

SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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) %
	30.06.2016 RMB'000	30.06.2015 RMB'000		30.06.2016 RMB'000	30.06.2015 RMB'000	
<b>Continuing operations</b>						
<b>Revenue</b>	31,150	30,393	2.5	65,074	40,942	58.9
Cost of sales and services provided	(22,001)	(4,642)	374.0	(37,292)	(15,671)	138.0
<b>Gross profit</b>	9,149	25,751	(64.5)	27,782	25,271	9.9
Other income - net	2,297	3,493	(34.2)	2,214	8,045	(72.5)
-Administrative expenses	(2,337)	(2,720)	(14.1)	(5,408)	(6,252)	(13.5)
-Other operating expenses	(393)	(5,337)	(92.6)	(7,134)	(13,422)	(46.8)
-Selling and marketing expenses	(2,122)	(1,069)	98.5	(3,112)	(1,499)	107.6
-Finance costs	(7,457)	(13,206)	(43.5)	(15,371)	(27,465)	(44.0)
Share of losses of associated companies accounted for using the equity method	-	(469)	(100.0)	-	(1,548)	(100.0)
<b>(Loss) / profit before income tax</b>	(863)	6,443	(113.4)	(1,029)	(16,870)	(93.9)
Income tax expense	(2,919)	(6,960)	(58.1)	(8,506)	(5,531)	53.8
Loss for the financial period from continuing operations	(3,782)	(517)	631.5	(9,535)	(22,401)	(57.4)
<b>Discontinued operations</b>						
Loss for the financial period from discontinued operations	-	(104)	(100.0)	-	(189)	(100.0)
<b>Loss for the financial period</b>	(3,782)	(621)	509.0	(9,535)	(22,590)	(57.8)

	3 months ended			6 months ended		Increase / (Decrease) %
	30.06.2016 RMB'000	30.06.2015 RMB'000		30.06.2016 RMB'000	30.06.2015 RMB'000	
<b>Other comprehensive loss:</b>						
Item that may be reclassified subsequently to profit or loss:						
Currency translation losses on translating foreign operations	-	(315)	(100.0)	-	(633)	(100.0)
<b>Other comprehensive loss for the financial period, net of tax</b>	-	(315)	(100.0)	-	(633)	(100.0)
<b>Total comprehensive loss for the financial period</b>	<u>(3,782)</u>	<u>(936)</u>	304.1	<u>(9,535)</u>	<u>(23,223)</u>	(58.9)
<b>(Loss) / profit for the financial period attributable to:</b>						
Owners of the parent	(6,960)	(6,710)	3.7	(15,196)	(25,540)	(40.5)
Non-controlling interests	3,178	6,089	(47.8)	5,661	2,950	91.9
	<u>(3,782)</u>	<u>(621)</u>	509.0	<u>(9,535)</u>	<u>(22,590)</u>	(57.8)
<b>Total comprehensive (loss) / income for the financial period attributable to:</b>						
Owners of the parent	(6,960)	(7,025)	(0.9)	(15,196)	(26,173)	(41.9)
Non-controlling interests	3,178	6,089	(47.8)	5,661	2,950	91.9
	<u>(3,782)</u>	<u>(936)</u>	304.1	<u>(9,535)</u>	<u>(23,223)</u>	(58.9)

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.

On 11 November 2015, the Company disposed of its 100% equity interest in Hebei Bridges Investments Limited (“HBIL”), the holding corporation of Andi. Following the disposal, HBIL and Andi ceased to be subsidiary of the Company.

