

SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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

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

	3 months ended		Increase / (Decrease) %	6 months ended		Increase / (Decrease) %
	30.06.2014 RMB'000	30.06.2013 RMB'000		30.06.2014 RMB'000	30.06.2013 RMB'000	
Continuing operations						
Revenue	19,426	19,826	(2.0)	43,971	28,495	54.3
Cost of services provided	(16,068)	(4,659)	244.9	(30,006)	(6,668)	350.0
Gross profit	3,358	15,167	(77.9)	13,965	21,827	(36.0)
Other income-net	5,244	6,387	(17.9)	11,704	12,073	(3.1)
Administrative expenses	(4,194)	(4,209)	(0.4)	(10,000)	(7,426)	34.7
Other operating expenses	(6,557)	(4,981)	31.6	(12,325)	(9,734)	26.6
Selling and marketing expenses	(944)	-	NM	(2,422)	-	NM
Operating (loss) / profit	(3,093)	12,364	(125.0)	922	16,740	(94.5)
Finance costs	(11,433)	(992)	1,052.5	(18,326)	(1,825)	904.2
Share of losses of associated companies	(663)	(227)	192.1	(1,240)	(492)	152.0
(Loss) / profit before income tax	(15,189)	11,145	(236.3)	(18,644)	14,423	(229.3)
Income tax credit / (expenses)	1,427	(4,297)	(133.2)	538	(6,280)	(108.6)
(Loss) / profit for the financial period from continuing operations	(13,762)	6,848	(301.0)	(18,106)	8,143	(322.4)
Discontinued operations						
Loss for the financial period from discontinued operations	(249)	(428)	(41.8)	(498)	(1,461)	(65.9)
(Loss) / profit for the financial period	(14,011)	6,420	(318.2)	(18,604)	6,682	(378.4)

NM: Not Meaningful

	Group					
	3 months ended		Increase / (Decrease) %	6 months ended		Increase / (Decrease) %
	30.06.2014 RMB'000	30.06.2013 RMB'000		30.06.2014 RMB'000	30.06.2013 RMB'000	
Other comprehensive income / (loss):						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	276	(1)	(27,700.0)	397	(392)	(201.3)
Other comprehensive income / (loss) for the financial period, net of tax	<u>276</u>	<u>(1)</u>	<u>(27,700.0)</u>	<u>397</u>	<u>(392)</u>	<u>(201.3)</u>
Total comprehensive (loss) / profit for the financial period	<u>(13,735)</u>	<u>6,419</u>	<u>(314.0)</u>	<u>(18,207)</u>	<u>6,290</u>	<u>(389.5)</u>
(Loss) / profit for the financial period attributable to:						
Owners of the parent	(12,100)	2,483	(587.3)	(17,402)	1,797	(1,068.4)
Non-controlling interests	<u>(1,911)</u>	<u>3,937</u>	<u>(148.5)</u>	<u>(1,202)</u>	<u>4,885</u>	<u>(124.6)</u>
	<u>(14,011)</u>	<u>6,420</u>	<u>(318.2)</u>	<u>(18,604)</u>	<u>6,682</u>	<u>(378.4)</u>
Total comprehensive (loss) / income for the financial period attributable to:						
Owners of the parent	(11,824)	2,482	(576.4)	(17,005)	1,405	(1,310.3)
Non-controlling interests	<u>(1,911)</u>	<u>3,937</u>	<u>(148.5)</u>	<u>(1,202)</u>	<u>4,885</u>	<u>(124.6)</u>
	<u>(13,735)</u>	<u>6,419</u>	<u>(314.0)</u>	<u>(18,207)</u>	<u>6,290</u>	<u>(389.5)</u>

Note:

Discontinued operations: CCI Andi Bridges Co., Ltd

CCI Andi Bridges Co., Ltd (“Andi”), a subsidiary of the Group has been granted with a 25 years of concession rights on toll collection on 25 December 1998. The Group has an equity interest of 60% in Andi. However, the Group is only entitled to 55% of the profits due to a profit sharing agreement with the non-controlling shareholder.

