receivables in estimating the probability of default. When the credit quality deteriorates and the resulting credit risk of other receivables increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

The loss allowance recognised for trade receivables and other receivables as at 31 December 2019 was approximately RMB2,142,000 (2018: RMB2,142,000) and RMB6,670,000 (2018: RMB6,670,000) respectively. Details of the loss allowance on trade receivables and other receivables are disclosed in Note 21 to the financial statements.

(b) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, cash-generating units ("CGUs"), have been based on fair value less costs of disposal calculations. These calculations require the use of estimates (Note 15).

The sensitivity analysis on the key assumptions applied in the calculations are disclosed in Note 15 to the financial statements.

(c) Temporary water treatment services income

The consideration from temporary water treatment services is estimated on a cost-plus basis with reference to the prevailing market rate of the expenses incurred. Significant judgements and assumptions are required to estimate the most likely amount of consideration which the Group expects to be entitled to, in exchange for transferring the promised services to the customer. The consideration estimated is to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on information (historical, current and forecasted) that is reasonably available to the Group.

5. Revenue

	Group	
	2019 RMB'000	**2018 RMB'000**
Revenue from:		
- supply of gray water	43,992	34,911
- construction of water pipeline	21,790	54,770
- adjustment of revenue on land development construction contracts income[1]	(2,650)	-
	63,132	89,681

All stream of revenue are recognised at a point in time.

[1] *During the financial year ended 31 December 2019, the estimated consideration of a land development project had been determined with the customer. Accordingly, the Group adjusted RMB 2,650,000 against the Group's revenue and contract asset (Note 21).*

6. (a) Other income - net

	Group	
	2019 RMB'000	2018 RMB'000
Interest income from:		
- Financial assets measured at amortised cost		
- banks	424	393
- loans to non-related parties	576	-
- loans to associates	46	6,320
	1,046	6,713
Rental income from investment properties (Note 14)	1,346	1,230
Temporary water treatment services income	32,967	-
Other	269	(29)
	35,629	7,914

6. (b) Other losses - net

	Group	
	2019 RMB'000	2018 RMB'000
Currency translation losses, net	(80)	(162)
Gain on disposals of property, plant and equipment	9	15
	(71)	(147)

7. Finance expenses

	Group	
	2019 RMB'000	2018 RMB'000
Interest expense on:		
- Collaterised borrowings from a non-related party	-	724
- Short-term borrowing from a related party	-	1,667
- Bank borrowings	3,498	-
- Lease liabilities (Note 12 (a)(ii))	77	-
	3,575	2,391
Amount capitalised in property, plant and equipment [1]	(3,498)	-
	77	2,391

[1] *During the financial year ended 31 December 2019, the Group has capitalised the related interest expense of RMB3,498,000 as cost of property, plant and equipment, which form part of additions to water plant and its ancillary facilities (Note 12).*

8. Employee benefit expense

	Group	
	2019 RMB'000	2018 RMB'000
Salaries, allowances and bonuses	14,556	13,181
Pension costs of defined contribution plans	4,022	4,053
	18,578	17,234

9. Profit before income tax

The Group's profit before income tax is arrived at after charging the following:

	Group	
	2019 RMB'000	2018 RMB'000
Included in cost of sales and services provided:		
Cost of inventories consumed	13,093	12,539
Depreciation of property, plant and equipment	7,551	7,362
Employee benefit expense	3,848	3,264
Utility costs	3,551	3,004
Water pipeline installation and construction costs	7,467	12,164
Included in administrative and other operating expenses:		
Fees on audit services paid/payable to:		
- auditor of the Company	1,030	884
- other auditors	75	102
Fees on non-audit services paid/payable to:*		
- other auditors	28	123
Amortisation of intangible assets	108	-
Depreciation of property, plant and equipment	4,265	3,538
Employee benefit expense	14,730	13,970
Legal and professional fees	2,350	4,426
Operating lease rental payments	-	473
Travelling	2,029	1,359
Utilities	28	59

** No non-audit services fees paid/payable to independent auditor of the Company during the current and prior financial years.*

10. Income tax expense

Tax expense attributable to profit is made up of:

	Group	
	2019 RMB'000	2018 RMB'000
Profit for the financial year		
Current income tax – PRC enterprise income tax	13,100	14,855
Deferred income tax	(262)	(4,354)
	12,838	10,501
(Over)/under provision in prior financial years		
Current income tax – PRC enterprise income tax	(4,008)	1,053
Deferred income tax	(7,313)	(10,000)
	(11,321)	(8,947)
Total income tax expense	1,517	1,554

Pursuant to relevant laws and regulations in PRC, subsidiaries in PRC are required to pay PRC enterprise income tax at a standard rate of 25% (2018: 25%). No provision for income tax of Hong Kong entities since there is no assessable profit for the current and prior financial years. Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries, in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the principal place of operation of the Group as follows:

	Group	
	2019 RMB'000	2018 RMB'000
Profit before income tax	27,442	20,071
Add: Share of loss of associates net of tax	1,225	2,902
Profit before tax exclude share of profit of associates	28,667	22,973
Tax calculated at PRC income tax rate of 25% (2018: 25%)	7,167	5,743
Tax effects of:		
- Income not subject to tax	(776)	(200)
- Expenses not deductible for tax purposes	5,551	2,994
- Over provision of tax in prior years	(11,321)	(8,947)
- Utilisation of tax losses previously not recognised	896	1,964
Income tax expense	1,517	1,554

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RMB 6,829,000 (2018: RMB12,363,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses can be carried forward up to a period of 5 years. During the current financial year ended 2019, unrecognised tax losses of RMB1,950,000 (2018: Nil) has expired.

11. Earnings per share

Basic

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

Diluted

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

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 years ended 31 December 2018. There were no share option outstanding as at 31 December 2019.

The calculation of basic and diluted earnings per share is as follows:

	2019	2018
Profit attributable to equity holders of the Company (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

12. Property, plant and equipment

Group	Leasehold land and buildings	Water plant and its ancillary facilities	Plant and machinery	Office equipment	Renovation	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2019								
Cost								
Beginning of financial year	41,297	134,735	233	1,807	4,627	4,648	46,744	234,091
Adoption of IFRS 16 (Note 2.1)	1,599	-	-	-	-	-	-	1,599
Transfer	-	129,754	-	-	-	-	(129,754)	-
Additions	-	28,429	-	91	-	-	87,154	115,674
Disposals	-	-	-	-	-	(448)	-	(448)
Written-off	-	-	-	(318)	-	-	-	(318)
End of financial year	42,896	292,918	233	1,580	4,627	4,200	4,144	350,598
Accumulated depreciation and impairment losses								
Beginning of financial year	12,201	41,881	222	1,597	1,414	4,204	-	61,519
Depreciation charge	2,438	7,547	5	84	1,541	201	-	11,816
Disposals	-	-	-	-	-	(448)	-	(448)
Written-off	-	-	-	(318)	-	-	-	(318)
End of financial year	14,639	49,428	227	1,363	2,955	3,957	-	72,569
Net book value								
End of financial year	28,257	243,490	6	217	1,672	243	4,144	278,029

12. Property, plant and equipment (Cont'd)

Group	Leasehold land and buildings	Water plant and its ancillary facilities	Plant and machinery	Office equipment	Renovation	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018								
Cost								
Beginning of financial year	24,849	131,680	233	1,672	-	4,747	31,575	194,756
Transfer	16,448	3,055	-	-	-	-	(19,503)	-
Additions	-	-	-	135	4,627	161	34,672	39,595
Disposals	-	-	-	-	-	(260)	-	(260)
End of financial year	41,297	134,735	233	1,807	4,627	4,648	46,744	234,091
Accumulated depreciation and impairment losses								
Beginning of financial year	10,067	34,539	202	1,490	-	4,581	-	50,879
Depreciation charge	2,134	7,342	20	107	1,414	283	-	11,300
Adjustment	-	-	-	-	-	(400)	-	(400)
Disposals	-	-	-	-	-	(260)	-	(260)
End of financial year	12,201	41,881	222	1,597	1,414	4,204	-	61,519
Net book value								
End of financial year	29,096	92,854	11	210	3,213	444	46,744	172,572

12. Property, plant and equipment (Cont'd)

(i) The Group's leasehold land and buildings are located in PRC.

(ii) In March 2006, CIHL (Tianjin) Water Development Company Limited ("Water Development") obtained approval from the local government agency, to authorise the use of the parcel of land directly associated with water plant and its ancillary facilities for the purpose of supplying gray water for a period of 50 years. As at 31 December 2019, the legal title for the use of the above-mentioned parcel of land has not transferred to Water Development. Notwithstanding the fact that the Group has not obtained the relevant legal title of the land use rights, management considers that the Group obtained the right to use through contractual arrangement with the local government agency.