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

	3 months ended			3 months ended		
	30.06.2016			30.06.2015		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	80	-	80	3,228	-	3,228
Rental income, net	339	-	339	314	-	314
Employee share option expense	-	-	-	(435)	-	(435)
Depreciation of property, plant and equipment	(2,246)	-	(2,246)	(2,200)	-	(2,123)
Currency translation loss	(377)	-	(377)	(340)	-	(347)
Auditors' remuneration	(266)	-	(266)	(245)	-	(221)
Reversal of loss incurred as guarantor	4,933	-	4,933	-	-	-
Penalty on breach of contract	-	-	-	(280)	-	(280)
Reversal of impairment on trade receivables	-	-	-	1,431	-	1,431
Share of losses of associated companies	-	-	-	(469)	-	(469)

	6 months ended			6 months ended		
	30.06.2016			30.06.2015		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	158	-	158	7,790	-	7,790
Rental income, net	674	-	674	621	-	621
Employee share option expense	(335)	-	(335)	(1,531)	-	(1,531)
Depreciation of property, plant and equipment	(4,467)	-	(4,467)	(4,323)	-	(4,323)
Currency translation loss	(401)	-	(401)	(687)	-	(687)
Auditors' remuneration	(474)	-	(474)	(466)	-	(466)
Reversal of loss incurred as guarantor	4,933	-	4,933	-	-	-
Penalty on breach of contract	-	-	-	(2,744)	-	(2,744)
Reversal of impairment on trade receivables	-	-	-	1,431	-	1,431
Share of losses of associated companies	-	-	-	(1,548)	-	(1,548)

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	
	30.06.2016 RMB'000	31.12.2015 RMB'000	30.06.2016 RMB'000	31.12.2015 RMB'000
<b>Non-Current Assets</b>				
Property, plant and equipment	254,961	258,756	-	-
Intangible assets	122	122	-	-
Investment properties	32,100	32,100	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in subsidiaries	-	-	196,000	196,000
Deferred income tax assets	1,074	982	-	-
	<b>308,560</b>	<b>312,263</b>	<b>196,000</b>	<b>196,000</b>
<b>Current Assets</b>				
Properties for development	1,170,695	1,098,156	-	-
Inventories	3,965	4,009	-	-
Trade and other receivables	68,824	102,732	500,052	504,603
Cash and cash equivalents	38,077	18,861	1	1
	<b>1,281,561</b>	<b>1,223,758</b>	<b>500,053</b>	<b>504,604</b>
<b>Current Liabilities</b>				
Borrowings	473,770	424,891	-	-
Trade and other payables	516,493	479,672	127,281	129,329
Current income tax liabilities	10,929	14,896	-	-
	<b>1,001,192</b>	<b>919,459</b>	<b>127,281</b>	<b>129,329</b>
<b>NET CURRENT ASSETS</b>	<b>280,369</b>	<b>304,299</b>	<b>372,772</b>	<b>375,275</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>588,929</b>	<b>616,562</b>	<b>568,772</b>	<b>571,275</b>
<b>Non-Current Liabilities</b>				
Borrowings	46,574	68,513	-	-
Deferred income tax liabilities	68,858	65,352	-	-
	<b>115,432</b>	<b>133,865</b>	-	-
<b>NET ASSETS</b>	<b>473,497</b>	<b>482,697</b>	<b>568,772</b>	<b>571,275</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	257,321	257,321	257,321	257,321
Reserves	655,089	656,433	627,859	630,285
Accumulated losses	(651,771)	(638,254)	(316,408)	(316,331)
	260,639	275,500	568,772	571,275
Non-controlling interests	212,858	207,197	-	-
<b>TOTAL EQUITY</b>	<b>473,497</b>	<b>482,697</b>	<b>568,772</b>	<b>571,275</b>

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

Amount repayable in one year or less, or on demand

As at 30.06.2016 (RMB'000)		As at 31.12.2015 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
404,770	69,000	374,691	50,200

Amount repayable after one year

As at 30.06.2016 (RMB'000)		As at 31.12.2015 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
46,574	-	68,513	-

Details of any collateral

The borrowings of the Group are secured as follows:

