
THIRD QUARTER AND THE NINE MONTHS FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS
1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		Increase / (Decrease) %	9 months ended		Increase / (Decrease) %
	30.09.2014 RMB'000	30.09.2013 RMB'000		30.09.2014 RMB'000	30.09.2013 RMB'000	
Continuing operations						
Revenue	25,391	9,522	166.7	69,362	38,017	82.4
Cost of services provided	(15,076)	(7,922)	90.3	(45,082)	(14,590)	209.0
Gross profit	10,315	1,600	544.7	24,280	23,427	3.6
Other income - net	8,064	9,397	14.2	19,768	21,470	(7.9)
Gain on bargain purchase	-	13,623	(100.0)	-	13,623	(100.0)
Administrative expenses	(7,095)	(3,012)	135.6	(17,095)	(10,438)	63.8
Other operating expenses	(7,081)	(5,398)	31.2	(19,406)	(15,131)	28.3
Selling and marketing expenses	(2,717)	(416)	553.1	(5,139)	(416)	1135.3
Operating profit	1,486	15,794	(90.6)	2,408	32,535	(92.6)
Finance costs	(10,611)	(5,334)	98.9	(28,937)	(7,159)	304.2
Share of losses of associated companies	(727)	(251)	189.6	(1,967)	(743)	164.7
(Loss) / profit before income tax	(9,852)	10,209	(196.5)	(28,496)	24,633	(215.7)
Income tax credit / (expenses)	2,391	1,478	61.8	2,929	(4,802)	(161.0)
(Loss) / profit for the financial period from continuing operations	(7,461)	11,687	(163.8)	(25,567)	19,831	(228.9)
Discontinued operations						
Loss for the financial period from discontinued operations	(199)	(600)	(66.8)	(697)	(2,061)	(66.2)
(Loss) / profit for the financial period	(7,660)	11,087	(169.1)	(26,264)	17,770	(247.8)

	3 months ended			9 months ended		Increase /
	30.09.2014	30.09.2013		30.09.2014	30.09.2013	(Decrease)
	RMB'000	RMB'000		RMB'000	RMB'000	%
Other comprehensive (loss) / income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	(17)	1	(1800.0)	380	(391)	(197.2)
Other comprehensive (loss) / income for the financial period, net of tax	(17)	1	(1800.0)	380	(391)	(197.2)
Total comprehensive (loss) / profit for the financial period	(7,677)	11,088	(169.2)	(25,884)	17,379	(248.9)
(Loss) / profit for the financial period attributable to:						
Owners of the parent	(7,893)	12,846	(161.4)	(25,295)	14,722	(271.8)
Non-controlling interests	233	(1,759)	(113.2)	(969)	3,048	(131.8)
	(7,660)	11,087	(169.1)	(26,264)	17,770	(247.8)
Total comprehensive (loss) / income for the financial period attributable to:						
Owners of the parent	(7,910)	12,847	(161.6)	(24,915)	14,331	(273.9)
Non-controlling interests	233	(1,759)	(113.2)	(969)	3,048	(131.8)
	(7,677)	11,088	(169.2)	(25,884)	17,379	(248.9)

Note:

Discontinued operations: CCI Andi Bridges Co., Ltd

CCI Andi Bridges Co., Ltd ("Andi"), a subsidiary of the Group was 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.

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 and its business partners in Andi are working with the local government to expedite the process of the disposal of Andi.

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

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

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

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

	3 months ended					
	30.09.2014			30.09.2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	7,768	-	7,768	8,436	-	8,436
Gain on bargain purchase	-	-	-	13,623	-	13,623
Depreciation of property, plant and equipment	(2,183)	-	(2,183)	(1,542)	-	(1,542)
Currency translation (loss) / gain	(30)	-	(30)	625	-	625
Share of losses of associated companies	(727)	-	(727)	(251)	-	(251)
Auditors' remuneration	(223)	-	(223)	-	-	-
Rental income, net	310	-	310	314	-	314

	9 months ended					
	30.09.2014			30.09.2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	20,535	-	20,535	18,163	2	18,165
Gain on bargain purchase	-	-	-	13,623	-	13,623
Depreciation of property, plant and equipment	(6,402)	-	(6,402)	(4,563)	-	(4,563)
Currency translation (loss) / gain	(1,864)	-	(1,864)	2,041	-	2,041
Share of losses of associated companies	(1,967)	-	(1,967)	(743)	-	(743)
Auditors' remuneration	(730)	-	(730)	(684)	-	(684)
Rental income, net	931	-	931	1,245	-	1,245