(iii) Construction in progress as at 31 December 2019 and 31 December 2018 represents the ongoing construction of the water plant and its ancillary facilities which include the Xinhe Water Recycling Plant by Water Development.

(iv) For the financial year ended 31 December 2019, bank borrowing is secured on the Group's leasehold land and buildings with carrying amounts of RMB21,038,000 (Note 23). As at 31 December 2018, there is no property, plant and equipment being pledged as security.

(v) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such lease assets are disclosed in Note 12(a).

(a) Leases – The Group as a lessee

This note provides information for leases where the Group is a lessee. The Group leases office space for the administrative purposes. For leases where the Group is a lessor is disclosed in Note 14 to the financial statements.

(i) Amounts recognised in statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group	
	31 December 2019 RMB'000	**1 January 2019 RMB'000**
Right-of-use assets		
Buildings	1,109	1,599
Lease liabilities		
Current	590	563
Non-current	398	885
	988	1,448

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Group
	2019 RMB'000
Depreciation charge of right-of-use assets- buildings	490
Interest expense (included in finance cost) (Note 7)	77
Expense relating to short-term leases (included in administrative expenses and other operating expenses)	512

The total cash outflow for leases in financial year ended 31 December 2019 was RMB1,049,000.

13. Intangible assets

	Group	
	2019 RMB'000	2018 RMB'000
Cost		
Beginning of financial year	243	122
Additions	-	121
End of financial year	243	243
Accumulated amortisation		
Beginning of financial year	-	-
Amortisation charge	108	-
End of financial year	108	-
Net book value	135	243

Intangible assets of the Group represents computer software.

14. Investment properties

	Group	
	2019 RMB'000	2018 RMB'000
Beginning and end of financial year	34,800	34,800

(i) Leasing arrangements

Investment properties are leased to a non-related party under operating leases with rentals receivable monthly.

Minimum lease payments receivable on leases of investment properties are as follows:

	2019 RMB'000	2018 RMB'000
Not later than one year	342	1,368
Between one and five years	-	342
	342	1,710

(ii) Investment properties pledged as security

Following the repayment of collaterised borrowing during the financial year ended 31 December 2018, investment properties are not being pledged as security. For the financial year ended 31 December 2019, investment properties are mortgaged to secure bank borrowing (Note 23(b)).

(iii) Amounts are recognised in profit or loss for investment properties

	Group	
	2019 RMB'000	2018 RMB'000
Rental income (Note 6(a))	1,346	1,230
Direct operating expenses (including repairs and maintenance)	186	367

(iv) Measuring investment property at fair value

The Group's investment properties are located in Beijing, PRC and are held as office building to generate rental income. The properties are held at fair value. Changes in fair values are presented in consolidated statement of comprehensive income as part of other income.

As at reporting date, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Unexpired term of lease
Webok-times Center, No.17 Zhongguancun South Main Street, Haidian District, Beijing, PRC	5 office units at level 21 of a 23-storey office building	Office	Leasehold	52 years

Fair value hierarchy

	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Recurring fair value measurements			
Investment properties:			
31 December 2019			
- Office buildings- PRC	-	34,800	-
31 December 2018			
- Office buildings- PRC	-	34,800	-

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the market value approach, by making reference to sales evidence as available in the market. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

Investment properties are carried at fair value which has been determined based on valuations performed at the end of the reporting period. The valuations are based on the properties' highest-and-best-use, performed by Ravia Global Appraisal Advisory Limited, an independent valuer with a recognised and relevant professional qualification. They have recent experience in the location and category of the properties being valued.

There were no changes in valuation technique and transfers into and out of fair value hierarchy levels during the financial years ended 31 December 2019 and 2018 respectively.

15. Goodwill arising on consolidation

	Group	
	2019 RMB'000	2018 RMB'000
Cost and carrying amount		
Beginning and end of financial year	20,303	20,303

Goodwill arising from business combination is allocated to 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.

Key assumptions used for fair value less costs of disposal

	Group	
	2019 %	**2018 %**
Gross margin[1]	24-62	34-64
Revenue growth rate[2]		
- Water supply income	15	15
Discount rate[3]	14	17

(1) *Budgeted gross margin*

(2) *Revenue growth rate used for extrapolation of future revenue*

(3) *Pre-tax discount rate applied to the pre-tax cash flows projections*

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less cost of disposal and value in use. Given the nature of the CGU's activities, information on the fair value of the CGU is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the fair value less costs of disposal is determined based on the net present value of the future estimated cash flows expected to be generated from the continued use of the CGU (based on the most recent plans), including any expansion projects, and its eventual disposal, using assumptions a market participant may take into account. These cash flows were discounted using a pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The key assumptions for the fair value less costs of disposal calculations are those regarding the discount rate, revenue growth rate and budgeted gross margin during the period. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past performance and expectations on market development.

The management prepares cash flow forecasts derived from the most recent financial budgets approved by the management covering a ten-year period with a growth rate of 15% (2018: 15%). Discount rate of approximately 14% (2018: 17%) was used for the cash flow forecasts as at 31 December 2019.

Management is of the opinion that a ten-year period is appropriate as the rights to use the parcel of land associated with water plant and its ancillary facilities for supplying of gray water are more than ten years and the nature of the business of this CGU is considered fairly stable.

If the estimated growth rate used in the fair value less cost of disposal calculation for this CGU had declined by 10.2% (2018: 11.8%), estimated pre-tax discount rate applied to the discounted cash flows for this CGU had raised by 6.00% (2018: 10.85%), the recoverable amount of the CGU would equal to the carrying amount.

16. Investments in subsidiaries

	Company	
	2019 RMB'000	**2018 RMB'000**
Unlisted investments, at cost		
Beginning and end of financial year	240,011	240,011
Less: Impairment losses	(44,011)	(44,011)
	196,000	196,000

Movement in allowance for impairment of investment in subsidiaries:

	Company	
	2019 RMB'000	**2018 RMB'000**
Beginning and end of financial year	44,011	44,011

An allowance for impairment loss was made in respect of the Company's investment in certain loss making subsidiaries to the recoverable amounts, taking into consideration the financial conditions of the subsidiaries.

16. Investments in subsidiaries (Cont'd)

The Group's principal subsidiaries as at 31 December 2019 and 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of companies	Principal activities	Place of business/ incorporation	Issued and paid-up capital	Ownership interest held by parent*		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2019	2018	2019	2018	2019	2018
				%	%	%	%	%	%
Held by the Company									
(a)(b) Tianjin Bridges Investments Limited ("TBIL")	Investment holding	Samoa	US$28,915,663	100	100	100	100	-	-
(a)(c) China Infrastructure Management (Hong Kong) Limited ("CIMHK")	Provision of management services to the Group	Hong Kong	HK$10,000	100	100	100	100	-	-
(a)(b) China (Tianjin) Water Resources Limited ("CTWRL")	Investment holding	Samoa	US$1	100	100	100	100	-	-
(a)(b) CIHL Development Limited ("CHIL Dev")	Investment holding	Samoa	US$1	100	100	100	100	-	-
Held by TBIL									
(a)(d) CIH Haimen (Tianjin) Enterprise Limited ("Haimen")	Dormant	PRC	RMB48,000,000	-	-	75	75	25	25

16. Investments in subsidiaries (Cont'd)

Name of companies	Principal activities	Place of business/ incorporation	Issued and paid-up capital	Ownership interest held by parent*		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2019	2018	2019	2018	2019	2018
				%	%	%	%	%	%
Held by CTWRL									
(a)(e)(h) CIHL (Tianjin) Water Development Co., Ltd. ("Water Development")	Construction of water pipeline and supply of gray water	PRC	RMB60,000,000	-	-	60	60	40	40
Held by Water Development									
(a)(e)(h) Tianjin Lingang Water Co., LTD	Construction of water pipeline and supply of gray water	PRC	RMB5,000,000	-	-	33	33	67	67
Held by CHIL Dev									
(a)(f) CIHL (Tianjin) City Development Limited ("XZCID")	Investment holding and property investment	PRC	RMB50,000,000	-	-	100	100	-	-
Held by XZCID									
(a)(b) Pinnacle China Ltd ("PCL")	Investment holding	British Virgin Islands	US$1	-	-	100	100	-	-
(a)(g) Beijing ShijiLongquanEnterprise Co., Limited ("SJLQ")	Provision of engineering and land leveling service for preliminary land development projects	PRC	RMB10,000,000	-	-	100	100	-	-