- (i) First legal mortgage over the entire pipeline network of the Group;
- (ii) First legal mortgage over certain investment properties, land and buildings of the Group;
- (iii) First legal mortgage over share equity in one of the subsidiaries held by the Group;
- (iv) First legal mortgage over land use right in two 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	
	30.06.2016 RMB'000	30.06.2015 RMB'000	30.06.2016 RMB'000	30.06.2015 RMB'000
<b>Cash flows from operating activities</b>				
(Loss) / profit before income tax including discontinued operations	(863)	6,338	(1,029)	(17,059)
Adjustments for:				
-Depreciation of property, plant and equipment	2,246	2,200	4,467	4,323
-Interest expenses	7,457	10,756	15,371	27,163
-Interest income	(80)	(3,228)	(158)	(7,790)
-Employee share option expense	-	435	335	1,531
-Gain on disposal of property, plant and equipment	(11)	-	(5)	-
-Share of losses of associated companies	-	469	-	1,548
-Reversal of impairment on trade receivables	-	(1,431)	-	(1,431)
-Unrealised currency translation loss / (gain)	317	(248)	317	91
	<u>9,066</u>	<u>15,291</u>	<u>19,298</u>	<u>8,376</u>
<b>Changes in working capital</b>				
-Development properties	(83,101)	(9,362)	(83,560)	(13,153)
-Inventories	22	865	44	360
-Trade and other receivables	57,156	2,910	4,566	(16,560)
-Trade and other payables	40,035	53,535	72,002	(22,032)
Cash provided by / (used in) operations	<u>23,178</u>	<u>63,239</u>	<u>12,350</u>	<u>(43,009)</u>
Interest paid	(2,091)	(4,621)	(11,089)	(11,043)
PRC income tax paid	(4,214)	(773)	(9,059)	(2,841)
Net cash provided by / (used in) operating activities	<u>16,873</u>	<u>57,845</u>	<u>(7,798)</u>	<u>(56,893)</u>
<b>Cash flows from investing activities</b>				
Interest received	81	983	29,503	4,250
Purchases of property, plant and equipment	(6,519)	(3,541)	(9,231)	(5,430)
Increased of restricted bank balances pledged	(961)	(164,968)	(5,421)	(165,326)
Proceed from disposal of property, plant and equipment	9	-	13	-
Loans to associated companies	(317)	(520)	(317)	(1,456)
Repayment of loan receivables	-	150,000	-	150,000
Repayment of other receivables from a third party	-	173,000	-	173,000
Net cash (used in) / provided by investing activities	<u>(7,707)</u>	<u>154,954</u>	<u>14,547</u>	<u>155,038</u>
<b>Cash flows from financing activities</b>				
Interest and other finance expenses paid	-	-	(1,685)	(2,601)
Proceeds from borrowings				
-non-related parties	-	148,051	60,000	242,851
-related parties	-	-	21,800	-
Repayments of borrowings				
-non- related parties	(10,235)	(257,078)	(70,069)	(269,087)
-related parties	(3,000)	-	(3,000)	-
Net cash (used in) / provided by financing activities	<u>(13,235)</u>	<u>(109,027)</u>	<u>7,046</u>	<u>(28,837)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,069)</b>	<b>103,772</b>	<b>13,795</b>	<b>69,308</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
BEGINNING OF FINANCIAL PERIOD	<u>33,742</u>	<u>17,001</u>	<u>15,878</u>	<u>51,465</u>
END OF FINANCIAL PERIOD	<u>29,673</u>	<u>120,773</u>	<u>29,673</u>	<u>120,773</u>

	3 months ended		6 months ended	
	30.06.2016 RMB'000	30.06.2015 RMB'000	30.06.2016 RMB'000	30.06.2015 RMB'000
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and bank balances	38,076	289,331	38,076	289,331
Restricted bank balances	(8,403)	(168,563)	(8,403)	(168,563)
Cash held by discontinued operations	-	5	-	5
	<u>29,673</u>	<u>120,773</u>	<u>29,673</u>	<u>120,773</u>

As at 30 June 2016, cash and cash equivalents include restricted bank balances of approximately RMB8,403,000 (30 June 2015: RMB168,563,000).