On 2 January 2013, the Company announced that Andi has been notified by Hebei Provincial Government to cease its toll charging operations effective from 31 December 2012.

Under IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area. Management has assessed and satisfied that the cessation of toll bridge business has met the criteria under IFRS 5.

Under IFRS 5 Para 9, classification as non-current assets held for sale can generally only happen when the sale is expected to be completed within one year of the date of classification. However, it may extend beyond one year from the date of classification as held for sale when a delay is caused by events outside the entity’s control and there is evidence that the entity is still committed to the plan to sell the non-current asset or

disposal group.

Hence, the Company's financial statements for the financial period ended 30 June 2013 and 30 June 2014 are prepared in accordance with presentation and disclosure prescribed under IFRS 5.

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

	3 months ended					
	30.06.2014			30.06.2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	6,981	-	6,981	4,939	-	4,939
Depreciation of property, plant and equipment	(2,064)	-	(2,064)	(1,423)	(84)	(1,507)
Currency translation (loss) / gain	(2,187)	-	(2,187)	1,193	-	1,193
Share of losses of associated companies	(663)	-	(663)	(227)	-	(227)
Auditors' remuneration	(292)	-	(292)	(471)	-	(471)
Rental income, net	314	-	314	310	-	310

	6 months ended					
	30.06.2014			30.06.2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	12,767	-	12,767	9,727	2	9,729
Depreciation of property, plant and equipment	(4,219)	-	(4,219)	(2,852)	(169)	(3,021)
Currency translation (loss) / gain	(1,834)	-	(1,834)	1,416	-	1,416
Share of losses of associated companies	(1,240)	-	(1,240)	(492)	-	(492)
Auditors' remuneration	(507)	-	(507)	(684)	-	(684)
Rental income, net	621	-	621	931	-	931

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

	Group		Company	
	30.06.2014 RMB'000	31.12.2013 RMB'000	30.06.2014 RMB'000	31.12.2013 RMB'000
Non-Current Assets				
Property, plant and equipment	217,797	210,637	-	-
Intangible assets	122	122	-	-
Investment properties	33,100	33,100	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in associated companies	100,267	97,040	-	-
Investment in subsidiaries	-	-	220,049	220,049
Long-term loan receivable	-	150,000	-	-
Deferred income tax assets	772	705	-	-
	372,361	511,907	220,049	220,049
Current Assets				
Properties for development	1,282,857	1,298,474	-	-
Prepayments, deposits and other receivables	389,776	136,697	53	298
Inventories	1,873	1,671	-	-
Trade receivables	14,091	50,945	-	-
Gross amounts due from customers for contract work	15,476	15,634	-	-
Due from associated companies	63,030	59,115	-	-
Due from related party	30,171	-	-	-
Due from subsidiaries	-	-	522,426	517,693
Due from non-controlling shareholders of subsidiaries	10,065	10,093	-	-
Restricted bank balances	4,016	2,270	-	-
Cash and cash equivalents	33,301	45,464	*	*
	1,844,656	1,620,363	522,479	517,991
Assets of discontinued operations	8,520	8,411	-	-
	1,853,176	1,628,774	522,479	517,991
Current Liabilities				
Trade payables	25,394	41,329	-	-
Other payables and accruals	142,978	151,515	1,697	2,588
Receipts in advance	37,717	20,770	-	-
Gross amounts due to customers for contract work	2,149	2,912	-	-
Due to subsidiaries	-	-	143,444	157,317
Due to non-controlling shareholders of subsidiaries	215,508	334,788	-	-
Current income tax liabilities	25,215	27,355	-	-
Borrowings	409,697	35,297	-	-
	858,658	613,966	145,141	159,905
Liabilities of discontinued operations	480	446	-	-
	859,138	614,412	145,141	159,905
NET CURRENT ASSETS	994,038	1,014,362	377,338	358,086
TOTAL ASSETS LESS CURRENT LIABILITIES	1,366,399	1,526,269	597,387	578,135