* *Parent is referring to the Company*

(a) *Audited/reviewed by Shanghai Nexia TS Certified Public Accountants, PRC, for consolidation purposes.*
(b) *Not required to be audited under the laws of country of incorporation.*
(c) *Not required to be audited under the laws of country of incorporation. However, the Group has appointed Andrew K.C. Lai & Company, Hong Kong as auditor of CIMHK.*
(d) *Audited by CACCPA Limited Liability Partnership, PRC.*
(e) *Audited by Lixin Zhong Lian CPAs, PRC.*
(f) *Audited by Beijing Zhongtianxinda Accounting Networks and Associations Co. , Ltd., PRC.XZCID operates a branch office* 天津新中城市實業發展有限公司北京工程管理分公司 *("XZCID Beijing Branch") with statutory registration in Beijing, PRC.*
(g) *Audited by Zhong Rui Certified Public Accountant Co., Ltd., PRC.*
(h) *CIHL (Tianjin) Water Development Co., Ltd. and its subsidiary, Tianjin Lingang Water Co., LTD, collectively known as the "Water Development Group"*

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited-Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and associates would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

Carrying amount of non-controlling interests

	Group	
	2019 RMB'000	**2018 RMB'000**
Water Development and its subsidiaries ("Water Development Group")	93,308	85,733
Other subsidiaries with non-controlling interests	16,891	17,101
	110,199	102,834

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests ("NCI") that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2019 and 2018.

Summarised statement of financial position

	Water Development	
	2019 RMB'000	2018 RMB'000
As at 31 December		
Current		
Assets	216,411	161,951
Liabilities	(182,079)	(105,745)
Total current net assets	34,332	56,206
Non-current		
Assets	284,058	171,056
Liabilities	(88,300)	(16,300)
Total non-current net assets	195,758	154,756
Net assets	230,090	210,962
Accumulated NCI	93,308	85,733

Summarised statement of comprehensive income

	Water Development	
	2019 RMB'000	2018 RMB'000
Revenue	65,782	89,681
Profit before income tax	24,745	39,951
Income tax expense	(5,617)	(10,807)
Profit for the financial year	19,128	29,144
Profit for the financial year allocated to NCI	7,575	11,659

Summarised cash flows

	Water Development	
	2019 RMB'000	2018 RMB'000
Cash flows from operating activities		
Cash generated from operations	95,547	34,593
PRC income tax paid	(7,924)	(3,539)
Net cash provided by operating activities	87,623	31,054
Net cash (used in)/provided by from investing activities	(59,295)	10,558
Net cash provided by/(used in) financing activities	77,000	(53,748)
Net increase/(decrease) in cash and cash equivalents	105,328	(12,136)
Cash and cash equivalents		
Beginning of financial year	38,066	50,202
End of financial year	143,394	38,066

17. Investments in associates

	Group			
	Future Trillion Group RMB'000	Liuhe RMB'000	KYWJ Group RMB'000	Total RMB'000
2019				
Investment at equity method				
Beginning of the financial year	24,617	44,281	99,469	168,367
Share of losses of associates	-	-	(1,225)	(1,225)
End of financial year	24,617	44,281	98,244	167,142
Impairment loss on investments in associates				
Beginning and end of the financial year	(24,617)	(44,281)	-	(68,898)
Net carrying amount				
End of financial year	-	-	98,244	98,244

	Group			
	Future Trillion Group RMB'000	Liuhe RMB'000	KYWJ Group RMB'000	Total RMB'000
2018				
Investment at equity method				
Beginning of the financial year	24,617	44,281	102,371	171,269
Share of losses of associates	-	-	(2,902)	(2,902)
End of financial year	24,617	44,281	99,469	168,367
Impairment loss on investments in associates				
Beginning and end of the financial year	(24,617)	(44,281)	-	(68,898)
Net carrying amount				
End of financial year	-	-	99,469	99,469

There are no contingent liabilities relating to the Group's interest in the associates.

(i) Investment in Future Trillion Group

Set out below are the associates of the Group as at 31 December 2019 and 2018. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of companies	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding 2019	Equity holding 2018
				%	%
(a)(b) Future Trillion Holdings Limited ("FT")	Investment holding	British Virgin Islands	US$3,055	34.53	34.53
Held by FT					
(a)(c) MKS Limited ("MKS")	Provision for oil and gas exploration	Independent State of Papua New Guinea	Kina7,257,000	28.35	28.35

(a) *Reviewed by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.*
(b) *Not required to be audited under the laws of country of incorporation.*
(c) *Audited by A & A Registered Public Accountant, Papua New Guinea.*

The tables below provide summarised financial information for Future Trillion Group. The information disclosed reflects the amounts presented in the financial statements of the associates 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, including fair value adjustments and modifications for differences in accounting policy.

Summarised Statement of Financial Position

	2019 RMB'000	2018 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	246	236
Other current assets	55	54
Total current assets	301	290
Total current liabilities	88,509	85,528
Non-current		
Assets	16	16
Net liabilities	(88,192)	(85,222)
Less: Non-controlling interests	14,651	13,802
Net liabilities	(73,541)	(71,420)
Reconciliation to carrying amounts		
Opening net liabilities at 1 January	(85,222)	(64,061)
Loss for the financial year	(4,978)	(16,149)
Other comprehensive income/(loss)	2,008	(5,012)
Closing net liabilities	(88,192)	(85,222)
Less: Non-controlling interests	14,651	13,802
Closing net liabilities	(73,541)	(71,420)
Group's share in %	34.53%	34.53%
Group's share	-	-
Goodwill	-	-
Impairment loss on investments in associates	-	-
Carrying amount	-	-

Summarised statement of comprehensive income

	2019 RMB'000	2018 RMB'000
For the financial year ended 31 December		
Loss for the financial year	(4,978)	(16,149)
Other comprehensive income/(loss)	2,008	(5,012)
Total comprehensive loss	(2,970)	(21,161)
Loss for the financial year allocated to non-controlling interests	(891)	(186)
Share of loss of associate	-	-

Future Trillion Group obtained an exploration right license of an oil and gas exploration project in June 2008. The exploration right license was expired in June 2014 and the first extension license was granted on 22 December 2014 for a period of 5 years. Details of the exploration right license are as follows:

Name of license	Location	Area of license	Expiration date
Petroleum Prospecting License (License number: 294)	Independent State of Papua New Guinea	Approximately 2,600 km^2	March 2020

Future Trillion Group undertook several exploration tasks during the last financial year ended 31 December 2014. Based on integration of the new surface geology data, the re-processing and re-interpretation of seismic data, and the construction of 3D subsurface structure models, a re-evaluation of the entire license area provides a more prospective view for the license and a more confident interpretation model for Tumuli structure. As a result, the Tumuli structure is considered to be more reliable, the level of geological risk has been reduced and a number of new structures are identified for future exploration to increase the resources in the area covered by the license.

The project is still in exploration stage, the future prospect of the Group's investment in Future Trillion Group is largely dependent on the discovery of the existence of economic viable resources of the oil and gas exploration project. Further exploration will be needed to ensure the Tumuli structure contains economically viable resources by drilling and to improve the geological maturity of new identified structures by geological survey and seismic acquisition.

In the financial year ended 31 December 2015, MKS expensed off approximately RMB104,970,000 of exploration and evaluation expenditure. The board of directors of MKS assessed that it is not commercially viable to continue exploration, after taking into consideration depressed oil and gas prices, the inability of MKS to obtain additional funds. MKS's licence has expired on 18 March 2020.

As a result, the Group has shared the losses from Future Trillion Group of RMB31,263,000, made an impairment loss of RMB24,617,000 on the remaining carrying amount of Future Trillion Group, and made a loss allowance of the amount due from Future Trillion Group of RMB76,102,000 (Note 21(c)(iii)) in the financial year ended 31 December 2015.

During the financial year ended 31 December 2019, management considered various estimates and assumptions include the financial health, cash flow projection and future prospects of the investment and in view that no change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. Therefore, no reversal of impairment loss required at the end of reporting period.

The Group has not recognised its share of losses from Future Trillion Group of RMB1,411,000 for the financial year ended 31 December 2019 as the Group's cumulative share of losses exceed its interest in that entity and the Group has no obligation in respect of those accumulated losses of RMB12,192,000 at the reporting date.