The restricted cash mainly comprise of:

- (i) Cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the buyers of the Group's development properties. Such guarantees will only be released after the loan has been settled or issued of the real estate ownership certificate to the buyers, whichever is earlier; and
- (ii) Restricted bank balances of approximately RMB143,000 (30 June 2015: RMB143,000) for securing the performance and fund utilization for a land development project of the Group;
- (iii) Short-term bank deposits of a PRC subsidiary pledged to a lender as securities for the RMB borrowings granted to a PRC subsidiary, (2015: to a bank as securities for the USD borrowings granted to a non PRC subsidiary).

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

GROUP

← Attributable to owners of the parent →

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Capital Redemption reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>2015</b>												
<b>Beginning of financial period</b>	257,321	46,060	565,589	7,764	22,660	8,324	(3,864)	10,857	(257,838)	656,873	331,527	988,400
Total comprehensive (loss) / income for the financial period	-	-	-	-	-	-	(633)	-	(25,540)	(26,173)	2,950	(23,223)
Transfer	-	-	-	-	378	-	-	-	(378)	-	-	-
Share option lapsed	-	-	-	-	-	-	-	(4,361)	4,361	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	1,532	-	1,532	-	1,532
<b>End of financial period</b>	<b>257,321</b>	<b>46,060</b>	<b>565,589</b>	<b>7,764</b>	<b>23,038</b>	<b>8,324</b>	<b>(4,497)</b>	<b>8,028</b>	<b>(279,395)</b>	<b>632,232</b>	<b>334,477</b>	<b>966,709</b>
<b>2016</b>												
<b>Beginning of financial period</b>	257,321	46,060	565,589	7,268	21,506	8,324	(2,147)	9,833	(638,254)	275,500	207,197	482,697
Total comprehensive (loss) / income for the financial period	-	-	-	-	-	-	-	-	(15,196)	(15,196)	5,661	(9,535)
Transfer	-	-	-	-	1,080	-	-	-	(1,080)	-	-	-
Share option lapsed	-	-	-	-	-	-	-	(2,759)	2,759	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	335	-	335	-	335
<b>End of financial period</b>	<b>257,321</b>	<b>46,060</b>	<b>565,589</b>	<b>7,268</b>	<b>22,586</b>	<b>8,324</b>	<b>(2,147)</b>	<b>7,409</b>	<b>(651,771)</b>	<b>260,639</b>	<b>212,858</b>	<b>473,497</b>



COMPANY

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>2015</b>								
<b>Beginning of financial period</b>	257,321	46,060	565,589	479	8,324	10,857	(294,683)	593,947
Total comprehensive loss for the financial period	-	-	-	-	-	-	(4,231)	(4,231)
Share option lapsed	-	-	-	-	-	(4,361)	4,361	-
Recognition of share-based payments	-	-	-	-	-	1,532	-	1,532
<b>End of financial period</b>	<b>257,321</b>	<b>46,060</b>	<b>565,589</b>	<b>479</b>	<b>8,324</b>	<b>8,028</b>	<b>(294,553)</b>	<b>591,248</b>
<b>2016</b>								
<b>Beginning of financial period</b>	257,321	46,060	565,589	479	8,324	9,833	(316,331)	571,275
Total comprehensive loss for the financial period	-	-	-	-	-	-	(2,838)	(2,838)
Share option lapsed	-	-	-	-	-	(2,759)	2,759	-
Recognition of share-based payments	-	-	-	-	-	335	-	335
<b>End of financial period</b>	<b>257,321</b>	<b>46,060</b>	<b>565,589</b>	<b>479</b>	<b>8,324</b>	<b>7,409</b>	<b>(316,410)</b>	<b>568,772</b>

- 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 Share Consolidation of every twenty (20) existing issued ordinary shares into one (1) ordinary share was completed and effective as at 9 a.m. on 20 August 2015.

As at 30 June 2016, 1.15 million options granted in accordance with CIHL Share Option Scheme 2010 has lapsed and 2.70 million options remain outstanding. If all of these options are exercised, 2.70 million shares in the capital of the Company may be issued on conversion (30 June 2015: 68.00 million<sup>^</sup>). Under the 2010 scheme, 2.70 million options representing 100% (of all options granted under the Scheme) could be exercised as at 30 June 2016 (30 June 2015: 45,000,000<sup>^</sup>, 66.18%).