* Less than RMB1,000

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Liabilities				
Deferred income tax liabilities	173,680	175,760	-	-
Long term loan payables	-	145,445	-	-
Borrowings	129,351	148,076	-	-
	303,031	469,281	-	-
NET ASSETS	1,063,368	1,056,988	597,387	578,135
EQUITY				
Equity attributable to owners of the parent				
Share capital	257,321	219,943	257,321	219,943
Reserves	653,826	650,878	628,863	626,312
Accumulated losses	(198,070)	(165,326)	(288,797)	(268,120)
	713,077	705,495	597,387	578,135
Non-controlling interests	350,291	351,493	-	-
TOTAL EQUITY	1,063,368	1,056,988	597,387	578,135

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

Amount repayable in one year or less, or on demand

As at 30.06.2014 (RMB'000)		As at 31.12.2013 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
156,723	252,974	35,297	-

Amount repayable after one year

As at 30.06.2014 (RMB'000)		As at 31.12.2013 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
129,351	-	148,076	145,445

Details of any collateral

The borrowings of the Group are secured as follows:

- (i) First legal mortgage over the entire pipeline network of the Group; and
- (ii) First legal mortgage over certain land and buildings of the Group in Beijing and Tianjin; and
- (iii) First legal mortgage over investment properties of the Group in Beijing; and
- (iv) First legal mortgage over share equity in one of the subsidiaries held by the Group.

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

	3 months ended		6 months ended	
	30.06.2014 RMB'000	30.06.2013 RMB'000	30.06.2014 RMB'000	30.06.2013 RMB'000
Cash flows from operating activities				
(Loss) / profit before income tax	(15,439)	10,718	(19,143)	12,963
Adjustments for:				
Depreciation of property, plant and equipment	2,064	1,507	4,219	3,021
Interest expenses and other finance costs	11,436	834	16,129	1,656
Interest income	(6,981)	(4,939)	(12,767)	(9,729)
Employee share option expense	1,452	109	1,803	283
Gain on disposal of property, plant and equipment	-	-	-	(13)
Gain on additions to investments in an associated company	(91)	-	(91)	-
Share of losses of associated companies	663	227	1,240	492
Unrealised currency translation loss / (gain)	333	(1,532)	2,530	(1,532)
	(6,563)	6,924	(6,080)	7,141
Changes in working capital				
Properties for development	8,836	(1,280)	15,839	(2,498)
Prepayments, deposits and other receivables	(4,572)	631	(23,600)	(1,741)
Inventories	(394)	1,890	(202)	956
Trade receivables	3,966	(172)	36,854	(491)
Gross amount due from customers for contract work	(59)	(3,378)	158	(3,010)
Due from related parties	(30,084)	(75)	(30,171)	(164)
Due from non-controlling shareholders	28	(5)	28	558
Trade payables	1,824	4,836	(15,935)	(1,998)
Other payables and accruals	(6,311)	655	(15,695)	(3,509)
Receipts in advance	13,011	(1,605)	16,947	6,138
Gross amounts due to customers for contract work	(513)	(2,088)	(763)	(2,088)
Due to non-controlling shareholders	2,220	-	720	-
Cash (used in) / generated from operations	(18,611)	6,333	(21,900)	(706)
PRC income tax paid	229	(3,691)	(3,734)	(6,392)
Net cash (used in) / generated from operating activities	(18,382)	2,642	(25,634)	(7,098)
Cash flows from investing activities				
Payments for remaining consideration of acquisition of subsidiaries	-	-	(120,000)	-
Interests received	3,169	3,200	6,322	6,580
Purchases of property, plant and equipment	(7,627)	(13,497)	(11,600)	(18,861)
Increase of restricted bank balances pledged	(892)	-	(1,746)	-
Proceeds from disposal of property, plant and equipment	-	-	-	13
Payments for acquisition of non-controlling interests	-	-	-	(500)
Loans to non-related parties	(73,000)	(14,000)	(73,000)	(14,000)
Capital contribution to an associated company	(3,980)	-	(3,980)	-
Loans to associated companies	(1,294)	(949)	(3,916)	(1,941)
Net cash used in investing activities	(83,624)	(25,246)	(207,920)	(28,709)