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	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Assets				
Property, plant and equipment	218,805	210,637	-	-
Intangible assets	122	122	-	-
Investment properties	33,100	33,100	-	-
Goodwill arising on consolidation	20,303	20,303	-	-
Investment in associated companies	99,524	97,040	-	-
Investment in subsidiaries	-	-	220,049	220,049
Long-term loan receivable	192,422	150,000	-	-
Deferred income tax assets	805	705	-	-
	565,081	511,907	220,049	220,049
Current Assets				
Properties for development	1,277,833	1,298,474	-	-
Loan receivables	150,000	-	-	-
Prepayments, deposits and other receivables	50,189	136,697	53	298
Inventories	1,868	1,671	-	-
Trade receivables	12,462	50,945	-	-
Gross amounts due from customers for contract work	15,417	15,634	-	-
Due from associated companies	69,409	59,115	-	-
Due from related party	251	-	-	-
Due from subsidiaries	-	-	520,373	517,693
Due from non-controlling shareholders of subsidiaries	10,060	10,093	-	-
Restricted bank balances	3,369	2,270	-	-
Cash and cash equivalents	20,963	45,464	*	*
	1,611,821	1,620,363	520,426	517,991
Assets of discontinued operations	8,411	8,411	-	-
	1,620,232	1,628,774	520,426	517,991
Current Liabilities				
Trade payables	23,521	41,329	-	-
Other payables and accruals	153,294	151,515	1,925	2,588
Receipts in advance	33,762	20,770	-	-
Gross amounts due to customers for contract work	2,340	2,912	-	-
Due to subsidiaries	-	-	142,749	157,317
Due to non-controlling shareholders of subsidiaries	175,428	334,788	-	-
Current income tax liabilities	22,711	27,355	-	-
Loan payables	146,793	-	-	-
Borrowings	277,457	35,297	-	-
	835,306	613,966	144,674	159,905
Liabilities of discontinued operations	429	446	-	-
	835,735	614,412	144,674	159,905
NET CURRENT ASSETS	784,497	1,014,362	375,752	358,086
TOTAL ASSETS LESS CURRENT LIABILITIES	1,349,578	1,526,269	595,801	578,135

* Less than RMB1,000

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Liabilities				
Deferred income tax liabilities	172,712	175,760	-	-
Long term loan payables	-	145,445	-	-
Borrowings	119,706	148,076	-	-
	292,418	469,281	-	-
NET ASSETS	1,057,160	1,056,988	595,801	578,135
EQUITY				
Equity attributable to owners of the parent				
Share capital	257,321	219,943	257,321	219,943
Reserves	655,452	650,878	630,332	626,312
Accumulated losses	(206,137)	(165,326)	(291,852)	(268,120)
	706,636	705,495	595,801	578,135
Non-controlling interests	350,524	351,493	-	-
TOTAL EQUITY	1,057,160	1,056,988	595,801	578,135

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

Amount repayable in one year or less, or on demand

As at 30.09.2014 (RMB'000)		As at 31.12.2013 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
207,457	216,793	35,297	-

Amount repayable after one year

As at 30.09.2014 (RMB'000)		As at 31.12.2013 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
119,706	-	148,076	145,445

Details of any collateral

The borrowings of the Group are secured as follows:

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

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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss) / profit before income tax	(10,050)	9,608	(29,193)	22,571
Adjustments for:				
Depreciation of property, plant and equipment	2,183	1,542	6,402	4,563
Interest expenses and other finance costs	11,461	5,325	27,590	6,981
Interest income	(7,768)	(8,436)	(20,535)	(18,165)
Employee share option expense	1,469	-	3,272	283
Gain on disposal of property, plant and equipment	-	-	-	(13)
Gain on additions to investments in an associated company	-	-	(91)	-
Gain on bargain purchase	-	(13,623)	-	(13,623)
Share of losses of associated companies	727	251	1,967	743
Unrealised currency translation (gain) / loss	(1,182)	(682)	1,348	(2,214)
	(3,160)	(6,015)	(9,240)	1,126
Changes in working capital				
Properties for development	5,595	1,628	21,434	(870)
Prepayments, deposits and other receivables	(4,582)	(131,304)	(28,182)	(133,045)
Inventories	5	(1,600)	(197)	(644)
Trade receivables	1,628	1,067	38,482	576
Gross amount due from customers for contract work	59	6,616	217	3,606
Due from related parties	29,920	(70)	(251)	(234)
Due from non-controlling shareholders	5	36	33	594
Trade payables	(1,872)	3,453	(17,807)	1,455
Other payables and accruals	6,102	565	(9,593)	(2,944)
Receipts in advance	(3,955)	2,957	12,992	9,095
Gross amounts due to customers for contract work	191	-	(572)	(2,088)
Due to non-controlling shareholders	-	-	720	-
Cash generated from / (used in) operations	29,936	(122,667)	8,036	(123,373)
PRC income tax paid	(1,117)	(2,156)	(4,851)	(8,548)
Net cash generated from / (used in) operating activities	28,819	(124,823)	3,185	(131,921)
Cash flows from investing activities				
Payments for consideration of acquisition of subsidiaries	(40,080)	(34,951)	(160,080)	(34,951)
Interests received	9,465	3,556	15,787	10,136
Purchases of property, plant and equipment	(3,762)	(14,156)	(15,362)	(33,017)
Decreased / (increased) of restricted bank balances pledged	647	(1,608)	(1,099)	(1,608)
Proceeds from disposal of property, plant and equipment	-	-	-	13
Payments for acquisition of non-controlling interests	-	-	-	(500)
Loans to non-related parties	-	-	(73,000)	(14,000)
Capital contribution to an associated company	-	-	(3,980)	-
Loans to associated companies	(6,380)	(826)	(10,296)	(2,767)
Net cash used in investing activities	(40,110)	(47,985)	(248,030)	(76,694)

