
SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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) %
	30.06.2015 RMB'000	30.06.2014 RMB'000		30.06.2015 RMB'000	30.06.2014 RMB'000	
Continuing operations						
Revenue	30,393	19,426	56.5	40,942	43,971	(6.9)
Cost of sales and services provided	(4,642)	(16,068)	(71.1)	(15,671)	(30,006)	(47.8)
Gross profit	25,751	3,358	666.9	25,271	13,965	81.0
Other income - net	3,493	5,244	(33.4)	8,045	11,704	(31.3)
Administrative expenses	(2,720)	(4,194)	(35.1)	(6,252)	(10,000)	(37.5)
Other operating expenses	(5,337)	(6,557)	(18.6)	(13,422)	(12,325)	8.9
Selling and marketing expenses	(1,069)	(944)	13.2	(1,499)	(2,422)	(38.1)
Operating profit / (loss)	20,118	(3,093)	750.4	12,143	922	1,217.0
Finance costs	(13,206)	(11,433)	15.5	(27,465)	(18,326)	49.9
Share of losses of associated companies accounted for using the equity method	(469)	(663)	(29.3)	(1,548)	(1,240)	24.8
Profit / (loss) before income tax	6,443	(15,189)	142.4	(16,870)	(18,644)	(9.5)
Income tax (expense) / credit	(6,960)	1,427	587.7	(5,531)	538	1,128.1
Loss for the financial period from continuing operations	(517)	(13,762)	(96.2)	(22,401)	(18,106)	23.7
Discontinued operations						
Loss for the financial period from discontinued operations	(104)	(249)	(58.2)	(189)	(498)	(62.0)
Loss for the financial period	(621)	(14,011)	(95.6)	(22,590)	(18,604)	21.4

	3 months ended		Increase / (Decrease) %	6 months ended		Increase / (Decrease) %
	30.06.2015	30.06.2014		30.06.2015	30.06.2014	
	RMB'000	RMB'000		RMB'000	RMB'000	
Other comprehensive (loss) / income:						
Item that may be reclassified subsequently to profit or loss:						
Currency translation (losses) / gains on translating foreign operations	(315)	276	(214.1)	(633)	397	(259.4)
Other comprehensive (loss) / income for the financial period, net of tax	<u>(315)</u>	<u>276</u>	<u>(214.1)</u>	<u>(633)</u>	<u>397</u>	<u>(259.4)</u>
Total comprehensive loss for the financial period	<u>(936)</u>	<u>(13,735)</u>	<u>(93.2)</u>	<u>(23,223)</u>	<u>(18,207)</u>	<u>27.5</u>
(Loss) / profit for the financial period attributable to:						
Owners of the parent	(6,710)	(12,100)	(44.5)	(25,540)	(17,402)	46.8
Non-controlling interests	6,089	(1,911)	418.6	2,950	(1,202)	345.4
	<u>(621)</u>	<u>(14,011)</u>	<u>(95.6)</u>	<u>(22,590)</u>	<u>(18,604)</u>	<u>21.4</u>
Total comprehensive (loss) / income for the financial period attributable to:						
Owners of the parent	(7,025)	(11,824)	(40.6)	(26,173)	(17,005)	53.9
Non-controlling interests	6,089	(1,911)	418.6	2,950	(1,202)	345.4
	<u>(936)</u>	<u>(13,735)</u>	<u>(93.2)</u>	<u>(23,223)</u>	<u>(18,207)</u>	<u>27.5</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.

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

	3 months ended					
	30.06.2015			30.06.2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	3,228	-	3,228	6,981	-	6,981
Depreciation of property, plant and equipment	(2,200)	-	(2,200)	(2,064)	-	(2,064)
Currency translation loss, net	(340)	-	(340)	(2,187)	-	(2,187)
Share of losses of associated companies	(469)	-	(469)	(663)	-	(663)
Auditors' remuneration	(245)	-	(245)	(292)	-	(292)
Rental income, net	314	-	314	314	-	314
Employee share option expense	(435)	-	(435)	(1,452)	-	(1,452)
Penalty on breach of contract	(280)	-	(280)	-	-	-
Reversal of impairment on trade receivables	1,431	-	1,431	-	-	-

	6 months ended					
	30.06.2015			30.06.2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	7,790	-	7,790	12,767	-	12,767
Depreciation of property, plant and equipment	(4,323)	-	(4,323)	(4,219)	-	(4,219)
Currency translation loss, net	(687)	-	(687)	(1,834)	-	(1,834)
Share of losses of associated companies	(1,548)	-	(1,548)	(1,240)	-	(1,240)
Auditors' remuneration	(466)	-	(466)	(507)	-	(507)
Rental income, net	621	-	621	621	-	621
Employee share option expense	(1,531)	-	(1,531)	(1,803)	-	(1,803)
Penalty on breach of contract	(2,744)	-	(2,744)	-	-	-
Reversal of impairment on trade receivables	1,431	-	1,431	-	-	-

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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Assets				
Property, plant and equipment	269,151	268,520	-	-
Intangible assets	122	122	-	-
Investment properties	33,100	33,100	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in associated companies	97,422	99,603	-	-
Investment in subsidiaries	-	-	220,000	220,000
Deferred income tax assets	909	839	-	-
	421,007	422,487	220,000	220,000
Current Assets				
Development properties	1,307,344	1,279,634	-	-
Loan receivable	-	150,000	-	-
Prepayments, deposits and other receivables	57,430	212,883	53	53
Inventories	780	1,140	-	-
Trade receivables	9,209	5,466	-	-
Gross amounts due from customers for contract work	15,704	15,472	-	-
Due from associated companies	75,416	74,052	-	-
Due from subsidiaries	-	-	507,176	514,221
Due from non-controlling shareholders of subsidiaries	10,073	10,091	-	-
Cash and cash equivalents	289,330	54,665	-	*
	1,765,286	1,803,403	507,229	514,274
Assets of discontinued operations	8,380	8,413	-	-
	1,773,666	1,811,816	507,229	514,274
Current Liabilities				
Trade payables	18,919	27,265	-	-
Other payables and accruals	83,545	138,120	1,742	2,332
Receipts in advance	61,079	18,668	-	-
Gross amounts due to customers for contract work	9,822	4,241	-	-
Due to subsidiaries	-	-	134,239	137,995
Due to non-controlling shareholders of subsidiaries	167,088	175,428	-	-
Current income tax liabilities	15,699	12,315	-	-
Loans payable	-	147,623	-	-
Borrowings	623,255	452,762	-	-
	979,407	976,422	135,981	140,327
Liabilities of discontinued operations	444	474	-	-
	979,851	976,896	135,981	140,327
NET CURRENT ASSETS	793,815	834,920	371,248	373,947
TOTAL ASSETS LESS CURRENT LIABILITIES	1,214,822	1,257,407	591,248	593,947

*: Less than RMB1, 000

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Liabilities				
Borrowings	89,600	109,869	-	-
Deferred income tax liabilities	158,513	159,138	-	-
	248,113	269,007	-	-
NET ASSETS	966,709	988,400	591,248	593,947
EQUITY				
Equity attributable to owners of the parent				
Share capital	257,321	257,321	257,321	257,321
Reserves	654,306	657,390	628,480	631,309
Accumulated losses	(279,395)	(257,838)	(294,553)	(294,683)
	632,232	656,873	591,248	593,947
Non-controlling interests	334,477	331,527	-	-
TOTAL EQUITY	966,709	988,400	591,248	593,947

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

Amount repayable in one year or less, or on demand

As at 30.06.2015 (RMB'000)		As at 31.12.2014 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
578,255	45,000	452,762	147,623

Amount repayable after one year

As at 30.06.2015 (RMB'000)		As at 31.12.2014 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
89,600	-	109,869	-

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 land and buildings of the Group in Beijing and Tianjin;
- (iii) First legal mortgage over investment properties of the Group in Beijing;
- (iv) First legal mortgage over share equity in one of the subsidiaries held by the Group;
- (v) First legal mortgage over land use right in one of the subsidiaries held by the Group; and
- (vi) First legal mortgage over certain Renminbi deposits of 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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit / (loss) before income tax	6,338	(15,439)	(17,059)	(19,143)
Adjustments for:				
Depreciation of property, plant and equipment	2,200	2,064	4,323	4,219
Interest expenses and other finance costs	10,756	11,436	27,163	16,129
Interest income	(3,228)	(6,981)	(7,790)	(12,767)
Employee share option expense	435	1,452	1,531	1,803
Gain on additions to investments in an associated company	-	(91)	-	(91)
Share of losses of associated companies	469	663	1,548	1,240
Reversal of impairment on trade receivables	(1,431)	-	(1,431)	-
Unrealised currency translation (loss) / gain	(248)	333	91	2,530
	15,291	(6,563)	8,376	(6,080)
Changes in working capital				
Development properties	(9,362)	8,836	(13,153)	15,839
Prepayments, deposits and other receivables	577	(4,572)	(14,034)	(23,600)
Inventories	865	(394)	360	(202)
Trade receivables	2,444	3,966	(2,312)	36,854
Gross amount due from customers for contract work	(135)	(59)	(232)	158
Due from related parties	-	(30,084)	-	(30,171)
Due from non-controlling shareholders	24	28	18	28
Trade payables	3,715	1,824	(8,346)	(15,935)
Other payables and accruals	(22,122)	(6,311)	(53,338)	(15,695)
Receipts in advance	21,042	13,011	42,412	16,947
Gross amounts due to customers for contract work	2,703	(513)	5,581	(763)
Due to non-controlling shareholders	48,197	2,220	(8,341)	720
Cash generated from / (used in) operations	63,239	(18,611)	(43,009)	(21,900)
PRC income tax (paid) / credit	(773)	229	(2,841)	(3,734)
Net cash generated from / (used in) operating activities	62,466	(18,382)	(45,850)	(25,634)
Cash flows from investing activities				
Payments for consideration of acquisition of subsidiaries	-	-	-	(120,000)
Interest received	983	3,169	4,250	6,322
Collection of loan receivable	150,000	-	150,000	-
Collection of other receivables from a third party	173,000	-	173,000	-
Purchases of property, plant and equipment	(3,541)	(7,627)	(5,430)	(11,600)
Increase of restricted bank balances pledged	(164,968)	(892)	(165,326)	(1,746)
Loans to non-related parties	-	(73,000)	-	(73,000)
Capital contribution to an associated company	-	(3,980)	-	(3,980)
Loans to associated companies	(520)	(1,294)	(1,456)	(3,916)
Net cash generated from / (used in) investing activities	154,954	(83,624)	155,038	(207,920)
Cash flows from financing activities				
Interest and other finance costs paid	(4,621)	(4,429)	(13,644)	(8,986)
Proceeds from placement of shares	-	38,125	-	38,125
Borrowings from non-related parties	148,051	100,000	242,851	225,000
Dividend paid to equity holders of the company	-	(15,342)	-	(15,342)
Repayment of borrowings	(257,078)	(8,735)	(269,087)	(17,299)
Net cash (used in) / generated from financing activities	(113,648)	109,619	(39,880)	221,498

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net increase / (decrease) in cash and cash equivalents	103,772	7,613	69,308	(12,056)
CASH AND CASH EQUIVALENTS:				
BEGINNING OF FINANCIAL PERIOD	17,001	25,831	51,465	45,500
END OF FINANCIAL PERIOD	120,773	33,444	120,773	33,444
Analysis of Cash and Cash Equivalents				
Cash and bank balances	289,330	37,317	289,330	37,317
Restricted bank balances	(168,563)	(4,016)	(168,563)	(4,016)
Cash held by discontinued operations	6	143	6	143
	120,773	33,444	120,773	33,444

As at 30 June 2015, cash and cash equivalents include restricted bank balances of approximately RMB168,563,000 (30 June 2014: RMB4,016,000).

The restricted cash mainly comprise of:

- (i) Short-term bank deposits of a PRC subsidiary pledged to a bank as securities for the USD borrowings granted to a non PRC subsidiary;
- (ii) 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 guarantee will only be released after the loan has been settled or issuance of the real estate ownership certificate to the buyers, whichever is earlier; and
- (iii) Restricted bank balances of approximately RMB143,000 (30 June 2014: RMB143,000) placed for securing the performance and fund utilization for a land development project of the Group.

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	Subtotal RMB'000	Non-controlling Interests RMB'000	Total Equity RMB'000
2014												
Beginning of financial period	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)
Proceeds from shares issued	37,378	748	-	-	-	-	-	-	-	38,126	-	38,126
Recognition of share-based payments	-	-	-	-	-	-	-	1,803	-	1,803	-	1,803
End of financial period	<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>
2015												
Beginning of financial period	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
End of financial period	<u>257,321</u>	<u>46,060</u>	<u>565,589</u>	<u>7,764</u>	<u>23,038</u>	<u>8,324</u>	<u>(4,497)</u>	<u>8,028</u>	<u>(279,395)</u>	<u>632,232</u>	<u>334,477</u>	<u>966,709</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
2014								
Beginning of financial period	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)
Proceeds from shares issued	37,378	748	-	-	-	-	-	38,126
Payment of dividends	-	-	-	-	-	-	(15,342)	(15,342)
Recognition of share-based payments	-	-	-	-	-	1,803	-	1,803
End of financial period	<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>
2015								
Beginning of financial period	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
End of financial period	<u>257,321</u>	<u>46,060</u>	<u>565,589</u>	<u>479</u>	<u>8,324</u>	<u>8,028</u>	<u>(294,553)</u>	<u>591,248</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 10 March 2014 made an offer to grant the options pursuant to the rules of CIHL Share Option Scheme (the “2010 Scheme”), 50% of such options could be exercised on and after 10 March 2015 (30 June 2014: nil).

As at 30 June 2015, 30.5 million options granted in accordance with CIHL Share Option Scheme 2010 has lapsed and 68 million options remain outstanding. If all of these options are exercised, 68 million shares in the capital of the Company may be issued on conversion (30 June 2014: 98.5 million). Under the 2010 scheme, 45,000,000 options representing 66.18% (of all options granted under the Scheme) could be exercised as at 30 June 2015 (30 June 2014: 44,500,000, 45.18%).

The Company did not hold any of its issued shares as treasury shares as at 30 June 2015 and 30 June 2014.

- 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 2015, the number of issued shares excluding treasury shares was 1,024,603,750 ordinary shares (31 December 2014: 1,024,603,750).

- 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 2015. 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.

	30.06.2015	30.06.2014
Loss attributable to owners of the parent (RMB'000)		
-Continuing operations	(25,436)	(17,128)
-Discontinued operations	(104)	(274)
	<u>(25,540)</u>	<u>(17,402)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,024,604</u>	<u>909,410</u>
Basic and diluted loss per share (RMB fen)		
-Continuing operations	(2.48)	(1.88)
-Discontinued operations	(0.01)	(0.03)
	<u>(2.49)</u>	<u>(1.91)</u>

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

Diluted loss 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 68,000,000 (2014: 98,500,000) are not potential dilutive ordinary shares since the Company recorded loss during the financial periods ended 30 June 2015 and 30 June 2014.

- 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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Net asset value (RMB'000)	632,232	656,873	591,248	593,947
Number of shares ('000)	1,024,604	1,024,604	1,024,604	1,024,604
Net asset per share (RMB)	0.617	0.641	0.577	0.580

- 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 2015 versus Q2 2014

The revenue during Q2 2015 of the Group was RMB30.39 million, an increase of RMB10.97 million compared with the revenue of RMB19.43 million in Q2 2014, representing an increase of 56.5%, mainly due to increase of pipeline connection income at CIHL (Tianjin) Water Development Company Limited.

The cost of services provided in Q2 2015 decreased by 71.1% to RMB4.64 million, representing a decrease of RMB11.43 million versus the cost of services provided of RMB16.07 million in Q2 2014, which was mainly due to decrease of property development cost at Yichang Xinshougang Property Development Company Limited.

The Group recorded a gross profit of RMB25.75 million in Q2 2015, representing an increase of 666.9% as compared to RMB3.36 million in Q2 2014.

Other income in Q2 2015 was RMB3.49 million, which represents a decrease of RMB1.75 million as compared to RMB5.24 million for Q2 2014, representing decrease of 33.4%, the decrease was mainly due to decrease in interest income in Beijing Shiji Longquan Real Estate Development Co. Limited.

Administrative expenses in Q2 2015 was RMB2.72 million, a decrease of RMB1.47 million compared to administrative expenses of RMB4.19 million as in Q2 2014, which represents a decrease of 35.1%, mainly due to decrease of employee share option expenses.

Other operating expenses in Q2 2015 was RMB5.34 million, a decrease of RMB1.22 million as compared with other operating expenses of RMB6.56 million in Q2 2014, representing a decrease of 18.6%, which was mainly due to a reversal on impairment on trade receivables arising from a sales return in Yichang Xinshougang Property Development Company Limited.

Finance costs in Q2 2015 was RMB13.21 million, an increase of RMB1.77 million as compared to RMB11.43 million in Q2 2014, which represents an increase of 15.5%, mainly due to increase of interest expenses on borrowings to finance the acquisition of Yichang Xinshougang Property Development Company Limited.

Income tax expenses for Q2 2015 was RMB6.96 million, representing an increase of 587.7% as compared to tax credit of RMB1.43 million for Q2 2014, mainly due to increase in tax expenses in CIHL (Tianjin) Water Development Limited.

Loss from discontinued operations for Q2 2015 was RMB0.10 million, representing a decrease of 58.2% as compared to RMB0.25 million for Q2 2014, mainly due to decrease in administrative expenses in CCI Andi Bridges Co., Ltd.

As a result of the above, the Group recorded after tax loss of RMB0.62 million for Q2 2015 as compared to loss RMB14.01 million for Q2 2014.

1H 2015 versus 1H 2014

The revenue during 1H 2015 of the Group was RMB40.94 million, a decrease of RMB3.03 million compared with the revenue of RMB43.97 million in 1H 2014, representing a decrease of 6.9%, which was mainly due to decrease of revenue on property development arising from a sales return in Yichang Xinshougang Property Development Company Limited.

The cost of services provided in 1H 2015 decreased by 47.8% to RMB15.67 million, representing a decrease of RMB14.34 million versus the cost of services provided of RMB30.01 million in 1H 2014, which was mainly due to decrease of property development cost offset by a sales return at Yichang Xinshougang Property Development Company Limited.

The Group recorded a gross profit of RMB25.27 million in 1H 2015, representing an increase of 81.0% as compared to RMB13.97 million in 1H 2014.

Other income in 1H 2015 was RMB8.05 million, which represents a decrease of RMB3.66 million as compared to RMB11.70 million for 1H 2014, representing decrease of 31.3%, the decrease was mainly due to decrease in interest income in Beijing Shiji Longquan Real Estate Development Co. Limited.

Administrative expenses in 1H 2015 was RMB6.25 million, a decrease of RMB3.75 million as compared to administrative expenses of RMB10.00 million in 1H 2014, which represents a decrease of 37.5%, mainly due to decrease of legal and professional fees.

Selling and marketing expenses in 1H 2015 was RMB1.50 million, a decrease of RMB0.92 million as compared to selling and marketing expenses of RMB2.42 million in 1H 2014, which represents a decrease of 38.1%, mainly due to decrease in advertising fee and marketing agency fee in Yichang Xinshougang Property Development Company Limited.

Finance costs in 1H 2015 was RMB27.47 million, an increase of RMB9.14 million as compared to RMB18.33 million in 1H 2014, which represents an increase of 49.9%, mainly due to increase of interest expenses on borrowings to finance the acquisition of Yichang Xinshougang Property Development Company Limited.

Income tax expenses for 1H 2015 was RMB5.53 million, representing an increase of 1,128.1% as compared to tax credit of RMB0.54 million for 1H 2014, mainly due to increase in tax expenses in CIHL (Tianjin) Water Development Limited.

Loss from discontinued operations for 1H 2015 was RMB0.19 million, representing a decrease of 62.0% as compared to RMB0.50 million for 1H 2014, mainly due to decrease in administrative expenses in CCI Andi Bridges Co., Ltd.

As a result of the above, the Group recorded after tax loss of RMB22.59 million for 1H 2015 as compared to loss RMB18.60 million for 1H 2014

Analysis on Statement of Financial Position

Loan receivable decreased from RMB150.00 million as at 31 December 2014 to nil as at 30 June 2015, since the amount has been received in full by the Company.

Prepayments, deposits and other receivables decreased from RMB212.88 million as at 31 December 2014 to RMB57.43 million as at 30 June 2015, which was mainly due to a collection of fund of the resettlement housing project in Beijing Shijilongquan Real Estate Co., Ltd.

Trade receivables increased from RMB5.47 million as at 31 December 2014 to RMB9.21 million as at 30 June 2015 was mainly due to the increase of receivables from customers in Yichang Xinshougang Property Development Company Limited and CIHL (Tianjin) Water Development Company Limited.

Trade payables decreased from RMB27.27 million as at 31 December 2014 to RMB18.92 million as at 30 June 2015 was mainly due to the decrease of payable construction costs in CIHL (Tianjin) Water Development Company Limited.

Other payables and accruals decreased from RMB138.12 million as at 31 December 2014 to RMB83.55 million as at 30 June 2015 was mainly due to decrease in other payables in Yichang Xinshougang Property Development Company Limited.

Receipt in advance increased from RMB18.67 million as at 31 December 2014 to RMB61.08 million as at 30 June 2015 was mainly due to the increase in advance from sale of property and water pipes fees receipt in advance in Yichang Xinshougang Property Development Company Limited and CIHL (Tianjin) Water Development Company Limited.

Loan payable decreased from RMB147.62 million as at 31 December 2014 to nil as at 30 June 2015, since the amount has been repaid in full by the Company.

Borrowings increased to RMB623.26 million as at 30 June 2015 from RMB452.76 million as at 31 December 2014 mainly due to borrowings in China Infrastructure Management (Hong Kong) Limited, which were mainly used for financial activities for the financial period ended 30 June 2015.

Cash and cash equivalents as at 30 June 2015 was RMB289.33 million as compared to RMB54.67 million as at 31 December 2014.

Cash Flows Analysis

As at 30 June 2015, cash and cash equivalents include restricted bank balances of approximately RMB168.56 million, the restricted cash mainly represents cash deposited in a certain bank as guarantee deposits for the mortgage loan facilities granted by the bank to a subsidiary of the Company.

Net cash generated from operating activities is RMB62.47 million for Q2 2015, mainly due to increase of amount due to non-controlling shareholders and increase of receipt in advance.

Net cash generated from investing activities for Q2 2015 was RMB154.95 million, which was mainly due to collections of other receivables and loan receivable.

Net cash used in financing activities for Q2 2015 was RMB113.65 million, which was mainly due to repayments of borrowings from non-related parties.

- 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 overall global macro economy to remain challenging and uncertain. The current significant slowdown in the PRC property market and the credit market tightening in China are expected to show sign of relief in the next 12 months. This will affect the pace of development of many projects in China, including our real estate development projects and water supply service operations. The Group will focus on cash generation from its property development projects as well as other businesses.

The Group's Liuhe Gold project has commenced its commercial operation on trial basis in the 3rd Quarter of FY2014, the output has been gradually increased up in the second quarter of 2015.

The oil and gas exploration and exploitation is a high risk and cost business. The Group's project in Papua New Guinea ('PNG') is still at its early stage of exploration. The Group undertook further geological studies in the past year in order to identify further prospects in the licensed area. The analysis of the information gathered from this field work is still underway. The Group has been notified by the PNG government of the renewal of the exploration license which would allow the Group and our partners to undertake further exploration work in the next few years, including possibly the drilling of one or two wells for evaluation.

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 2015.

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 2015 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
12 August 2015