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Interest paid	(4,429)	(834)	(8,986)	(1,657)
Proceeds from placement of shares	38,125	-	38,125	-
Loans from non-related parties	100,000	388	225,000	-
Dividend paid to equity holders of the company	(15,342)	-	(15,342)	-
Repayment of borrowings	(8,735)	-	(17,299)	-
Net cash generated from / (used in) financing activities	109,619	(446)	221,498	(1,657)
Net increase / (decrease) in cash and cash equivalents	7,613	(23,050)	(12,056)	(37,464)
CASH AND CASH EQUIVALENTS:				
BEGINNING OF FINANCIAL PERIOD	25,831	64,072	45,500	78,486
END OF FINANCIAL PERIOD	33,444	41,022	33,444	41,022
Analysis of Cash and Cash Equivalents				
Cash and bank balances	37,317	41,000	37,317	41,000
Restricted bank balances	(4,016)	(143)	(4,016)	(143)
Cash held by discontinued operations	143	165	143	165
	33,444	41,022	33,444	41,022

As at 30 June 2014, cash and cash equivalents include restricted bank balances of approximately RMB4,016,000 (31 December 2013: RMB2,270,000) mainly for securing fund for buyers in Yichang Xinshougang Property Development Company Limited.

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

GROUP

	← Attributable to owners of the parent →										Non-controlling Interests RMB'000	Total Equity RMB'000
	Share Capital RMB'000	Share Premium RMB'000	Contributed Surplus RMB'000	Capital Reserve RMB'000	Statutory Reserves RMB'000	Capital Redemption Reserve RMB'000	Currency Translation Reserve RMB'000	Share Options Reserve RMB'000	Accumulated Losses RMB'000	Subtotal RMB'000		
At 1 Jan 2013	219,943	45,312	565,589	7,764	18,710	8,324	(2,294)	7,455	(178,170)	692,633	80,211	772,844
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	266,120	266,120
Total comprehensive (loss) / income for the financial year	-	-	-	-	-	-	(1,875)	-	14,439	12,564	5,662	18,226
Share option lapsed / forfeited during the financial year	-	-	-	-	-	-	-	(1,145)	1,145	-	-	-
Transfer	-	-	-	-	2,740	-	-	-	(2,740)	-	-	-
Acquisition of additional interests from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(500)	(500)
Recognition of share-based payments	-	-	-	-	-	-	-	298	-	298	-	298
At 31 Dec 2013	<u>219,943</u>	<u>45,312</u>	<u>565,589</u>	<u>7,764</u>	<u>21,450</u>	<u>8,324</u>	<u>(4,169)</u>	<u>6,608</u>	<u>(165,326)</u>	<u>705,495</u>	<u>351,493</u>	<u>1,056,988</u>
At 1 Jan 2014	219,943	45,312	565,589	7,764	21,450	8,324	(4,169)	6,608	(165,326)	705,495	351,493	1,056,988
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	-	397	-	(17,402)	(17,005)	(1,202)	(18,207)
Payment of dividends	-	-	-	-	-	-	-	-	(15,342)	(15,342)	-	(15,342)
Placement of shares	37,378	748	-	-	-	-	-	-	-	38,126	-	38,126
Recognition of share-based payments	-	-	-	-	-	-	-	1,803	-	1,803	-	1,803
At 30 June 2014	<u>257,321</u>	<u>46,060</u>	<u>565,589</u>	<u>7,764</u>	<u>21,450</u>	<u>8,324</u>	<u>(3,772)</u>	<u>8,411</u>	<u>(198,070)</u>	<u>713,077</u>	<u>350,291</u>	<u>1,063,368</u>