	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Interest paid	(7,246)	(5,188)	(16,232)	(6,845)
Proceeds from placement of shares	-	-	38,125	-
Loans from non-related parties	-	200,000	220,000	200,000
Loans from related party	70,000	-	70,000	-
Dividend paid to equity holders of the company	-	-	(15,342)	-
Repayment of borrowings	(63,910)	(8,170)	(76,209)	(8,170)
Net cash (used in) / generated from financing activities	(1,156)	186,642	220,342	184,985
Net (decrease) / increase in cash and cash equivalents	(12,447)	13,834	(24,503)	(23,630)
CASH AND CASH EQUIVALENTS:				
BEGINNING OF FINANCIAL PERIOD	33,444	41,022	45,500	78,486
END OF FINANCIAL PERIOD	20,997	54,856	20,997	54,856
Analysis of Cash and Cash Equivalents				
Cash and bank balances	24,332	56,573	24,332	56,573
Restricted bank balances	(3,369)	(1,751)	(3,369)	(1,751)
Cash held by discontinued operations	34	34	34	34
	20,997	54,856	20,997	54,856

As at 30 September 2014, cash and cash equivalents include restricted bank balances of approximately RMB3,369,000 (31 December 2013: RMB2,270,000). The restricted cash mainly represents cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the buyers in Yichang Xinshougang Property Development Company Limited.

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

GROUP

	Attributable to owners of the parent											
	Share Capital RMB'000	Share Premium RMB'000	Contributed Surplus RMB'000	Capital Reserve RMB'000	Statutory Reserves RMB'000	Capital Redemption Reserve RMB'000	Currency Translation Reserve RMB'000	Share Options Reserve RMB'000	Accumulated Losses RMB'000	Subtotal RMB'000	Non-controlling Interests RMB'000	Total Equity RMB'000
At 1 January 2013	219,943	45,312	565,589	7,764	18,710	8,324	(2,294)	7,455	(178,170)	692,633	80,211	772,844
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	266,120	266,120
Total comprehensive (loss) / income for the financial year	-	-	-	-	-	-	(1,875)	-	14,439	12,564	5,662	18,226
Share option lapsed / forfeited during the financial year	-	-	-	-	-	-	-	(1,145)	1,145	-	-	-
Transfer	-	-	-	-	2,740	-	-	-	(2,740)	-	-	-
Acquisition of additional interests from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(500)	(500)
Recognition of share-based payments	-	-	-	-	-	-	-	298	-	298	-	298
At 31 December 2013	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
At 1 January 2014	219,943	45,312	565,589	7,764	21,450	8,324	(4,169)	6,608	(165,326)	705,495	351,493	1,056,988
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	-	380	-	(25,295)	(24,915)	(969)	(25,884)
Payment of dividends	-	-	-	-	-	-	-	-	(15,342)	(15,342)	-	(15,342)
Placement of shares	37,378	748	-	-	-	-	-	-	-	38,126	-	38,126
Transfer	-	-	-	-	174	-	-	-	(174)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	3,272	-	3,272	-	3,272
At 30 September 2014	257,321	46,060	565,589	7,764	21,624	8,324	(3,789)	9,880	(206,137)	706,636	350,524	1,057,160

