
THIRD QUARTER AND THE NINE MONTHS FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

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		Group Increase /	9 months ended		Increase /
	30.09.2012	30.09.2011	(Decrease)	30.09.2012	30.09.2011	(Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Turnover	8,248	14,236	(42.1)	37,304	66,803	(44.2)
Cost of services provided	(4,591)	(4,112)	11.6	(16,755)	(25,710)	(34.8)
Gross profit	3,657	10,124	(63.9)	20,549	41,093	(50.0)
Other income	5,467	5,258	4.0	11,956	7,316	63.4
Administrative expenses	(2,264)	(2,989)	(24.3)	(8,523)	(9,032)	(5.6)
Other operating expenses	(6,573)	(4,700)	39.9	(16,839)	(13,956)	20.7
Profit from operations	287	7,693	(96.3)	7,143	25,421	(71.9)
Finance costs	(3,234)	(6)	53,800.0	(4,006)	(30)	13,253.3
Share of loss of an associate	(206)	-	NM	(240)	-	NM
(Loss) / Profit before income tax	(3,153)	7,687	(141.0)	2,897	25,391	(88.6)
Income tax expenses	(1,140)	(4,024)	(71.7)	(4,042)	(10,896)	(62.9)
Net (loss) / profit, representing total comprehensive (loss) / income for the period	(4,293)	3,663	(217.2)	(1,145)	14,495	(107.9)
Owners of the Company	(4,498)	489	(1,019.8)	(5,365)	2,089	(356.8)
Non-controlling interests	205	3,174	(93.5)	4,220	12,406	(66.0)
	(4,293)	3,663	(217.2)	(1,145)	14,495	(107.9)

NM: Not Meaningful

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

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	4,330	780	10,387	3,594
Income from financial products	-	1,287	41	1,287
Depreciation of property, plant and equipment	(1,523)	(1,347)	(4,357)	(4,032)
Amortisation of intangible assets	(592)	(394)	(1,215)	(1,160)
Gain / (Loss) on exchange, net	844	(599)	706	(1,844)
Share of losses of associates	(206)	-	(240)	-
Auditors' remuneration	(225)	(142)	(859)	(719)
Gain on disposal of property, plant and equipment	67	-	40	-

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	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Assets				
Property, plant and equipment	84,811	80,757	-	-
Intangible assets	18,070	19,285	-	-
Investment properties	22,900	22,900	-	-
Goodwill	20,303	20,303	-	-
Investment in subsidiaries	-	-	220,049	220,049
Investment in associates	101,521	97,025	-	-
Long term loan receivable	150,000	-	-	-
Deferred tax assets	519	519	-	-
	398,124	240,789	220,049	220,049
Current Assets				
Properties for development	239,214	235,207	-	-
Refundable deposits	-	10,000	-	-
Deposit for property development	132,235	-	122,235	-
Prepayments, deposits, and other receivables	6,689	7,180	171	293
Inventories	2,866	939	-	-
Trade receivables	5,593	6,974	-	-
Gross amounts due from customers for contract work	17,152	15,341	-	-
Due from associates	49,365	45,175	-	-
Due from related companies	772	517	-	-
Due from subsidiaries	-	-	377,287	504,193
Due from non-controlling shareholders	594	589	-	-
Short term loan receivable	90,000	-	-	-
Restricted bank balances	143	8,463	-	-
Cash and bank balances	71,381	300,140	1	1
	616,004	630,525	499,694	504,487
Current Liabilities				
Trade payables	12,244	11,980	-	-
Other payables and accruals	13,959	19,737	1,706	2,140
Receipt in advance	30,387	18,440	-	-
Gross amounts due to customers for contract work	1,567	4,678	-	-
Due to subsidiaries	-	-	128,712	128,712
Due to an associate	-	5,469	-	-
Due to non-controlling shareholders	38,011	38,188	-	-
Current tax liabilities	8,124	12,509	-	-
	104,292	111,001	130,418	130,852
Net Current Assets	511,712	519,524	369,276	373,635
Total Assets Less Current Liabilities	909,836	760,313	589,325	593,684
Non-Current Liabilities				
Deferred tax liabilities	7,623	6,926	-	-
Long term loan payables	149,562	-	-	-
	157,185	6,926	-	-
Net Assets	752,651	753,387	589,325	593,684