COMPANY

	Share Capital RMB'000	Share Premium RMB'000	Contributed Surplus RMB'000	Capital Reserve RMB'000	Capital Redemption Reserve RMB'000	Share Options Reserve RMB'000	Accumulated Losses RMB'000	Total Equity RMB'000
At 1 Jan 2013	219,943	45,312	565,589	479	8,324	7,455	(259,805)	587,297
Share option lapsed / forfeited during the financial year	-	-	-	-	-	(1,145)	1,145	-
Total comprehensive loss for the financial year	-	-	-	-	-	-	(9,460)	(9,460)
Recognition of share-based payments	-	-	-	-	-	298	-	298
At 31 Dec 2013	<u>219,943</u>	<u>45,312</u>	<u>565,589</u>	<u>479</u>	<u>8,324</u>	<u>6,608</u>	<u>(268,120)</u>	<u>578,135</u>
At 1 Jan 2014	219,943	45,312	565,589	479	8,324	6,608	(268,120)	578,135
Total comprehensive loss for the financial period	-	-	-	-	-	-	(5,335)	(5,335)
Payment of dividends	-	-	-	-	-	-	(15,342)	(15,342)
Placement of shares	37,378	748	-	-	-	-	-	38,126
Recognition of share-based payments	-	-	-	-	-	1,803	-	1,803
At 30 June 2014	<u>257,321</u>	<u>46,060</u>	<u>565,589</u>	<u>479</u>	<u>8,324</u>	<u>8,411</u>	<u>(288,797)</u>	<u>597,387</u>

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

The Company has on 20 May 2014 allotted and issued 150,000,000 Placement Shares to a Subscriber.

The Company has on 10 March 2014 made an offer to grant the options pursuant to the rules of CIHL Share Option Scheme (the "2010 Scheme"). As at 30 June 2014, 98.5 million options granted in accordance with CIHL Share Option Scheme 2010 are outstanding for conversion into 98.5 million shares in the capital of the Company (44.5 million as at 31 December 2013). According to the scheme, 44,500,000 options representing 45.18% (2013: 100%) options granted could be exercised as at 30 June 2014 (44,500,000 options as at 31 December 2013).

The Company did not hold any of its issued shares as treasury shares as at 30 June 2014 and 31 December 2013.

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

As at 30 June 2014, the number of issued shares excluding treasury shares was 1,024,603,750 ordinary shares (2013: 874,603,750).

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

Not applicable.

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

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

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

Not applicable.

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

The same accounting policies and methods of computation have been applied since the last audited annual financial statements as well as all applicable International Financial Reporting Standards ("IFRS") that become effective for financial year beginning on or after 1 January 2014. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact to the financial statements.

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

the change.

Not applicable.

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

	30.06.2014	30.06.2013
(Loss) / profit attributable to owners of the parent (RMB'000)		
Continuing operations	(17,128)	2,601
Discontinued operations	(274)	(804)
	<u>(17,402)</u>	<u>1,797</u>
Weighted average number of ordinary shares in issue ('000)	<u>909,410</u>	<u>874,604</u>
Basic and diluted (loss) / profit per share (RMB fen)		
Continuing operations	(1.88)	0.30
Discontinued operations	(0.03)	(0.09)
	<u>(1.91)</u>	<u>0.21</u>

Basic (loss) / profit per share is calculated by dividing the (loss) / profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

Diluted (loss) / profit per share is calculated by adjusting the weighted average number of ordinary shares assumed the deemed exercise of the share options outstanding during the reporting financial period have been issued at no consideration.

The share options of 98,500,000 (2013: 44,500,000) are not potential dilutive ordinary shares since the Company recorded loss during the financial period ended 30 June 2014 (2013: the exercise price of the share options was higher than the average market price of the Company's ordinary shares).

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

	GROUP		COMPANY	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net asset value (RMB'000)	713,077	705,495	597,387	578,135
Number of shares ('000)	1,024,604	874,604	1,024,604	874,604
Net asset per share (RMB)	0.696	0.807	0.583	0.661

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

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

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

Profit or Loss Analysis

Q2 2014 versus Q2 2013

The revenue during Q2 2014 of the Group was RMB19.43 million, a decrease of RMB0.40 million compared with the revenue of RMB19.83 million in Q2 2013, representing a decrease of 2%, mainly due to decrease of pipeline connection income at CIHL (Tianjin) Water Development Company Limited.