COMPANY

	Share Capital RMB'000	Share Premium RMB'000	Contributed Surplus RMB'000	Capital Reserve RMB'000	Capital Redemption Reserve RMB'000	Share Options Reserve RMB'000	Accumulated Losses RMB'000	Total Equity RMB'000
At 1 January 2013	219,943	45,312	565,589	479	8,324	7,455	(259,805)	587,297
Share option lapsed / forfeited during the financial year	-	-	-	-	-	(1,145)	1,145	-
Total comprehensive loss for the financial year	-	-	-	-	-	-	(9,460)	(9,460)
Recognition of share-based payments	-	-	-	-	-	298	-	298
At 31 December 2013	<u>219,943</u>	<u>45,312</u>	<u>565,589</u>	<u>479</u>	<u>8,324</u>	<u>6,608</u>	<u>(268,120)</u>	<u>578,135</u>
At 1 January 2014	219,943	45,312	565,589	479	8,324	6,608	(268,120)	578,135
Total comprehensive loss for the financial period	-	-	-	-	-	-	(8,390)	(8,390)
Payment of dividends	-	-	-	-	-	-	(15,342)	(15,342)
Placement of shares	37,378	748	-	-	-	-	-	38,126
Recognition of share-based payments	-	-	-	-	-	3,272	-	3,272
At 30 September 2014	<u>257,321</u>	<u>46,060</u>	<u>565,589</u>	<u>479</u>	<u>8,324</u>	<u>9,880</u>	<u>(291,852)</u>	<u>595,801</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.

As announced on 20 May 2014, the Company had on 20 May 2014 allotted and issued 150,000,000 Placement Shares to a third party subscriber. Pursuant to the completion of the Placement, the total number of issued Shares of the Company (excluding treasury shares) was 1,024,603,750 Shares as at 30 September 2014 (30 September 2013: 874,603,750 shares).

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

The Company did not hold any of its issued shares as treasury shares as at 30 September 2014 (30 September 2013: Nil).

- 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 2014, the number of issued shares excluding treasury shares was 1,024,603,750 ordinary shares (31 December 2013: 874,603,750).

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

Not applicable.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

	30.09.2014	30.09.2013
(Loss) / profit attributable to owners of the parent (RMB'000)		
Continuing operations	(24,912)	15,856
Discontinued operations	(383)	(1,134)
	<u>(25,295)</u>	<u>14,722</u>
Weighted average number of ordinary shares in issue ('000)	<u>948,230</u>	<u>874,604</u>
Basic and diluted (loss) / profit per share (RMB fen)		
Continuing operations	(2.63)	1.80
Discontinued operations	(0.04)	(0.13)
	<u>(2.67)</u>	<u>1.67</u>

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

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

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

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

	GROUP		COMPANY	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Net asset value (RMB'000)	706,636	705,495	595,801	578,135
Number of shares ('000)	1,024,604	874,604	1,024,604	874,604
Net asset per share (RMB)	0.690	0.807	0.581	0.661

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Profit or Loss Analysis

The revenue during Q3 2014 of the Group was RMB25.39 million, an increase of RMB15.87 million as compared to the revenue of RMB9.52 million in Q3 2013, which represents an increase of 166.7%, mainly due to an increase of pipeline connection income in CIHL (Tianjin) Water Development Company Limited.

The cost of services provided in Q3 2014 increased by 90.3% to RMB15.08 million, an increase of RMB7.16 million as compared to the cost of services provided of RMB7.92 million in Q3 2013, mainly due to increase of cost in CIHL (Tianjin) Water Development Company Limited.

The Group recorded a gross profit of RMB10.32 million in Q3 2014, representing an increase of 544.7% as compared to RMB1.6 million in Q3 2013, mainly due to an increase of gross profit in CIHL (Tianjin) Water Development Company Limited.

The gain on bargain purchase in Q3 2013 of RMB13.62 million arose from the acquisition of 55% equity interest in Beijing Kaiyuanwanjia Management Consulting Limited (f.k.a. Shoukong (Beijing) Management Consulting Company Limited) and its subsidiaries.

Administrative expenses increased to RMB7.10 million in Q3 2014 as compared to administrative expenses of RMB3.01 million in Q3 2013, mainly due to an increase of legal and professional fees.

Other operating expenses increased to RMB7.08 million in Q3 2014 as compared to other operating expenses of RMB5.40 million in Q3 2013, mainly due to an increase of expenses in CIHL (Tianjin) Water Development Company Limited.

Selling and marketing expenses in Q3 2014 was RMB2.72 million which was due to the marketing cost incurred in Yichang Xinshougang Property Development Company Limited.