(ii) Investment in Liuhe

Set out below are the associate of the Group as at 31 December 2019 and 2018. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Company	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding	
				2019	2018
			RMB'000	%	%
(a)(b) LiuHe County YuKun Mining Co. Ltd. ("Liuhe") ("柳河县钰坤矿业有限公司")	Gold exploration and production	PRC	83,356	20.054	20.054

(a) *Reviewed by Shanghai Nexia TS Certified Public Accountants, PRC, for Group consolidation purposes.*
(b) *Not required to be audited under the laws of country of incorporation.*

The tables below provide summarised financial information for Liuhe. The information disclosed reflects the amounts presented in the financial statements of the associate 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, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position

	2019 RMB'000	2018 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	482	662
Other current assets	5,628	5,666
Total current assets	6,110	6,328
Total current liabilities	169,596	167,513
Non-current		
Assets	306,952	307,407
Other liabilities	22,000	22,000
Net assets	121,466	124,222
Reconciliation to carrying amounts:		
Opening net assets at 1 January	124,222	128,011
Loss for the financial year	(2,756)	(3,789)
Closing net assets	121,466	124,222
Group's share in %	20.054%	20.054%
Group's share	-	-
Goodwill	-	-
Impairment loss on investment in associate	-	-
Carrying amount	-	-

Summarised statement of comprehensive income

	2019 RMB'000	2018 RMB'000
For the financial year ended 31 December		
Revenue	-	-
Interest expense [(1)]	1,807	-
Loss for the financial year	(2,756)	(3,789)
Share of loss of associate	-	-

[(1)] Borrowing costs of Nil (2018: RMB1,984,000) was capitalised in property, plant and equipment for financial year ended 31 December 2019.Interest rate range from Nil (2018: 12%-15%) were used, representing the borrowing costs of the loans used to finance the construction of property, plant and equipment.

Liuhe holds a mining right license and an exploration right license in the surrounding area associated with exploration right expired in June 2019 respectively. In the prior years, Liuhe completed several geological and technical studies to establish the existence of proved and probable mine reserve estimates of the surrounding area of the existing mining license, and has substantially completed construction of production facilities at the mining site, and commenced test run production since the end of financial year 31 December 2014. All of the exploration and mining right licenses have expired as at 31 December 2019.

In the financial year ended 31 December 2015, management assessed the recoverable of investment in Liuhe. In view of the weak commodity prices, additional funds required to continue with the actual production, the expected increase in mining costs and poor trial production results and based on a valuation conducted by an independent valuer, management is of the view that there will be insufficient cash flows over the life of the mining project to recover the Group's investment in Liuhe. Hence, an impairment loss of RMB44,281,000 was made for the carrying amount of the investment and made a loss allowance of the amount due from Liuhe of RMB9,968,000 (Note 21(c)(iii)).

During the financial year ended 31 December 2019, management considered various estimates and assumptions include the financial health, cash flow projection and future prospects of the investment and in view that no change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. Therefore, no reversal of impairment loss required at the end of reporting period.

The Group has not recognised its share of losses from Liuhe of RMB553,000 for the financial year ended 31 December 2019 as the Group's cumulative share of losses exceed its interest in that entity and the Group has no obligation in respect of those accumulated losses of RMB5,519,000 at the reporting date.

(iii) Investment in KYWJ Group

Set out below are the associates of the Group as at 31 December 2019. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Company	Principal activities	Place of business/ country of incorporation	Issued and paid up capital	Equity holding	
				2019	2018
			RMB'000	%	%
(a)(b) Beijing Kaiyuanwanjia Management Consulting Limited ("KYWJ")	Investment holding	PRC	RMB4,444,445	50	50
Held by KYWJ					
(a)(b) Yichang Xinshougang Property Development Company Limited ("XSG")	Property development and asset management	PRC	RMB120,000,000	50	50
Held by XSG					
(c) Yichang Jiaye Hotel Management Co., Limited	Dormant	PRC	RMB1,000,000	50	50
(c) Yichang Xiecheng Exhibition Services Co., Limited	Dormant	PRC	RMB1,000,000	50	50

(a) *Reviewed by Shanghai Nexia TS Certified Public Accountants, PRC, for consolidation purposes.*
(b) *Audited by Zhongxingcai Guanghua certified public accountants LLP.*
(c) *Not required to be audited under the laws of country of incorporation.*

Summarised statement of financial position

	2019 RMB'000	2018 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	156,343	113,594
Other current assets (excluding cash)	1,801,815	923,364
Total current assets	1,958,158	1,036,958
Financial liabilities	204,496	23,053
Other liabilities	1,686,932	934,251
Total current liabilities	1,891,428	957,304
Non-current		
Total non-current assets	167,970	161,261
Total non-current liabilities	38,212	41,977
Net assets	196,488	198,938

	2019 RMB'000	2018 RMB'000
Reconciliation to carrying amounts:		
Beginning of the financial year	198,938	204,742
(Loss)/profit for the financial year	(2,450)	(5,804)
Closing net assets	196,488	198,938
Group's share in %	50%	50%
Group's share	98,244	99,469
Carrying amount	98,244	99,469

Summarised Statement of Comprehensive Income

	2019 RMB'000	2018 RMB'000
For the financial year ended 31 December		
Revenue	204,020	131,140
Depreciation	523	523
Income tax expense	3,765	2,315
Loss for the financial year	(2,450)	(5,804)
Share of loss of associates	(1,225)	(2,902)

KYWJ Group is in the business of real estate development focusing on property development in Meiziya Village, Xiaoxita, Yiling District, Yichang City, Hubei Province, PRC. KYWJ Group holds land use rights in the surrounding area associated with the property development. The development project, Yichang Guobin No.1, are carried out in different phases. During the financial year, KYWJ Group has commenced the development of "new" Phase 3 (formerly known as Phases 3 and 4). The "new" Phase 3 is divided into Phase 3-1, 3-2 and 3-3. During the financial year ended 31 December 2019, phases 2-3 has been completed. As at 31 December 2019, the "new" Phase 3 are in the process of construction and expected to complete in phases between financial year ended 2020 to 2022. Details of the land use right are as follows:

Description	Tenure	Total approximate site area (sq. m)	Total gross floor area (sq. m)	Main usage
The property is subjected to a right to use of land till	Leasehold			
(i) 28 December 2076 for residential purpose; and		530,722	658,989	Residential and commercial
(ii) 28 December 2046 for commercial, tourism and convention purpose.		57,004	111,027	Hotel and convention centre
		587,726	770,016	

18. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2019 RMB'000	**2018 RMB'000**
Deferred tax assets:		
-To be recovered within 12 months	3,893	7,733
Deferred tax liabilities:		
-To be settled within 12 months	(2,721)	(14,136)
-To be settled after more than 12 months	(5,258)	(5,258)
	(7,979)	(19,394)
Deferred tax liabilities – net		
	(4,086)	(11,661)

Movement in the deferred income tax account is as follows:

	Group	
	2019 RMB'000	**2018 RMB'000**
Beginning of financial year	11,661	26,015
Credited to profit or loss	(7,575)	(14,354)
End of financial year	4,086	11,661

The movement in deferred income tax assets and liabilities, (prior to offsetting of balances within the same tax jurisdiction), is as follows:

Deferred tax liabilities	**Accelerated tax depreciation RMB'000**	**Fair value gains on investment properties RMB'000**	**Other RMB'000**	**Total RMB'000**
Group				
2019				
Beginning of financial year	(679)	5,258	14,815	19,394
Credited to profit or loss	(27)	-	(11,388)	(11,415)
End of financial year	(706)	5,258	3,427	7,979
2018				
Beginning of financial year	(633)	5,258	24,815	29,440
Credited to profit or loss	(46)	-	(10,000)	(10,046)
End of financial year	(679)	5,258	14,815	19,394

Deferred tax assets	Accelerated tax depreciation
	RMB'000
Group	
2019	
Beginning of financial year	(7,733)
Credited to profit or loss	3,840
End of financial year	(3,893)
2019	
Beginning of financial year	(3,425)
Charged to profit or loss	(4,308)
End of financial year	(7,733)

Deferred income tax liabilities of RMB10,702,000 (2018:RMB6,484,000) have not been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiaries (established in PRC) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

19. Inventories

	Group	
	2019 RMB'000	2018 RMB'000
Raw materials for construction of water pipeline	2,246	1,750

The cost of inventories for construction of water pipeline installation are recognised in profit or loss as "cost of sales and services provided" amounted to RMB5,115,000 (2018: RMB5,430,000).

20. Other current assets

	Group	
	2019 RMB'000	2018 RMB'000
As at 31 December		
Asset recognised from costs incurred to fulfil a contract	7,949	27,809

Costs incurred to fulfil contracts for construction of water pipeline related to direct cost incurred for uncompleted contracts as at 31 December 2019 and 31 December 2018 respectively. The Group expect the capitalised costs to be completely recovered, hence no impairment loss has been recognised.