Capital and reserves

Share capital	219,943	219,943	219,943	219,943
Reserves	458,578	462,344	369,382	373,741
Shareholder's equity	678,521	682,287	589,325	593,684
Non-controlling interests	74,130	71,100	-	-
Total Equity	752,651	753,387	589,325	593,684

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

Amount repayable in one year or less, or on demand

As at 30.09.2012 (RMB'000)		As at 31.12.2011 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2012(RMB'000)		As at 31.12.2011 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	149,562	-	-

Details of any collateral

As at 30 September 2012, bank and cash balances excluded restricted bank balances of approximately RMB143,000 (31 December 2011:RMB8,463,000) for securing the performance and fund utilization for a land redevelopment project of the Group (2011: Securing the performance and fund utilization for a land development project of the Group and purchases of property, plant and equipment) .

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		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss) / profit before income tax	(3,153)	7,687	2,897	25,391
Adjustments for:				
Amortisation of intangible assets	592	394	1,215	1,160
Depreciation of property, plant and equipment	1,523	1,347	4,357	4,032
Interest expenses and other finance costs	858	-	1,575	-
Interest income	(4,330)	(2,067)	(10,428)	(4,881)
Share options granted to employees and directors	259	958	1,599	2,079
Gain on disposal of property, plant and equipment	(67)	-	(40)	-
Share of loss of an associate	206	-	240	-
Operating profit / (loss) before working capital changes	(4,112)	8,318	1,415	27,781
(Increase) / Decrease in properties for development	(1,233)	(21,691)	(3,914)	(23,860)
(Increase) / Decrease in refundable deposit	-	-	10,000	-
(Increase) / Decrease in deposit for property development project	10,000	-	(10,000)	-
(Increase) / Decrease in prepayments ,deposits and other receivables	2,281	322	1,941	(1,919)
(Increase) / Decrease in inventories	(2,867)	(1,026)	(1,927)	(1,447)
(Increase) / Decrease in amount due from non-controlling shareholders	(9)	-	(5)	-
(Increase) / Decrease in trade receivables	781	175	1,381	67
(Increase) / Decrease in gross amount due from customers for construction work	1,703	(158)	(1,811)	(8,745)
(Increase) / Decrease in due from related companies	(81)	(134)	(255)	(192)
(Decrease) / Increase in trade payables	(2,203)	545	264	5,213
(Decrease) /Increase in accounts payables, other payables and accruals	2,494	(3,883)	2,497	(4,075)
(Decrease) / Increase in receipt in advance	13,779	(5,989)	11,947	(4,630)
(Decrease) / Increase in gross amount due to customers for construction work	(481)	3,044	(3,111)	(6,620)
(Decrease) / Increase in amount due to non-controlling shareholders	(187)	(18)	(177)	(10)
Cash generated from / (used in) operating activities	19,865	(20,495)	8,245	(18,437)
PRC income tax paid	(1,514)	(302)	(7,730)	(2,133)
Net cash generated from / (used in) operating activities	18,351	(20,797)	515	(20,570)
Cash flows from investing activities				
Interest received	4,570	2,297	8,977	4,839
Payment for structured bank deposits	-	(289,000)	(20,000)	(289,000)
Proceeds on settlement of structured bank deposits	-	289,000	20,000	289,000
Payments for deposit of acquisition of a subsidiary	(122,235)	-	(122,235)	-
Payments of property, plant and equipment	(1,805)	(311)	(16,872)	(1,024)
Decrease in restricted bank deposits	-	-	8,320	-
Proceeds on disposal of property, plant and equipment	41	33	41	33
Payment of acquisition of associates	-	(32,000)	-	(32,000)
Capital contribution to associates	-	-	(10,205)	-
Loan advanced to other parties	(90,000)	-	(240,000)	-
(Increase) / Decrease in loans to a non-controlling shareholder	-	-	-	(540)
(Increase) in loans to associates	(773)	(37,677)	(4,189)	(47,410)
Net cash generated from / (used in) investing activities	(210,202)	(67,658)	(376,163)	(76,102)
Cash flows from financing activities				
Interest and other finance costs paid	(860)	-	(1,483)	-
Loan advanced from related companies	-	13,245	-	13,245
Loan advanced from other parties	(1,587)	-	149,562	-
Dividends paid to owners of the Company	-	-	-	(15,758)
Dividends paid to non-controlling shareholders	(500)	(500)	(1,190)	(3,119)
Net cash (used in) / generated from financing activities	(2,947)	12,745	146,889	(5,632)
Net increase/(decrease) in cash and cash equivalents	(194,798)	(75,710)	(228,759)	(102,304)
Cash and cash equivalents at beginning of year	266,179	428,551	300,140	455,145
Cash and cash equivalents at end of period	71,381	352,841	71,381	352,841

