
FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

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

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	31.03.2010	31.03.2009	% Increase /
	RMB'000	RMB'000	(Decrease)
TURNOVER	2,294	10,228	(77.6)
Cost of services provided	<u>(1,002)</u>	<u>(5,424)</u>	(81.5)
Gross profit	1,292	4,804	(73.1)
Other income	1,466	4,533	(67.7)
Administrative expenses	(2,804)	(1,929)	45.4
Other operating expenses	<u>(2,778)</u>	<u>(1,827)</u>	52.1
Profit from operations	(2,824)	5,581	NM
Share of profit/(loss) of a jointly controlled entity	4,808	(422)	NM
Finance costs	<u>(11)</u>	<u>(17)</u>	(35.3)
PROFIT BEFORE TAX	1,973	5,142	(61.6)
Income tax expense	<u>(57)</u>	<u>(598)</u>	(90.5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,916</u>	<u>4,544</u>	(57.8)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	2,093	3,957	(47.1)
Non-controlling interests	<u>(177)</u>	<u>587</u>	NM
	<u>1,916</u>	<u>4,544</u>	(57.8)

NM: Not Meaningful

The Group's statement of comprehensive income before tax is arrived at after crediting / (charging):

	31.03.2010	31.03.2009
	RMB'000	RMB'000
Interest income	953	4,062
Depreciation	(355)	(445)
Amortisation of intangible assets	(263)	(2,345)
Loss on exchange, net	(35)	(11)
Fair value gain on investment properties	123	-
Share of profit/(loss) of a jointly controlled entity	4,808	(422)
Auditors' remuneration	(352)	(185)
Share option expenses	(304)	(130)

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

	Group		Company	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	11,166	11,514	-	-
Intangible assets	22,266	22,529	-	-
Investment properties	24,893	24,770	-	-
Interest in a jointly controlled entity	38,649	33,841	-	-
Interest in subsidiaries	-	-	207,090	220,049
	96,974	92,654	207,090	220,049
Current Assets				
Accounts receivable, prepayments and other receivables	90,587	493,066	228	193,789
Refundable deposits	10,000	10,000	-	-
Due from a jointly controlled entity	6,176	6,176	-	-
Due from related companies	80	12,815	-	781
Due from subsidiaries	-	-	639,583	343,302
Due from minority shareholders	8,756	7,506	-	-
Cash and bank balances	587,720	171,119	1	1
	703,319	700,682	639,812	537,873
Total Assets	800,293	793,336	846,902	757,922
EQUITY AND LIABILITIES				
Non-Current Liabilities				
Deferred tax liabilities	3,973	3,973	-	-
Total Non-Current Liabilities	3,973	3,973	-	-
Current Liabilities				
Due to PRC JV partner	380	-	-	-
Due to a jointly controlled entity	7,500	7,500	-	-
Due to related companies	12,773	1,001	-	-
Due to subsidiaries	-	-	222,057	130,600
Accounts payable, other payables and accruals	10,664	16,938	514	870
Due to minority shareholders	26,000	26,000	-	-
Current tax liabilities	16,758	17,782	-	-
Total Current Liabilities	74,075	69,221	222,571	131,470
Total Liabilities	78,048	73,194	222,571	131,470
Equity attributable to owners of the parent				
Share capital	218,820	218,820	218,820	218,820
Reserves	462,015	459,618	405,511	407,632
	680,835	678,438	624,331	626,452
Non-controlling interests	41,410	41,704	-	-
Total Equity	722,245	720,142	624,331	626,452
Total Equity and Liabilities	800,293	793,336	846,902	757,922

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

Amount repayable in one year or less, or on demand

As at 31.03.2010 (RMB'000)		As at 31.12.2009 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.03.2010 (RMB'000)		As at 31.12.2009 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable

- 1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	31.03.2010 RMB'000	31.03.2009 RMB'000
Cash flows from operating activities		
Profit before tax	1,973	5,142
Adjustments for:		
Amortisation of intangible assets	263	2,345
Depreciation of property, plant and equipment	355	445
Interest income	(953)	(4,062)
Share options granted to employees and directors	304	130
Gain on fair value changes of investment properties	(123)	-
Share of (profit)/loss of a jointly controlled entity	(4,808)	422
Operating (loss)/profit before working capital changes	(2,989)	4,422
(Increase)/Decrease in accounts receivable, prepayments and other receivables	(48)	4,177
(Increase)/Decrease in due from related companies	(67)	236
Increase in due from minority shareholders	(250)	-
Decrease in accounts payables, other payables and accruals	(6,274)	(1,817)
Cash (used in)/generated from operations	(9,628)	7,018
PRC income tax paid	(1,081)	(522)
Net cash (used in)/generated from operating activities	(10,709)	6,496
Cash flows from investing activities		
Interest received	7,848	16,618
Payments to a related company for land development project	-	(7,000)
Payment of property, plant and equipment	(7)	(13)
Refund of refundable deposits paid for land development projects	150,000	-
Proceeds on disposal of operating right of a toll bridge and its ancillary facilities	55,000	-
Proceeds on disposal of a jointly controlled entity	-	75,000
Net cash generated from investing activities	212,841	84,605
Cash flows from financing activities		
Loans granted to minority shareholders	(1,000)	(8,223)
Loans repaid from minority shareholder	380	-
Settlement of loans due from third parties	191,899	27,478
Short term loan advanced by a third party	215	-
Short term loan repaid to a third party	(700)	-
Remittance for dividend payment and others	-	(17,300)
Loans advanced to a related company	-	(10,100)
Loans repaid from related companies	13,029	10,100
Cash advanced by related companies	13,319	-
Cash repaid to related companies	(1,556)	(951)
Cash advanced to a related company	(1,000)	-
Loan advanced by a director	876	-
Loan repaid to a director	(876)	(905)
Dividends paid to a minority shareholder	(117)	(8,877)
Net cash generated from/(used in) financing activities	214,469	(8,778)
Net increase in cash and cash equivalents	416,601	82,323
Cash and cash equivalents at beginning of period	171,119	31,852
Cash and cash equivalents at end of period	587,720	114,175
Analysis of Cash and Cash Equivalents		
Cash and bank balances	587,720	114,175

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	Total Equity
	Share capital	Share premium	Contributed surplus	Capital reserve	Statutory Reserves	Capital redemption reserve	Exchange reserve	Share option reserve	Accumulated loss	Proposed final dividend	Subtotal		
	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
At 1 Jan 2009	218,820	44,553	565,589	6,955	12,095	8,324	(8)	13,818	(213,521)	13,578	670,203	72,681	742,884
Total comprehensive income for the period	-	-	-	-	-	-	-	-	3,957	-	3,957	587	4,544
Share options forfeited	-	-	-	-	-	-	-	(427)	427	-	-	-	-
Payment of dividends	-	-	-	-	-	-	-	-	-	-	-	(8,877)	(8,877)
Transfer	-	-	-	-	151	-	-	-	(151)	-	-	-	-
Recognition of share-based payment	-	-	-	-	-	-	-	130	-	-	130	-	130
At 31 Mar 2009	218,820	44,553	565,589	6,955	12,246	8,324	(8)	13,521	(209,288)	13,578	674,290	64,391	738,681
At 1 Jan 2010	218,820	44,553	565,589	6,955	13,084	8,324	(8)	1,280	(194,916)	14,757	678,438	41,704	720,142
Total comprehensive income for the period	-	-	-	-	-	-	-	-	2,093	-	2,093	(177)	1,916
Payment of dividends	-	-	-	-	-	-	-	-	-	-	-	(117)	(117)
Transfer	-	-	-	-	13	-	-	-	(13)	-	-	-	-
Recognition of share-based payment	-	-	-	-	-	-	-	304	-	-	304	-	304
At 31 Mar 2010	218,820	44,553	565,589	6,955	13,097	8,324	(8)	1,584	(192,836)	14,757	680,835	41,410	722,245