Costs recognised in the financial year ended 31 December 2019 amounted to RMB23,133,000 was included in the other current assets at the beginning of the financial year.

21. Trade and other receivables

		Group		Company	
	Note	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Trade receivables	(a)	26,898	13,088	-	-
Bill receivables	(b)	7,900	11,177	-	-
		34,798	24,265	-	-
Less: Loss allowance	(a)	(2,142)	(2,142)	-	-
		32,656	22,123	-	-
Contract assets	(a)	38,848	15,367	-	-
Other receivables					
- Non-related parties	(c)(i)	37,790	11,403	-	-
Less: Loss allowance	(c)(i)	(6,670)	(6,670)	-	-
		31,120	4,733	-	-
- Associates	(c)(iii)	158,215	228,349	-	-
Less: Loss allowance	(c)(iii)	(86,070)	(86,070)	-	-
		72,145	142,279	-	-
- Non-controlling hareholders of subsidiaries	(c)(ii)	196	124	-	-
- Subsidiaries	(c)(iv)	-	-	476,570	488,004
Less: Loss allowance	(c)(iv)	-	-	(35,649)	(35,649)
		-	-	440,921	452,355
Prepayments and advances	(d)	6,834	4,840	2	2
Deposits	(e)	68	30,216	58	58
		181,867	219,682	440,981	452,415

Trade and other receivables are mainly denominated in Renminbi.

The Group has a practice to collect advances from its customers before commencement of work. Typically, the Group offers 0 to 30 days credit terms to its customers and seeks to maintain a strict control over its outstanding receivables. The management will perform regular reviews on overdue balances.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are cash and cash equivalents and trade and other receivables. The Group's and the Company's exposure to credit risk arises primary from trade and other receivables.

For customers, the Group performs credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account the evaluation of financial strength, the Company's past experiences with the customers and other relevant factors. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

Following are the Group's and Company's credit risk management practices, and the quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(a) Trade receivables and contract assets

The trade receivables of the Group comprise of 4 debtors (2018: 3 debtors) that individually represent 10%, 10%, 15% and 58% (2018: 6%, 34% and 41%) of trade receivables.

During the current financial year ended 2019, the Group adjusted RMB2,650,000 against contract assets of RMB15,367,000 recognised in prior financial year (Note 5). The contract asset is then transferred to trade receivable when the Group's right to consideration in exchange for services the Group has transferred to the customer became unconditional. The contract assets balance of RMB38,848,000 as at 31 December 2019 relates to the temporary water treatment services.

Loss allowance for trade receivables and contract assets are measured at an amount equal to 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 days past due to measure the ECL by reference to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. The contract assets relate to unbilled work-in-progress and have substantially same risk characteristics as the trade receivables for the same types of contracts.

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.

The Group has recognised a loss allowance of RMB 2,142,000, against trade receivables and contract assets over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. No other loss allowance are recognised 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.

(b) Bills receivables

Bills receivables have a maturity period of 3- 150 days and will be converted into cash upon maturity.

Bill receivables are with banks with high credit-ratings. Hence, no expected loss rate are assigned and loss allowance are recognised.

(c) 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 owing by associates, amount owing by non-controlling shareholders of subsidiaries and deposits. These other financial assets are subject to immaterial credit loss.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, 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.

As at 31 December 2019, the Group and the Company had respectively recognised a loss allowance of RMB92,740,000 (refer to Note 21(c)(i) and Note 21(c)(iii)) and RMB35,649,000 (refer to Note 21(c)(iv)) against other financial assets, at amortised cost over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. No other loss allowance are recognised as the management believes that the amounts that are collectible, based on historical payment behaviour and credit-worthiness of the other receivables.

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

(i) Other receivables - non-related parties

The carrying amount of other receivables individually determined to be impaired and the movement in the related loss allowance are as follows:

	Group	
	2019 RMB'000	**2018 RMB'000**
Gross	6,670	6,670
Less: Loss allowance	(6,670)	(6,670)
	-	-
Movement in loss allowance of other receivables – non-related parties:		
At beginning and end of financial year	6,670	6,670

Included in other receivables are receivable of RMB30,000,000 (2018: Nil) from a real estate development company in relation to withdrawn joint investment opportunity (Note 21(e)) and an impaired other receivables comprise an amount of RMB4,132,000 (2018: RMB4,132,000) due from a non-related party relating to the Men Tou Gou project. The impaired other receivable was long overdue and the management has assessed the recoverability and is of the opinion that payments are not forthcoming. Hence, a loss allowance has been made by the Group.

(ii) Due from non-controlling shareholders of subsidiaries

The amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

(iii) Due from associates

Breakdown of due from associates are as follows:

- Due from Future Trillion of RMB76,102,000 is denominated in United Stated Dollars, and is secured by equity interests in Future Trillion Group held by its controlling shareholder and corporate guarantee executed by the controlling shareholder of Future Trillion, bears interest at 6% per annum and is repayable on demand. This has been fully impaired.

- Due from Liuhe of RMB9,968,000 is denominated in Renminbi, and is unsecured, bears interest at 12% to 15% per annum and is repayable on demand. This has been fully impaired.

- Due from KYWJ Group of RMB72,145,000 is denominated in Renminbi and is unsecured, interest free and has no fixed term of repayment.

The carrying amount of the amount due from associates individually determined to be impaired and the movement in the related loss allowance are as follows:

	Group	
	2019 RMB'000	**2018 RMB'000**
Gross	86,070	86,070
Less: Loss allowance	(86,070)	(86,070)
	-	-
Movement in loss allowance of amount due from associates:		
Beginning and end of financial year	86,070	86,070

Management assessed the recoverability of the amount due from associates and is of the opinion that payments are not forthcoming. Hence, impairment was made in full for the receivables due from associates– Future Trillion and Liuhe.

(iv) Due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

	Company	
	2019 RMB'000	**2018 RMB'000**
Due from subsidiaries	476,570	488,004
Less: Loss allowance	(35,649)	(35,649)
	440,921	452,355

Movement in loss allowance of amount due from subsidiaries:

	Company	
	2019 RMB'000	**2018 RMB'000**
Beginning and end of financial year	35,649	35,649

Management assessed the recoverability of the amount due from subsidiaries and is of the opinion that payments are not forthcoming for outstanding balance of RMB35,649,000. Hence, impairment was made in full for the receivables due from those loss making subsidiaries.

(d) Prepayments and advances

The prepayment and advances include construction cost of RMB6,084,000 (2018: RMB3,565,000) paid in advance to the sub-contractors.

(e) Deposits

For the financial year ended 31 December 2018, the deposits include a refundable deposit of RMB30,000,000 due from a real estate development company in relation to withdrawn joint investment opportunity. As at 31 December 2019, the Group has reassessed the facts and circumstances surrounding this deposit, accordingly the deposits has been reclassified to other receivables.

22. Cash and cash equivalents

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Cash at bank and on hand	167,745	62,021	1	1
Short-term deposits	-	2,099	-	-
Restricted bank balances	146	146	-	-
	167,891	64,266	1	1

Details of restricted bank balances are as follow:

	Company	
	2019 RMB'000	2018 RMB'000
Restricted bank balances for a land development project [a]	146	146

[a] *Restricted bank balances of approximately RMB146,000 (2018: RMB146,000) is placed for securing the performance and fund utilisation for a land development project of the Group.*

The total cash and bank balances are denominated in the following currencies:

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Renminbi	162,147	62,966	1	1
Hong Kong Dollar	5,645	1,257	-	-
United States Dollar	87	4	-	-
Singapore Dollar	12	39	-	-
	167,891	64,266	1	1

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies only through banks that are authorised to conduct foreign exchange business. These local exchange control regulations imposed restriction on exporting capital from the country, other than through normal dividends.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Company	
	2019 RMB'000	**2018 RMB'000**
Cash and bank balances (as above)	167,891	64,266
Less: Restricted bank balances	(146)	(146)
Cash and cash equivalents per consolidated statement of cash flows	167,745	64,120

23. Borrowings

		Group	
	Note	**2019 RMB'000**	**2018 RMB'000**
Unsecured borrowing			
Current Short-term borrowing – a non-related party	(a)	28,000	28,000
Secured bank borrowing			
Current	(b)	5,000	-
Non-Current	(b)	72,000	-
		77,000	-
Total borrowings		105,000	28,000

Short-term borrowing and bank borrowing are denominated in Renminbi.

(a) Short-term borrowing

Short term borrowing from a non-related party is unsecured, interest free and repayable on demand.