The cost of services provided in Q2 2014 increased by 244.9% to RMB16.07 million, an increase of RMB11.41 million versus the cost of services provided of RMB4.66 million in Q2 2013 mainly due to increase of cost at Yichang Xinshougang Property Development Company Limited.

The Group recorded a gross profit of RMB3.36 million in Q2 2014, representing a decrease of 77.9% as compared to RMB15.17 million in Q2 2013.

Other income decreased to RMB5.24 million in Q2 2014 compared with other income of RMB6.39 million in Q2 2013 mainly due to exchange loss.

Other operating expenses increased to RMB6.56 million in Q2 2014 compared with other operating expenses of RMB4.98 million in Q2 2013 mainly due to increase of expenses at Yichang Xinshougang Property Development Company Limited.

Selling and marketing expenses in Q2 2014 was RMB0.94 million due to the marketing cost incurred at Yichang Xinshougang Property Development Company Limited.

Finance costs in Q2 2014 was RMB11.43 million, an increase of RMB10.44 million as compared to Q2 2013 representing an increase of 1,052.5% mainly due to interest expenses on borrowings to finance the acquisition of Yichang Xinshougang Property Development Company Limited.

As a result of the above, the Group recorded after tax loss of RMB14.01 million for Q2 2014 as compared to profit RMB6.42 million for Q2 2013.

1H 2014 versus 1H 2013

The revenue during 1H 2014 of the Group was RMB43.97 million, an increase of RMB15.47 million compared with the revenue of RMB28.50 million in 1H 2013, representing an increase of 54.3%, mainly due to revenue generated from properties development contributed by Yichang Xinshougang Property Development Company Limited.

The cost of services provided in 1H 2014 increased by 350.0% to RMB30.01 million, an increase of RMB23.34 million versus the costs of services provided of RMB6.67 million in 1H 2013 mainly due to increase of cost at Yichang Xinshougang Property Development Company Limited.

The Group recorded a gross profit of RMB13.97 million in 1H 2014, representing a decrease of 36.0% as compared to RMB21.83 million in 1H 2013.

Administrative expenses increased to RMB10.00 million in 1H 2014 compared with administrative expenses of RMB7.43 million in 1H 2013 mainly due to increase of legal and professional fee and employee share option expenses.

Other operating expenses increased to RMB12.33 million in 1H 2014 compared with other operating expenses of RMB9.73 million in 1H 2013 mainly due to increase of expenses at Yichang Xinshougang Property Development Company Limited.

Selling and marketing expenses in 1H 2014 was RMB2.42 million due to the marketing cost incurred at Yichang Xinshougang Property Development Company Limited.

Finance costs in 1H 2014 was RMB18.33 million, an increase of RMB16.50 million as compared to 1H 2013 representing an increase of 904.2% mainly due to interest expenses on borrowings to finance the acquisition of Yichang Xinshougang Property Development Company Limited.

As a result of the above, the Group recorded after tax loss of RMB18.60 million for 1H 2014 as compared to profit RMB6.68 million for 1H 2013.

Analysis on Statement of Financial Position

The amount of long term loan receivable RMB150 million was reclassified to other receivables due to its remaining term was less than one year at 30 June 2014.

Prepayments, deposits and other receivables increased from RMB136.70 million as at 31 December 2013 to RMB389.78 million as at 30 June 2014 was mainly due to the funding of the resettlement housing project in Beijing Shijilongquan Real Estate Co., Ltd and the increase in prepayments of construction cost at Yichang Xinshougang Property Development Company Limited, other than the amount mentioned in above item.

Trade receivables decreased from RMB50.95 million as at 31 December 2013 to RMB14.09 million as at 30 June 2014 was mainly due to the decrease of receivables from customers at Yichang Xinshougang Property Development Company Limited.

Trade payables decreased from RMB41.33 million as at 31 December 2013 to RMB25.39 million at 30 June 2014 was mainly due to the decrease of payable construction costs at Yichang Xinshougang Property Development Company Limited and CIHL (Tianjin) Water Development Company Limited.

Amount due to non-controlling shareholders of subsidiaries decreased from RMB334.79 million as at 31 December 2013 to RMB215.51 million as at 30 June 2014 mainly due to the payment made by the Group to the previous owner of Yichang Xinshougang Property Development Company Limited.

Borrowings increased to RMB539.05 million at 30 June 2014 from RMB183.37 million as at 31 December 2013 was mainly due to a borrowing of RMB120 million at CIHL (Tianjin) City Development Limited and another borrowing of RMB100 million at Beijing Shijilongquan Real Estate Co., Ltd, which were mainly used in investing activities for 1H 2014.

Cash and cash equivalents as at 30 June 2014 was RMB33.30 million as compared to RMB45.46 million as at 31 December 2013.

Cash Flow Analysis

As at 30 June 2014, cash and cash equivalents include restricted bank balances of approximately

RMB4.02 million mainly for securing fund for buyers in Yichang Xinshougang Property Development Company Limited.

Net cash used in operating activities is RMB25.63 million for 1H 2014 mainly due to increase in prepayments of construction costs at Yichang Xinshougang Property Development Company Limited.

Net cash used in investing activities for 1H 2014 was RMB207.92 million mainly due to the partial payments (RMB120 million) for remaining consideration of acquisition of subsidiaries and the funding of the resettlement housing project at Beijing Shijilongquan Real Estate Co., Ltd.

Net cash generated from financing activities for 1H 2014 was RMB221.50 million mainly due to borrowings of RMB120 million at CIHL (Tianjin) City Development Limited and RMB100 million at Beijing Shijilongquan Real Estate Co., Ltd.

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

Not applicable

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

The Group expects overall global macro economy to remain challenging and uncertain and the current significant slowdown in the PRC property market and the credit market tightening in China will remain in the next 6-12 months, which will affect the pace of development of many projects in China, including our real estate development projects and, to some extent, our water supply service operations.

The Group's Liuhe Gold project is at the commissioning stage and is expected to commence commercial operation in the 3rd Quarter of this year.

The oil and gas exploration and exploitation is high risk and cost business. The Group's project in PNG is still at an early stage of exploration. The Group undertook further geological survey work in the past year in order to identify further prospects in the license area. The analysis of the information gathered from this field work is under way. The Group will seek the extension of the license to allow for the drilling of one or two wells for evaluation, expected to be carried out in the next couple of years.

- 11 Dividend

- (a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

None

- (b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared nor recommended by the directors on second quarter and half-year period ended 30 June 2014.

The cash dividends in respect of the financial year ended 31 December 2013 was paid on 2 June 2014.

13 If the Group has obtained a general mandate from shareholders for Interested Persons Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for Interested Persons Transactions.

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

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and of the Company for the second quarter and half-year financial period ended 30 June 2014 to be false or misleading in any material aspect.

15 Use of Net Proceeds from Placement

On 20 May 2014, the Company allotted and issued 150,000,000 new ordinary shares of S\$0.05 each at S\$0.051 per share by way of Placement. The net proceeds from the issue of new shares under the Placement, after deducting expenses, were S\$7.65 million.

The Company would like to provide an update on the use of the Net Proceeds. A summary of the use of Net Proceeds as at 30 June 2014 is as follows:

		S\$'000'	
1.	PRC operating expenses	Loan to non-related party as part of PRC operating activities on secured project	5,060
2.	Loan to FTHL / MKS	Loan to FTHL / MKS for operating expenses	149
3.	Administrative expenses	Administrative expenses paid at non-PRC companies	1,340
4.	Balance		1,101
			7,650

On behalf of the Board of Directors

Zhang Rong Xiang
Managing Director

Zhu Jun
Executive Director

Shen Xia
Executive Director

BY ORDER OF THE BOARD

Zhang Rong Xiang
Managing Director
11 August 2014