The Company did not hold any of its issued shares as treasury shares as at 30 June 2016 and 30 June 2015.

*<sup>^</sup>Before consolidation of every 20 share options into 1 ordinary share option pursuant to the share consolidation exercise on 20 August 2015.*

- 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 2016, the number of issued shares excluding treasury shares was 51,230,187 ordinary shares (31 December 2015: 51,230,187)

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

Not applicable.

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

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

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

Not applicable.

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

There are a number of new or revised International Financial Reporting Standards ("IFRSs") and related interpretations promulgated by International Financial Reporting Interpretations Committee ("IFRICs") that are effective for accounting periods beginning on or after 1 January 2016. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for the financial period ended 30 June 2016. Save as aforesaid, the accounting policies and

methods of computation used in the preparation of the financial information of the Group for the financial period ended 30 June 2016 are the same as those used in the annual financial statements of the Group for the financial year ended 31 December 2015.

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

The Group adopted the new or amended IFRSs and IFRICs that are mandatory for application for financial year beginning on or after 1 January 2016. The adoption of these new or amended IFRSs and IFRICs did not result in substantial changes to the Group's accounting policies nor any significant impact on the consolidated financial statements.

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

	30.06.2016	30.06.2015
Loss attributable to owners of the parent (RMB'000)		
-Continuing operations	(15,196)	(25,436)
-Discontinued operations	-	(104)
	<u>(15,196)</u>	<u>(25,540)</u>
Weighted average number of ordinary shares in issue ('000)	<u>51,230</u>	<u>51,230*</u>
Basic and diluted loss per share (RMB fen)		
-Continuing operations	(29.66)	(49.65)
-Discontinued operations	-	(0.20)
	<u>(29.66)</u>	<u>(49.85)</u>

*\*Comparative figures for basic/diluted loss per share have been adjusted for share consolidation of every 20 shares into 1 ordinary share as completed by the Company on 20 August 2015.*

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

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

The share options of 2,700,000 (2015: 68,000,000<sup>^</sup>) are anti-dilutive as (i) the Group recorded loss for the financial periods ended 30 June 2016 and 30 June 2015 and (ii) the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial periods ended 30 June 2016 and 30 June 2015.

<sup>^</sup>*Before share consolidation of every 20 share options into 1 ordinary share option pursuant to the share consolidation exercise on 20 August 2015.*

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	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Net asset value (RMB'000)	260,639	275,500	568,772	571,275
Number of shares ('000)	51,230	51,230	51,230	51,230
Net asset per share (RMB)	5.088	5.378	11.102	11.151

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 2016 versus Q2 2015

Revenue during Q2 2016 of the Group was RMB31.15 million, an increase of RMB0.76 million as compared to the revenue of RMB30.39 million in Q2 2015, representing an increase of 2.5%, mainly due to an increase in property sales by Yichang Xinshougang Property Development Company Limited.

Cost of sales and services provided in Q2 2016 increased by 374.0% to RMB22 million, an increase of RMB17.36 million as compared to RMB4.64 million in Q2 2015, mainly due to higher property development costs in Yichang Xinshougang Property Development Company Limited.

As a result of the above, the Group recorded a gross profit of RMB9.15 million in Q2 2016, a decrease of 64.5% as compared to a gross profit of RMB25.75 million in Q2 2015.

Other income in Q2 2016 was RMB2.30 million, which represents a decrease of RMB1.19 million compared to the RMB3.49 million for Q2 2015. The decrease of 34.2% was mainly due to lower interest income in Beijing Shiji Longquan Real Estate Development Co. Limited.

Other operating expenses in Q2 2016 was RMB0.39 million, a decrease of RMB4.95 million from the RMB5.34 million recorded in Q2 2015. This decrease of 92.6% arose mainly from a reversal of loss incurred as guarantor of RMB4.93 million. The Group had earlier been liable to a financial institution for the amount of \$4.93 million as one of the subsidiaries had acted as guarantor for one of its buyers who had defaulted during the financial year ended 31 December 2014. The reversal of the loss incurred was made during this quarter after the Group was discharged from its liabilities by the said financial institution following a settlement between the subsidiary company and the defaulted buyer and the subsequent revocation of the sale and purchase agreement between the said subsidiary and the defaulted buyer.

Selling and marketing expenses in Q2 2016 was RMB2.12 million, an increase of RMB1.05 million as compared to selling and marketing expenses of RMB1.07 million in Q2 2015, which represents an

increase of 98.5%, mainly due to increase in advertising fee and marketing agency fee in Yichang Xinshougang Property Development Company Limited.

Finance costs in Q2 2016 was RMB7.46 million, a decrease of RMB5.75 million as compared to RMB13.21 million in Q2 2015, which represents a decrease of 43.5%, mainly due to decrease in interest expense in Beijing Shiji Longquan Real Estate Development Co. Limited.

Income tax expenses for Q2 2016 was RMB2.92 million, representing a decrease of 58.1% as compared to income tax expenses of RMB6.96 million for Q2 2015, mainly due to decrease in tax expenses in CIHL (Tianjin) Water Development Limited.

Loss from discontinued operations for Q2 2016 was nil, representing a decrease of 100% as compared to RMB0.10 million for Q2 2015, upon completion of disposal of CCI Andi Bridges Co., Ltd on 11 November 2015.

As a result of the above, the Group recorded an after tax loss of RMB3.78 million for Q2 2016 as compared to a loss of RMB0.62 million for Q2 2015.

#### 1H 2016 versus 1H 2015

The revenue during 1H 2016 of the Group was RMB65.07 million, an increase of RMB24.13 million as compared to the revenue of RMB40.94 million in 1H 2015, representing an increase of 58.9%, mainly due to an increase of revenue from property sales in Yichang Xinshougang Property Development Company Limited.

The cost of sales and services provided in 1H 2016 increased by 138.0% to RMB37.29 million, an increase of RMB21.62 million as compared to RMB15.67 million in 1H 2015, mainly due to an increase of property development costs in Yichang Xinshougang Property Development Company Limited.

As a result of the above, the Group recorded a gross profit of RMB27.78 million in 1H 2016, representing an increase of 9.9% as compared to a gross profit of RMB25.27 million in 1H 2015.

Other income in 1H 2016 was RMB2.21 million, which represents a decrease of RMB5.84 million as compared to other income of RMB8.05 million for 1H 2015. The decrease of 72.5% was mainly due to lower interest income in Beijing Shiji Longquan Real Estate Development Co. Limited.

Other operating expenses in 1H 2016 was RMB7.13 million, a decrease of RMB6.29 million as compared with the RMB13.42 million recorded in 1H 2015. This represents a decrease of 46.8%, due mainly to the reversal of loss incurred as guarantor of RMB4.93 million (please refer to page 12).

Selling and marketing expenses in 1H 2016 was RMB3.11 million, an increase of RMB1.61 million as compared to selling and marketing expenses of RMB1.50 million in 1H 2015, which represents an increase of 107.6%, mainly due to increase in advertising fee and marketing agency fee in Yichang Xinshougang Property Development Company Limited.

Finance costs in 1H 2016 was RMB15.37 million, a decrease of RMB12.10 million as compared to RMB27.47 million in 1H 2015, which represents a decrease of 44.0%, mainly due to decrease in interest expense in Beijing Shiji Longquan Real Estate Development Co. Limited.

Income tax expenses for 1H 2016 was RMB8.51 million, representing an increase of 53.8% as compared to income tax expenses of RMB5.53 million for 1H 2015, mainly due to increase in tax

expenses in CIHL (Tianjin) Water Development Limited.

Loss from discontinued operations for 1H 2016 was nil, representing a decrease of 100% as compared to RMB0.19 million for 1H 2015, mainly due to the completion of disposal of CCI Andi Bridges Co., Ltd on 11 November 2015.

As a result of the above, the Group recorded after tax loss of RMB9.54 million for 1H 2016 as compared to loss of RMB22.59 million for 1H 2015.