COMPANY

	Share Capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Accumulated loss RMB'000	Proposed final dividend RMB'000	Total RMB'000
At 1 Jan 2009	218,820	44,553	565,589	479	8,324	13,818	(231,847)	13,578	633,314
Total comprehensive income for the period	-	-	-	-	-	-	2,341	-	2,341
Share options forfeited	-	-	-	-	-	(427)	427	-	-
Recognition of share-based payment	-	-	-	-	-	130	-	-	130
At 31 Mar 2009	218,820	44,553	565,589	479	8,324	13,521	(229,079)	13,578	635,785
At 1 Jan 2010	218,820	44,553	565,589	479	8,324	1,280	(227,350)	14,757	626,452
Total comprehensive income for the period	-	-	-	-	-	-	(2,425)	-	(2,425)
Recognition of share-based payment	-	-	-	-	-	304	-	-	304
At 31 Mar 2010	218,820	44,553	565,589	479	8,324	1,584	(229,775)	14,757	624,331

- 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, 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.

There was no change in the Company's share capital during the financial period under review. As at 31 March 2010, 29 million options issued in accordance with CIHL Share Option Scheme ("the Scheme") are outstanding for conversion into 29 million shares in the capital of the Company (9 million as at 31 December 2009). There are 20 million share options granted on 8 March 2010. According to the Scheme, 6.3 million options, representing approximately 21.72% options granted, could be exercised as at 31 March 2010 (74 million as at 31 March 2009). The Company did not hold any of its issued shares as treasury shares as at 31 March 2010.

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

As at 31 March 2010, the number of issued shares excluding treasury shares was 870,103,750 ordinary shares (870,103,750 ordinary shares as at 31 December 2009).

- 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 auditors.

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

Not applicable

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

The same accounting policies and methods of computation have been applied since the last audited annual financial statements.

- 5 If there are any changes in the accounting policies and method 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.

	31.03.2010		31.03.2009	
	Basic RMB'000	Diluted RMB'000	Basic RMB'000	Diluted RMB'000
Total comprehensive income attributable to owners of the parent	2,093	2,093	3,957	3,957
Number of shares (weighted average) ('000)	870,104	871,343	870,104	870,104
Earnings per share (fen)	0.24	0.24	0.45	0.45

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

	GROUP		COMPANY	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Net asset value (RMB'000)	680,835	678,438	624,331	626,452
Number of shares ('000)	870,104	870,104	870,104	870,104
Net asset per share (RMB)	0.782	0.780	0.718	0.720

- 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 and Loss Analysis

The turnover of the Group was RMB2.3 million for the financial period ended 31 March 2010 ("Q1 2010"), representing a decrease of 77.6% as compared to RMB10.2 million for the corresponding period of last year ("Q1 2009"), due to the exclusion of the operating income of the Haimen Bridge in the reporting period after the compulsory acquisition by the local government on 23 December 2009.

In line with the lower turnover, cost of services provided in Q1 2010 decreased by 81.5% to RMB1.0 million as compared to RMB5.4 million for Q1 2009.

The Group recorded a gross profit of RMB1.3 million for Q1 2010, representing a reduction of 73.1% as compared to RMB4.8 million for Q1 2009.

Other income in Q1 2010 was RMB1.5 million, representing a decrease of 67.7% as compared to RMB4.5 million for Q1 2009. It was mainly due to the decrease in interest income subsequent to the reducing outstanding receivables.

Administrative expenses in Q1 2010 were RMB2.8 million, representing an increase of 45.4% as compared to RMB1.9 million for Q1 2009. The increase was mainly due to the increase in option expenses.