(b) Bank borrowing

On 14 January 2019, the Group's subsidiary, CIHL (Tianjin) Water Development Co., Ltd, entered into a loan agreement amounted to RMB77,000,000 with China Bohai Bank for a loan tenure of 6 years till 28 January 2025 with both fixed and variable interest rates.

The exposure of the borrowing of the Group to interest rate changes and the contractual repricing dates at the statement of financial position date is as follow:

	Group	
	2019 RMB'000	2018 RMB'000
6 months or less	67,155	-
6 – 12 months	6,617	-

The Group is not exposed to interest rate risk for bank borrowing amounting to RMB 3,228,000.

The bank borrowing are secured by first mortgages over Group's leasehold land and buildings (Note 12) and investment properties (Note 14).

At the end of the reporting period, the fair value of non-current bank borrowing approximates its carrying amount. The fair value is determined from the cash flow analysis, discounted at annual market borrowing rate of 6.75% of an equivalent instrument at the end of the reporting period which management expects to be available to the Group. The fair value is within Level 2 of the fair value hierarchy.

24. Trade and other payables

		Group		Company	
	Note	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Trade payables		63,607	22,293	-	-
Accruals	(a)	6,145	5,888	1,200	1,140
Other payables					
- Non-related parties	(b)	6,624	8,944	1,161	1,161
- Non-controlling shareholders of subsidiaries	(c)	18,011	38,011	-	-
- Subsidiaries	(d)	-	-	130,566	138,093
- Associates	(e)	1,992	1,992	1,993	1,993
		26,627	48,947	133,720	141,247
Receipts in advance from	(f)				
- Supply of gray water		8,205	13,582	-	-
- Construction of water pipeline		96,463	52,999	-	-
		104,668	66,581	-	-
		201,047	143,709	134,920	142,387

Trade and other payables are mainly denominated in Renminbi. Trade payables generally have credit terms ranging from 0 to 30 days.

(a) Accruals

Included in the accruals are interest payable of borrowing of RMB 1,163,000 (2018: RMB1,231,000), accrued employee benefit expense of RMB 1,909,000 (2018: RMB1,559,000) and remaining relates to operating expenses.

(b) Other payables to non-related parties

Other payables to non-related parties are mainly value added tax relating to the accrued interest income from associates amounted to RMB 2,936,000 (2018:RMB5,778,000).

(c) Due to non-controlling shareholders of subsidiaries

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

(d) Due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(e) Due to associated companies

The amounts due to associated companies are unsecured, interest-free and repayable on demand.

(f) Receipts in advance

Receipts in advance mainly relates to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer which generally does not exceed one year.

The increase in receipts in advance is due to less projects were completed in the current financial year ended 2019.

Revenue recognised in the financial year ended 2019 amounted to RMB11,250,000 (2018: RMB45,993,000) was included in the receipts in advance at the beginning of the financial year.

25. Deferred income

	Group	
	2019 RMB'000	2018 RMB'000
Beginning and end of financial year	16,300	16,300

Deferred income comprised of government grants for the construction of property, plant and equipment (the " Assets") relating to the development of Xinhe Water Recycling Plant (the "Project") in the Group's subsidiaries, CIHL (Tianjin) Water Development Company Limited. The deferred grants are subsequently charged to profit or loss over the useful life of related Assets to match the related costs.

The Assets was made available for use during the financial year ended 31 December 2019.

26. Share capital and treasury shares

(a) Ordinary shares

	Group and Company	
	Number of shares '000	Amount S$'000
Authorised:		
2019		
Beginning and end of financial year *(1,000,000,000 ordinary shares with a par value S$0.05 each)*	1,000,000	50,000
2018		
Beginning and end of financial year *(1,000,000,000 ordinary shares with a par value S$0.05 each)*	1,000,000	50,000

	Group and Company	
	Number of shares '000	Amount S$'000
Issued and fully paid:		
2019		
Beginning and end of financial year	71,234	17,779
2018		
Beginning and end of financial year	71,234	17,779

All issued ordinary shares were fully paid. The par value for these ordinary shares is S$0.05 (2018: S$0.05).

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share options

The Group adopted CIHL Share Option Scheme (the "2010 Scheme") on 8 March 2010. Under the 2010 Scheme, if the share options remain unexercised after a period of 5 years from the date of grant, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest. Share options previously vested would be lapsed immediately if the employee leaves the Group, unless the remuneration committee otherwise approved.

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2019		2018	
	Number of share options '000	Weighted average exercise price S$	Number of share options '000	Weighted average exercise price S$
Outstanding at the beginning of financial year	2,300	0.9040	2,700	0.9040
Lapsed	(2,300)	0.9040	(400)	0.9040
Outstanding at the end of financial year	-	-	2,300	0.9040
Exercisable at the end of financial year	-	-	2,300	0.9040

At as 31 December 2018, the outstanding share options have a weighted average remaining contractual life of 0.19 years and the exercise prices of S$0.904. All share options had expired as at 31 December 2019.

There are no share-based payments made to directors and executives for the financial year ended 31 December 2019 and 31 December 2018.

These fair values were calculated using the Binomial model. The fair value of share options granted in 2014 was estimated to be S$1,447,000, equivalent to RMB6,989,000. The inputs into the model are as follows:

	8 March 2010	17 May 2010	19 July 2010	2 June 2011	10 March 2014
Share price	S$0.0769	S$0.085	S$0.075	S$0.052	S$0.046
Exercise price	S$0.075	S$0.087	S$0.079	S$0.052	S$0.0452
Expected volatility	70.26%	69.80%	69.79%	65.80%	102.305%
Expected life	5 years	5 years	5 years	5 years	5 years
Risk free rates	1.50%	1.01%	0.75%	1.02%	1.443%
Expected dividend yield	4.19%	4.19%	4.19%	4.22%	7.61%
Exercise Multiple	2 times	2 times	2 times	2.2 and 2.8 times	-
Employee exit rate	7.10%	7.10%	7.10%	0% and 13%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the past 5 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, excise restriction and behavioral considerations.

(c) CIHL Performance Share Plan (the "PSP")

The PSP was approved by the shareholders of the Company at a Special General Meeting held on 8 March 2010. The PSP shall complement the 2010 Scheme and serve as an additional and flexible incentive tool.

Under the rules of the PSP, all directors and employees of the Group as well as the employees of associates are eligible to participate in the PSP at the absolute discretion of the Remuneration Committee.

The total number of shares over which shares to be issued under the PSP, together with the number of shares issued under the 2010 Scheme shall not exceed 15% of the issued share capital of the Company at any time.

The Remuneration Committee is charged with the administration of the PSP in accordance with the rules of the PSP. The Remuneration Committee administering the PSP comprises the directors, Mr Shan Chang, Mr Chee Teck Kwong Patrick and Mr Teo Woon Keng John.

None of the directors in the committee participated in any deliberation or decision in respect of shares granted to himself.

The number of shares to be offered to a participant shall be determined at the discretion of the Remuneration Committee provided that:

(i) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates shall not exceed 25% of the 2010 Scheme; and

(ii) the number of shares which may be offered to each participant who is a controlling shareholder or their associates shall not exceed 10% of the 2010 Scheme.

No shares had been granted to any participant since the commencement of the PSP.

(d) Treasury shares

	Group and Company	
	Number of ordinary shares	Amount
		RMB'000
2018		
Beginning of financial year	-	-
Share buyback	3,600	(9)
Sale of treasury share	(3,600)	9
End of financial year	-	-

As per the announcements released by the Company on 1 December 2018, the Company has performed various share buybacks during the period commencing from 21 December 2017 and to 16 October 2018. The Company had acquired 3,600 shares of the Company from the open market during the said period totalling to RMB9,000. The Company has disposed of the treasury shares on 27 December 2018.

These transactions were presented as a component within shareholder's equity.

There is no movement in the financial year ended 31 December 2019.

27. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity. All reserve are non-distributable.

(b) Company

	Note	Share premium	Contributed surplus	Capital reserve	Capital redemption reserve	Share option reserve	Total reserves	Treasury shares	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2019										
Beginning of financial year		65,712	810,044	479	8,324	7,114	891,673	-	(403,423)	488,250
Total comprehensive loss for the financial year		-	-	-	-	-	-	-	(3,967)	(3,967)
Share options lapsed		-	-	-	-	(7,114)	(7,114)	-	7,114	-
End of financial year		65,712	810,044	479	8,324	-	884,559	-	(400,276)	484,283
2018										
Beginning of financial year		65,712	810,044	479	8,324	7,409	891,968	-	(399,879)	492,089
Total comprehensive loss for the financial year		-	-	-	-	-	-	-	(3,839)	(3,839)
Share options lapsed		-	-	-	-	(295)	(295)	-	295	-
Share buybacks	26(d)	-	-	-	-	-	-	(9)	-	(9)
Sale of treasury shares	26(d)	-	-	-	-	-	-	9	-	9
End of financial year		65,712	810,044	479	8,324	7,114	891,673	-	403,423	488,250

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up for unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premium payable on repurchase of shares.