### **Analysis on Statement of Financial Position**

Trade and other receivables decreased from RMB102.73 million as at 31 December 2015 to RMB68.82 million as at 30 June 2016, after collection of interest receivable in Beijing Shijilongquan Real Estate Co., Ltd.

Cash and cash equivalents as at 30 June 2016 was RMB38.08 million as compared to RMB18.86 million as at 31 December 2015.

### **Cash Flows Analysis**

As at 30 June 2016, included in cash and cash equivalents are restricted bank balances of approximately RMB8.40 million. The restricted cash mainly represents cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to certain buyers in Yichang Xinshougang Property Development Company Limited.

Net cash generated from operating activities is RMB16.87 million for Q2 2016, mainly due to decrease of other receivables in Yichang Xinshougang Property Development Company Limited.

Net cash used in investing activities for Q2 2016 was RMB7.71 million, mainly due to interest received in Beijing Shiji Longquan Real Estate Development Co. Limited.

Net cash used in financing activities for Q2 2016 was RMB13.24 million, comprising a repayment of RMB10.24 million in borrowings from a non-related party and the repayment of RMB3.00 million of borrowings from a related company.

The related company is Beijing Jinglongshidai Investment Co., Ltd (北京津隆时代投资有限公司) (“BJIL”). The Company had previously disclosed the relationship between the Company and BJIL in the Company’s announcements on 12 June 2015 and 5 May 2016, an extract of which is set out below: Beijing Jinglongshidai Investment Co., Ltd (北京津隆时代投资有限公司) (“BJIL”) is an investment company established in the PRC. Mr. Zhang is a non-executive director of BJIL.

The shareholders of BJIL are Beijing Longaoxintong Jianzhuzhuangshi Co. Ltd (北京隆澳新通建筑装饰有限公司) (“BLJC”) and CIH (Tianjin) Haihe Development Limited (中翔(天津)海河发展有限公司) (“CIHTHD”).

CIHTHD is an urban infrastructure construction and engineering management company established in the PRC. Both Mr. Shan and Mr. Zhang are non-executive directors of CIHTHD.

Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in BLJC and CIHTHD.

- 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 the Chinese economy to remain challenging in 2016. The property market in the first tier cities, and to some extent, the second tier cities has benefited from decreases in mortgage rates. However we are yet to see any benefits from the reduction in borrowing costs in third tier cities such as Yichang and Ji Xian where we operate. The ease in monetary policy has not made it easier for the developers to raise capital. This will affect the pace of development of many projects in China, including our real estate development projects and water supply service operations. Moreover, as far as property developers are concerned, the credit market is yet to show any sign of relief. The Group has been focused on cash generation from its property development projects as well as other businesses, and will continue such efforts on cash generation in 2016.

The Group's Liuhe Gold project has received all licenses required for commercial operation, but to date has not reached the desired capacity in Q2 FY2016. The Group has made full impairment in relation to the Liuhe Gold project in Q4 FY2015, and is considering to dispose this investment when there is an opportunity.

The oil and gas exploration and exploitation is a high risk and high cost business. The Group's project in Papua New Guinea is still at its early stages of exploration. The Group undertook limited scope of work during the past year in order to minimize expenses in the environment of weak oil prices. The Group expects the current poor market for oil and gas exploration to continue resulting in the inability to continue to obtain new funds. As the situation continues it would not be commercially viable to raise finance for further exploration. The Group has made a full impairment for the related investment in the Group's project in Papua New Guinea in Q4 FY2015, and is considering to dispose this investment when there is an opportunity.

The Group will going forward be more focused on the property development and water treatment business in China.

- 11 Dividend

- (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

- (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

- (c) Date Payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared nor recommended by the directors on second quarter and half-year period ended 30 June 2016.

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 2016 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

Zhang Rong Xiang  
Managing Director

Zhu Jun  
Executive Director

Shen Xia  
Executive Director

15 Undertakings confirmation pursuant to Rule 720(1)

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

**BY ORDER OF THE BOARD**

Zhang Rong Xiang  
Managing Director  
12 August 2016