Other operating expenses in Q1 2010 were RMB2.8 million, representing an increase of 52.1% as compared to RMB1.8 million for Q1 2009. The increase was mainly due to the increase in professional consultation fee and business development expenses.

The profit of 4.8 million in sharing of profits of a jointly controlled entity for Q1 2010 was attributed to the operation of CIHL (Tianjin) Water Development Company Limited. It was mainly due to the increase in other income of the water plant.

Finance costs for Q1 2010 decreased by 35.3% to RMB0.011 million mainly due to the decrease in bank charge.

Income tax expenses for Q1 2010 were RMB0.057 million, representing a decrease of 90.5% mainly due to the decrease in current tax liabilities.

As a result of the above, the Group recorded a gain of RMB1.9 million after income tax for Q1 2010.

Balance Sheet Analysis

Cash and bank balance increased from RMB171 million as at 31 December 2009 to RMB587 million as at 31 March 2010 subsequent to the refund of the tender deposit of RMB150 million, the repayment of RMB198 million from the purchasers for the disposal of China Bridges Investment Limited and the first part payment of RMB55 million from the compensation for compulsory acquisition of the Haimen Bridge.

The accounts receivable, prepayments and other receivables correspondingly decreased from RMB493 million as at 31 December 2009 to RMB90 million as at 31 March 2010. The Management envisages the outstanding compensation of RMB85 million for compulsory acquisition of the Haimen Bridge to the Group will be settled by 30 June 2010.

The amount due from related companies decreased from RMB12.8 million as at 31 December 2009 to RMB0.08 million as at 31 March 2010 mainly due to the repayment of RMB12.7 million from 北京世紀龍泉房地產開發有限公司. Because of inadvertent double payment by 北京世紀龍泉房地產開發有限公司, the amount due to related companies increased from RMB1.0 million as at 31 December 2009 to RMB12.7 million as at 31 March 2010. The Group has

paid 北京世紀龍泉房地產開發有限公司 the overpayment in May 2010.

The accounts payable, other payables and accruals decreased from RMB16.9 million as at 31 December 2009 to RMB10.7 million as at 31 March 2010 subsequent to the settlement on part of the sundry expenses and staff severance compensation under CIH (Tianjin) Haimen Bridge Ltd.

Cashflow Analysis

The net cash used in operating activities of RMB10.7 million for Q1 2010 was mainly due to the exclusion of the operating income of the Haimen Bridge and reduction in accounts payable, other payables and accruals.

The net cash generated from investing activities for Q1 2010 was RMB212.8 million mainly due to the refund of the tender deposit of RMB150 million and the first part compensation payment of RMB55 million for compulsory acquisition of the Haimen Bridge.

The net cash generated from financing activities for Q1 2010 was RMB214.5 million mainly due to the repayment of RMB192 million from the purchasers for the disposal of China Bridges Investment Limited.

The cash position of the Group became stronger.

- 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.

Following the disposal of Haimen Bridge at the end of 2009 and, as a result, the significant reduction in operating income, the Group has been looking for the investment opportunities in the areas of property development, infrastructure development, as well as natural resources, in pursuit of the strategy outlined in the Circular and approved by the Special Shareholders Meeting on 8 March 2010.

In the property development area, the Group has been able to evaluate certain business opportunities but the management believes it is prudent to delay its investment decision amid the current cooling down of the property market in China by the Chinese government.

The infrastructure market may provide fresh opportunities as local governments, faced with tighter financing conditions than in the recent past, may look for private sector cooperation in the infrastructure sector.

The Group believes natural resources sector offers high growth potential for the Group. The Group continued its efforts in seeking investment opportunities in natural resources sector. In connection with this strategic development, the Group will announce senior appointment.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

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

The directors do not recommend any dividend for the quarter ended 31 March 2010.

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 first quarter ended 31 March 2010 unaudited financial results of the Group and of the Company 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

BY ORDER OF THE BOARD

Zhang Rong Xiang
Managing Director

15 May 2010