(ii) Contributed surplus

The contributed surplus of the Company and the Group represents the balance of the amount of credit arising from the following exercise:

· capital reduction pursuant to a special resolution passed on 10 May 2004 for the reduction of issued and paid-up share capital of the Company from S$0.20 to S$0.05 on each of the 751,987,750 issued and paid-up shares.

· capital reorganisation pursuant to a special resolution passed on 28 April 2017 for the reduction of issued and paid-up share capital of the Company from S$1.00 to $0.05 on each of the 51,230,183 issued and paid-up shares.

(iii) Share options reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company and the Group are recognised in accordance with the accounting policy adopted for share-based payments as set out in Note 2.24(iv) to the financial statements.

(iv) Capital redemption reserve

Capital redemption reserve arises from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

Contributed surplus, share option reserve and capital redemption reserve are non-distributable.

28. Related party transactions

For management purpose, the Group is organised into business units based on its products and services and has three reportable segments as follows:

(a) Sales and purchases of goods and services

	2019 RMB'000	2018 RMB'000
Related parties		
- Repayment of borrowings	-	(39,100)
- Interest expense paid/payable	-	1,667
Associates		
- Receipt of repayment of loans and interests	70,180	168,980

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2019 and 2018 are unsecured and receivable/payable within 12 months from the end of the reporting period are disclosed in Notes 21 and 24 to financial statements respectively.

(b) Key management compensation

Key management includes directors (executive and non-executive) and chief financial officer. The compensation paid/payable to key management is as follows:

	Group	
	2019 RMB'000	2018 RMB'000
Directors' fees	1,080	1,080
Salaries, allowances and bonuses	2,817	2,794
Pension costs of defined contribution plans	4	-
	3,901	3,874

Included in the total key management compensation is directors' remuneration of the Company amounting to RMB 3,901,000 (2018: RMB 3,874,000).

29. Segment 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 year ended 31 December 2019 as follows:

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

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The other segment 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.

The accounting policies of the operating segments are the same as those set out in Note 2 to the financial statements.

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

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
Financial year ended 31 December 2019				
Total segment revenue	110,496	(2,650)	-	107,846
Inter-segment revenue	(44,714)	-	-	(44,714)
Revenue from external segment	65,782	(2,650)	-	63,132
Segment results	30,132	(2,650)	-	27,482
Interest income/(expense)	6,256	24	(5,234)	1,046
Rental income	-	-	1,346	1,346
Other income	32,976	-	270	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 expenses	-	-	(77)	(77)
Share of net 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 and amortisation	(10,726)	(5)	(1,193)	(11,924)

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
Financial year ended 31 December 2018				
Total segment revenue – external party	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 expenses	-	-	(2,391)	(2,391)
Share of net 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)

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
As at 31 December 2019				
Total assets	508,874	19,749	266,734	795,357
Total assets includes:				
Property, plant and equipment	269,467	6	8,556	278,029
Intangible assets	135	-	-	135
Goodwill arising on consolidation	20,303	-	-	20,303
Investment properties	-	-	34,800	34,800
Investment in associates	-	-	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	115,671	-	3	115,674

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
Total liabilities	261,074	17,939	75,048	354,061
Total liabilities includes:				
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 liabilities	-	-	988	988
Long term borrowings	72,000	-	-	72,000
Total liabilities				354,061

	Water supply services RMB'000	Land development RMB'000	Other segments RMB'000	Total RMB'000
As at 31 December 2018				
Total assets	284,745	31,013	332,869	648,627
Total assets includes:				
Property, plant and equipment	164,415	11	8,146	172,572
Intangible assets	243	-	-	243
Goodwill arising on consolidation	20,303	-	-	20,303
Investment properties	-	-	34,800	34,800
Investment in associates	-	-	99,469	99,469
Deferred income tax assets	5,647	-	2,086	7,733
Inventories	1,750	-	-	1,750
Other current assets	27,809	-	-	27,809
Trade and other receivables	26,510	18,334	174,838	219,682
Cash and cash equivalents	38,068	12,668	13,530	64,266
Total assets				648,627
Addition to property, plant and equipment	39,530	-	65	39,595
Total liabilities	122,044	4,156	107,056	233,256
Total liabilities includes:				
Short-term borrowings	-	-	28,000	28,000
Trade and other payables	86,470	3,635	53,604	143,709
Current income tax liabilities	19,274	521	6,058	25,853
Deferred income tax liabilities	-	-	19,394	19,394
Deferred income	16,300	-	-	16,300
Total liabilities				233,256

Geographical information

	Revenue		Non-current assets	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Hong Kong	-	-	1,121	12
PRC except Hong Kong	63,132	89,681	434,283	335,108
	63,132	89,681	435,404	335,120

In presenting the geographical information, revenue is based on the geographical locations of the customers which the revenue are derived from and is measured in a manner consistent with that in the statement of comprehensive income.

Inter-segment sales are carried out based on agreed term.

Revenue from major customers

Revenue of RMB25,441,000 (2018: RMB17,639,000) are derived from three (2018: two) external customers. These revenues are attributable to the water supply services (2018: water supply services) segment.

30. Lease commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases an administrative office from a non-related party under non-cancellable operating lease agreements. The lease terms are negotiated for an average term of 2 years, and the lease agreements are renewable at the end of the lease period at market rate. The rental expenditure charged to profit or loss during the financial year is disclosed in Note 9 to the financial statements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 RMB'000
Not later than one year	611
Between one and five years	1,161
	1,772

(b) Operating lease commitments – where the Group is a lessor

The Group leases office building to a non-related party under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	2018 RMB'000
Not later than one year	1,368
Between one and five years	342
	1,710

31. Events occurring after reporting period

The impact of the coronavirus disease 2019 (COVID-19) outbreak in various countries, including the jurisdictions in which the Group operates, has brought about uncertainties to the Group's operating environment and its financial performance subsequent to the financial year end. The Group is aware of the challenges posed by this developing event and the impact it potentially could have on the business sector in which the Group operates in. The Group is unable to quantify the magnitude and duration of such impact and has not considered such impact (if any) given the fluidity of the situation.

32. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2020 or later periods and which the Group has not early adopted:

IFRS / IAS No.	Title	Effective for annual periods beginning on or after
IAS 1 and IAS 8	Amendments to IAS 1 and IAS 8 – Definition of Material	1 January 2020
IFRS 3	Amendments to IFRS 3, Definition of a Business	1 January 2020
IFRS 16	Amendments to IFRS 16: COVID-19 Related Rent Concessions	1 June 2020
IFRS 17	Insurance Contracts	1 January 2021
IAS 1	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

33. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 3 June 2020.

SHAREHOLDING STATISTICS

AS AT 22 MAY 2020

Authorised Share Capital : S$50,000,000
Issued and Paid Up Capital : S$3,561,676.65
Class of Shares : Ordinary Shares of S$0.05
Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2,516	30.69	125,725	0.18
100 - 1,000	4,482	54.67	1,371,940	1.93
1,001 - 10,000	1,010	12.32	3,149,044	4.42
10,001 - 1,000,000	184	2.25	8,315,316	11.67
1,000,001 AND ABOVE	6	0.07	58,271,508	81.80
TOTAL	8,198	100.00	71,233,533	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	32,085,248	45.04
2	CITIBANK NOMINEES SINGAPORE PTE LTD	11,079,306	15.55
3	RAFFLES NOMINEES (PTE.) LIMITED	7,642,283	10.73
4	LEE TAT KWONG (LI DAGUANG)	4,795,721	6.73
5	CHAN SIN MIAN	1,525,850	2.14
6	OCBC SECURITIES PRIVATE LIMITED	1,143,100	1.60
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	771,550	1.08
8	TAI KWANG HAN	426,600	0.60
9	KHOO SWEE KWANG	300,000	0.42
10	ABN AMRO CLEARING BANK N.V.	290,000	0.41
11	LIM CHER HENG	270,495	0.38
12	NG JIN NEE BRENDA	267,500	0.38
13	WONG PANG FEI	246,410	0.35
14	HENG SEE ENG	227,855	0.32
15	FONG WENG KHIANG	225,000	0.32
16	WONG CHEONG SHEK	160,000	0.22
17	HEE LEE SET	150,000	0.21
18	ANG LUM KHUANG	140,000	0.20
19	TAN BRIAN ROY	121,800	0.17
20	MAK CHEE FONG	113,700	0.16
	TOTAL	61,982,418	87.01