Analysis of Cash and Cash Equivalents

Cash and bank balances

3 months ended		9 months ended	
30.09.2012	30.09.2011	30.09.2012	30.09.2011
RMB'000	RMB'000	RMB'000	RMB'000
71,381	352,841	71,381	352,841

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 Company											Non-controlling Interests	Total Equity
	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 option reserve RMB'000	Accumulated losses RMB'000	Proposed final dividend RMB'000	Subtotal RMB'000		
At 1 Jan 2011	219,943	45,312	565,589	7,764	14,732	8,324	(8)	2,890	(182,415)	15,758	697,889	63,728	761,617
Total comprehensive income for the period	-	-	-	-	-	-	-	-	2,089	-	2,089	12,406	14,495
Payment of dividends	-	-	-	-	-	-	-	-	-	(15,758)	(15,758)	(3,119)	(18,877)
Transfer	-	-	-	-	2,017	-	-	-	(2,017)	-	-	-	-
Recognition of share-based payment	-	-	-	-	-	-	-	2,078	-	-	2,078	-	2,078
At 30 Sep 2011	219,943	45,312	565,589	7,764	16,749	8,324	(8)	4,968	(182,343)	-	686,298	73,015	759,313
At 1 Jan 2012	219,943	45,312	565,589	7,764	16,836	8,324	(2,503)	5,406	(184,384)	-	682,287	71,100	753,387
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	(5,365)	-	(5,365)	4,220	(1,145)
Payment of dividends	-	-	-	-	-	-	-	-	-	-	-	(1,190)	(1,190)
Recognition of share-based payment	-	-	-	-	-	-	-	1,599	-	-	1,599	-	1,599
At 30 Sep 2012	219,943	45,312	565,589	7,764	16,836	8,324	(2,503)	7,005	(189,749)	-	678,521	74,130	752,651

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 losses RMB'000	Proposed final dividend RMB'000	Total RMB'000
At 1 Jan 2011	219,943	45,312	565,589	479	8,324	2,890	(242,510)	15,758	615,785
Total comprehensive income for the period	-	-	-	-	-	-	(8,318)	-	(8,318)
Payment of dividends	-	-	-	-	-	-	-	(15,758)	(15,758)
Recognition of share-based payment	-	-	-	-	-	2,078	-	-	2,078
At 30 Sep 2011	219,943	45,312	565,589	479	8,324	4,968	(250,828)	-	593,787
At 1 Jan 2012	219,943	45,312	565,589	479	8,324	5,406	(251,369)	-	593,684
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(5,958)	-	(5,958)
Payment of dividends	-	-	-	-	-	-	-	-	-
Recognition of share-based payment	-	-	-	-	-	1,599	-	-	1,599
At 30 Sep 2012	219,943	45,312	565,589	479	8,324	7,005	(257,327)	-	(589,325)

- 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 30 September 2012, 52 million options issued in accordance with CIHL Share Option Schemes 2004 and 2010 ("the Schemes") are outstanding for conversion into 52 million shares in the capital of the Company (52 million as at 31 December 2011). According to the schemes, 39,750,000 options representing approximately 76.4% options granted, could be exercised as at 30 September 2012 (16 million as at 30 September 2011). The Company did not hold any of its issued shares as treasury shares as at 30 September 2012.

- 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 September 2012, the number of issued shares excluding treasury shares was 874,603,750 ordinary shares (same as at 31 December 2011).

- 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.

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Earnings per share based on weighted average number of ordinary shares in issue (RMB fen)	(0.51)	0.06	(0.61)	0.24
Weighted average number of ordinary shares ('000)	874,604	874,604	874,604	874,604
Earnings per share based on fully diluted basis (RMB fen)	(0.51)	0.06	(0.61)	0.24
Weighted average number of diluted ordinary shares ('000)	874,604	875,196	874,604	875,196

- 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.

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.09.2012</u>	<u>31.12.2011</u>	<u>30.09.2012</u>	<u>31.12.2011</u>
Net asset value (RMB'000)	678,521	682,287	589,325	593,684
Number of shares ('000)	874,604	874,604	874,604	874,604
Net asset per share (RMB)	0.776	0.780	0.674	0.679

- 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 Group recorded a turnover of RMB8.25 million for the third quarter ended 30 September 2012 (Q3 2012), representing a decrease of 42.1% as compared to RMB14.24 million in the same quarter of last year mainly due to the decrease of pipeline connection fees in association with the slow down of residential real estate development projects in the market.

The cost of services provided in Q3 2012 increased by 11.6% to RMB4.59 million, an increase of RMB 0.48 million as compared to RMB4.11 million in Q3 2011, mainly due to increased operating costs at the subsidiaries.

The gross profit of Q3 2012 of the Group was RMB3.66 million, a decrease of RMB6.47 million compared with the gross profit of RMB10.12 million in Q3 2011, representing a decrease of 63.9%.

Other income increased in Q3 2012 to RMB5.47 million, representing an increase of 4% as compared to RMB5.26 million for Q3 2011 mainly due to increase in interest income associated with the loan receivables as announced on 9 April 2012.

Other operating expenses increased by RMB1.87 million in Q3 2012 compared to RMB4.7 million for Q3 2011 mainly due to professional fees.

Finance costs in Q3 2012 was RMB3.23 million, an increase of RMB3.23 million as compared to Q3 2011 representing an increase of 53,800% due to interest expenses associated with the loan payables as announced on 9 April 2012.

Income tax expenses for Q3 2012 was RMB1.14 million representing a decrease of 71.7% as compared to RMB4.02 million for Q3 2011 mainly due to the decrease of turnover at CIHL (Tianjin) Water Development Company Limited. .

As a result of the above, the Group recorded after tax loss of RMB4.29 million for Q3 2012 as compared to profit of RMB3.66 million for Q3 2011, a reflection of current economic conditions in China.

Analysis on Statement of Financial Position

Properties for development increased from RMB235.20 million as at 31 December 2011 to RMB239.21 million as at 30 September 2012 due to continued capitalisation of design and preparation expenditures made at Jixian real estate development project.

The deposit for property development was RMB132.23 million as at 30 September 2012 represents the refundable deposit in accordance to the Share Transfer Agreement dated 15 September 2012 with Triumph Kind Investment Limited and announced on 16 September 2012.

The changes in receipts in advance and gross amounts due to and from customers for contract work are due to increase of prepaid water supply fees and pipeline connections fees at water plant and are in normal course of business.

The amount due from associates increased from RMB45.18 million as at 31 December 2011 to RMB49.37 million as at 30 September 2012 due to the loans drawn down by an associate company in accordance to the Loan Agreement dated 27 May 2011 as announced on 27 May 2011.

The short-term loan receivable in the amount of RMB90 million represents funding for the resettlement housing project in Beijing which the Company announced on 2 August 2012.

The cash and bank balance as at 30 September 2012 was RMB71.38 million as compared to RMB300.14 million as at 31 December 2011.

Cashflow Analysis

The net cash generated from operating activities of RMB18.35 million for Q3 2012 was mainly due to refund of deposit for property development project and increase in receipt in advance.

The net cash used in investing activities of RMB210.20 million for Q3 2012 was mainly due to acquisition of a subsidiary and funding for the resettlement housing project announced on 16 September 2012 and 2 August 2012 respectively.

The net cash used in financing activities of RMB2.94 million for Q3 2012 was mainly due to foreign

currency changes in loan advanced from other parties account.

- 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 has been closely monitoring the macro economic conditions in China and proceeds prudently before making significant decisions. The Group made announcements on 16 September 2012 and 9 October 2012 on the Proposed Acquisition of 55% of the issued share capital in Triumph Kind Investment Limited, to expand the operations in residential real estate development segment of the Company's business.

The oil and gas operation is an expensive and high risk operation. The project undertaken by the Group is still at a preliminary exploration stage. Further exploration and study will be needed to ensure that economically viable resources exist.

- 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 third quarter and the nine months financial period ended 30 September 2012.

- 13 If the Group has obtained a general mandate from shareholders for interested persons transactions ('IPT'), the aggregate value of such transaction as required under Rule 902(1)(a)(ii). If non mandate has been obtained, a statement to that effect.

The Company does not have a shareholders mandate on Interested Persons Transactions.

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 third quarter and the nine months financial period ended 30 September 2012 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

BY ORDER OF THE BOARD

Zhang Rong Xiang
Managing Director