Finance costs in Q3 2014 was RMB10.61 million, an increase of RMB5.28 million as compared to Q3 2013, which represents an increase of 98.9%, mainly due to interest expenses on borrowings to finance the acquisition of Yichang Xinshougang Property Development Company Limited.

As a result of the above, the Group recorded an after tax loss of RMB7.66 million for Q3 2014 as compared to a profit of RMB11.08 million for Q3 2013.

Analysis on Statement of Financial Position

The amount of long term loan receivables was RMB150 million as at 31 December 2013 and it was reclassified as current loan receivables as at 30 September 2014. This was due to the remaining payment term being less than one year as at 30 September 2014.

Loan term loan receivables of RMB192.44 million as at 30 September 2014 comprise of RMB104 million which was classified as other receivables as at 31 December 2013 and additional loans during

the financial period. These are loans to non-related party for funding a resettlement housing project of Beijing Shiji Longquan Real Estate Co., Ltd.

Prepayments, deposits and other receivables decreased from RMB136.70 million as at 31 December 2013 to RMB50.19 million as at 30 September 2014, mainly due to reclassification of loans to non-related party in Beijing Shiji Longquan Real Estate Co., Limited, offset by an increase in prepayments of construction cost in Yichang Xinshougang Property Development Company Limited.

Trade receivables decreased from RMB50.95 million as at 31 December 2013 to RMB12.46 million as at 30 September 2014 mainly due to decrease of receivables from customers in Yichang Xinshougang Property Development Company Limited.

Trade payables decreased from RMB41.33 million as at 31 December 2013 to RMB23.52 million at 30 September 2014 mainly due to decrease of construction costs payables in Yixhang Xinshougang Property Development Company Limited and CIHL (Tianjin) Water Development Company Limited.

Amount due to non-controlling shareholders of subsidiaries decreased from RMB334.79 million as at 31 December 2013 to RMB175.43 million as at 30 September 2014 mainly due to payment made by the Group to the previous owner of Yichang Xinshougang Property Development Company Limited.

Borrowings increased to RMB543.96 million as at 30 September 2014 from RMB328.82 million as at 31 December 2013 mainly due to borrowings of RMB140 million in CIHL (Tianjin) City Development Limited and another borrowing of RMB100 million in Beijing Shiji Longquan Real Estate Co., Limited, which were mainly used in investing activities for the financial period ended 30 September 2014.

Cash and cash equivalents as at 30 September 2014 was RMB20.96 million as compared to RMB45.46 million as at 31 December 2013.

Cash Flow Analysis

As at 30 September 2014, cash and cash equivalents include restricted bank balances of approximately RMB3.37 million. The restricted cash mainly represents cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the buyers in Yichang Xinshougang Property Development Company Limited.

Net cash generated from operating activities was RMB28.82 million for Q3 2014 mainly due to receipt of a security deposit of RMB30 million in Beijing Shiji Longquan Real Estate Co., Limited from a related party.

Net cash used in investing activities for Q3 2014 was RMB40.11 million mainly due to final payments of RMB40 million for the remaining consideration of acquisition of subsidiaries.

Net cash used in financing activities for Q3 2014 was RMB1.2 million mainly due to repayment of borrowing net off with short-term borrowings of RMB70 million from a related company Beijing Jinglongshidai Investment Co., Ltd (北京津隆时代投资有限公司) (the “Lender”).

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

司) and their only director is Mr. Zhang Rong Xiang, who is also the managing director of the Company.

None of the directors including Mr. Zhang Rong Xiang and / or controlling shareholders of the Company has any interest, direct or indirect, in the Lender.

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

Not applicable

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

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

The Group's Liuhe Gold project has commenced commercial operation in the 3rd Quarter of this year.

The oil and gas exploration and exploitation is a high risk and cost business. The Group's project in Papua New Guinea is still at its early stage of exploration. The Group undertook further geological survey work 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 underway. The Group is seeking an extension of the license to allow for the drilling of one or two wells for evaluation, which is expected to be carried out in the next couple of years.

11 Dividend

- (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

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

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

None

- (c) Date Payable

Not applicable

- (d) Books closure date

Not applicable

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

No dividend has been declared nor recommended by the directors on third quarter and the financial period ended 30 September 2014.

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

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

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

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

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

15 Use of Net Proceeds from Placement

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

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

		S\$'000
0. Net proceeds	S\$0.051 per share by way of Placement	7,650
1. PRC operating expenses	Loan to non-related party as part of PRC operating activities on secured project	(5,060)
2. Loan to FTHL / MKS	Loan to FTHL / MKS for operating expenses	(149)
3. Administrative expenses	Administrative expenses paid at non-PRC companies	(2,441)
		-

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

06 November 2014