◆ LIST OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Wellful Holdings Limited	20,052,308	28.15	-	-
China Construction Group Inc	11,001,256	15.44	-	-
Wisdom Accord Limited	7,500,000	10.53	-	-
Century Investment Company Limited	12,000,000	16.85	-	-
Lin Rongqiang (1)	-	-	20,052,308	28.15
China Construction Holdings Limited (2)	-	-	11,001,256	15.44
Fok Hei Yu (3)	-	-	11,001,256	15.44
John Howard Batchelor (3)	-	-	11,001,256	15.44
Zheng Dagang(4)	-	-	7,500,000	10.53
Mu De Jun(5)	-	-	12,000,000	16.85
Gong Xuan(5)	-	-	12,000,000	16.85
Lee Tat Kwong (Li Daguang)(6)	4,795,721	6.73	-	-

Footnotes:

(1) The sole shareholder of Wellful Holdings Limited is Lin Rongqiang holding 100% of the total issued share capital. Therefore, Lin Rongqiang is deemed to be interested in the 20,052,308 shares beneficially owned by Wellful Holdings Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(2) The sole shareholder of China Construction Group Inc is China Construction Holdings Limited, holding 100% of the total issued share capital. Therefore, China Construction Holdings Limited is deemed to be interested in the 11,001,256 shares beneficially owned by China Construction Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(3) By way of a deed of appointment dated 28 August 2013, Mr. Fok Hei Yu and Mr. John Howard Batchelor were jointly severally appointed as receivers over 100% of the shares in China Construction Group Inc, a company incorporated under the law of Bermuda. China Construction Group Inc in turn holds 11,001,256 shares (representing 15.44% of the shareholding) in China International Holding Limited. Pursuant to Section 4 of the Securities and Future Act (Cap 289), Mr. Fok Hei Yu and Mr. John Howard Batchelor are deemed to have an interest in the shares in China International Holdings Limited.

(4) The sole shareholder of Wisdom Accord Limited is Zheng Dagang, holding 100% of the total issued share capital. Therefore, Zheng Dagang is deemed to be interested in the 7,500,000 shares beneficially owned by Wisdom Accord Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(5) The shareholders of Century Investment Company Ltd are Mu Dejun and Gong Xuan holding 70% and 30% respectively of the total issued share capital. Therefore, Mu Dejun and Gong Xuan are deemed to be interested

in the 12,000,000 shares beneficially owned by Century Investment Company Ltd by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(6) Based on the CDP Listing as at 22 May 2020, Mr Lee Tat Kwong (Li Daguang) held 4,795,721 shares representing 6.75% of the total issued share capital of the Company. In the last disclosure of change in interest of substantial shareholder from Mr Lee Tat Kwong (Li Daguang) on 9 December 2019, he held a total of 4,277,421 shares representing 6.005% of the total issue share capital of the Company.

According to the Company's record as at 22 May 2020, 22.73 % of the Company's shares being held in the hands of the public. Thus, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHINA INTERNATIONAL HOLDINGS LIMITED (the Company) will be held by way of electronic means on Monday, 29 June 2020 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to the Company's Bye-Law at the forthcoming Annual General Meeting:

   2.1 Mr Shan Chang [Retiring under Bye-Law 104] **(Resolution 2)**
   2.2 Mr Chee Teck Kwong Patrick [Retiring under Bye-Law 104] **(Resolution 3)**

   Mr Shan Chang will, upon re-election as a Director of the Company, remain as a Non-Executive Chairman of the Company and a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered Non-Independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   Mr Chee Teck Kwong, Patrick will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit Committee and will be considered Independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

3. To approve the payment of Directors' fees of RMB1,300,000 for the financial year ending 31 December 2020 (2019: RMB1,300,000).

   (Resolution 4)

4. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the auditors of the Company and authorise the Directors to fix their remuneration.

   (Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (shares) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, Instruments) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX- ST) and the Bye-Laws of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 6)**

7. Authority to issue shares under the CIHL Scrip Dividend Scheme

That pursuant to Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be and are hereby authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the CIHL Scrip Dividend Scheme from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Claudia Teo Kwee Yee
Company Secretary

Singapore, 9 June 2020

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding fifty per cent (50%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of this Annual General meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the CIHL Scrip Dividend Scheme. Please refer to the Company's announcement dated 3 April 2017 for details on the CIHL Scrip Dividend Scheme.

Please read the following notes and the explanations of the resolutions before deciding how to vote.

Appointment of Proxy and Voting

(a) In compliance with the Order and the Joint Guidance, a Shareholder who wishes to vote at the Meeting can only do so by appointing the Chairman of the Meeting to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the Meeting. If no specific direction as to voting is given, the Chairman of the Meeting will vote or abstain from voting at his/her discretion. All valid votes cast via proxy on each resolution will be counted.

(b) Investors holding Shares through relevant intermediaries (as defined under Section 181 of the Companies Act (Chapter 50 of Singapore)), should not use the Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

(c) The instrument appointing a proxy must be deposited by post to the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 and must be received by the Company not less than 48 hours before the time appointed for holding the AGM. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

(d) Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) recordings and transmitting images and/or voice recordings when broadcasting the AGM proceedings through webcast, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Website

Please refer to sg.conveneagm.com/cihgrp_agm_sgm_2020, for more information about the Company, including the latest Annual Report, the Letter, the Notice of AGM and the Proxy Form.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Shan Chang and Mr Chee Teck Kwong Patrick are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened at 9.30 a.m. on 29 June 2020 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR SHAN CHANG	MR CHEE TECK KWONG PATRICK
Date of Appointment	7 November 1998	16 June 2008
Date of last re-appointment	28 April 2017	28 April 2017
Age	60	66
Country of principal residence	People's Republic of China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Shan Chang for re-appointment as a Non-Executive Chairman and Director of the Company. The Board have reviewed and concluded that Mr Shan Chang possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Chee Teck Kwong Patrick for re-appointment as an Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Chee Teck Kwong Patrick possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman, a member of Audit Committee, Remuneration Committee and Nominating Committee	Independent Non-Executive Director, a member of Audit Committee and Chairman of Remuneration Committee and Nominating Committee

	MR SHAN CHANG	MR CHEE TECK KWONG PATRICK
Professional qualifications	Executive Master of Business Administration degree from the Tsinghua University; a Master of Science degree in Engineering from the China Academy of Railway Science ; a Bachelor of Science degree in Engineering from the Tong Ji University. Professor of engineering ; Registered construction engineer	Bachelor of Laws (Hons) from University of Singapore Solicitor in the Senior Courts of England and Wales Notary Public Commissioner for Oaths
Working experience and occupation(s) during the past 10 years	1) From 1997 to present: Chairman of CIHL (Tianjin) Haihe Development Limited 2) From 2009 to present Chairman of CIGIS (China) Limited 3) From 1999 to present: Chairman of China International Holdings Limited 4) From1997 to present Legal representative of Beijing Zhongyuandatong Real Estate Development Company	1) From 2007 to 2017 Senior Consultant of KhattarWong LLP 2) From 2017 to present Senior Consultant of Withers KhattarWong LLP
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

	MR SHAN CHANG	MR CHEE TECK KWONG PATRICK
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	**Past Directorships:** Nil **Present Directorships:** China International Holdings Limited CIGIS (China) Limited CIHL (Tianjin) Haihe Development Limited Beijing Zhongyuandatong Real Estate Development Company **Principal Commitment:** Nil	**Past Directorships:** Ramba Energy Limited (now known as ENECO Energy Limited) Hanwell Holdings Limited Tat Seng Packaging Group Ltd. CSC Holdings Limited Hengxin Technology Ltd **Present Directorships**: Hai Leck Holdings Limited MeGroup Ltd OneApex Limited China International Holdings Limited **Principal Commitment:** Senior Consultant of Withers KhattarWong LLP

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Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	Nil	Nil
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Nil	Nil
c) Whether there is any unsatisfied judgment against him?	Nil	Nil
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	Nil	Nil
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	Nil	Nil

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f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	Nil	Nil
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	Nil	Nil
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	Nil	Nil
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	Nil	Nil
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Nil	Nil

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k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Nil	Nil
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company?	This relates to re-appointment of Director	This relates to re-appointment of Director
If yes, please provide details of prior experience.	Not applicable	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee’s reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable