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**SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013**


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**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) %
	30.06.2013 RMB'000	30.06.2012 RMB'000		30.06.2013 RMB'000	30.06.2012 RMB'000	
<b>Continuing operations</b>						
<b>Revenue</b>	19,826	16,082	23.3	28,495	23,579	20.8
Cost of services provided	(4,659)	(5,559)	(16.2)	(6,668)	(9,647)	(30.9)
<b>Gross profit</b>	15,167	10,523	44.1	21,827	13,932	56.7
Other income	6,387	4,243	50.5	12,073	6,418	88.1
Administrative expenses	(4,209)	(3,396)	23.9	(7,426)	(6,259)	18.6
Other operating expenses	(4,981)	(4,098)	21.5	(9,734)	(8,721)	11.6
<b>Operating profit</b>	12,364	7,272	70	16,740	5,370	211.7
Finance costs	(992)	(756)	31.2	(1,825)	(763)	139.2
Share of losses of associated companies	(227)	-	NM	(492)	(34)	1347
<b>Profit before income tax</b>	11,145	6,516	71	14,423	4,573	215.5
Income tax expenses	(4,297)	(1,809)	137.5	(6,280)	(2,500)	151.2
Profit for the financial period from continuing operations	6,848	4,707	45.5	8,143	2,073	293
<b>Discontinued operations</b>						
(Loss) / profit for the financial period from discontinued operations	(428)	930	(146)	(1,461)	1,075	(235.9)
<b>Profit for the financial period</b>	6,420	5,637	13.9	6,682	3,148	112.3

*NM: Not Meaningful*

	3 months ended		Increase / (Decrease) %	6 months ended		Increase / (Decrease) %
	30.06.2013 RMB'000	30.06.2012 RMB'000		30.06.2013 RMB'000	30.06.2012 RMB'000	
<b>Other comprehensive loss:</b>						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	(1)	-	NM	(392)	-	NM
<b>Other comprehensive loss for the financial period, net of tax</b>	(1)	-	NM	(392)	-	NM
<b>Total comprehensive profit for the financial period</b>	<u>6,419</u>	<u>5,637</u>	13.9	<u>6,290</u>	<u>3,148</u>	99.8
<b>Profit / (loss) for the financial period attributable to</b>						
Owners of the Company	2,483	2,125	16.8	1,797	(867)	307.3
Non-controlling interests	<u>3,937</u>	<u>3,512</u>	12.1	<u>4,885</u>	<u>4,015</u>	21.7
	<u>6,420</u>	<u>5,637</u>	13.9	<u>6,682</u>	<u>3,148</u>	112.3
<b>Total comprehensive income / (loss) for the financial period attributable to</b>						
Owners of the Company	2,482	2,125	16.8	1,405	(867)	262.1
Non-controlling interests	<u>3,937</u>	<u>3,512</u>	12.1	<u>4,885</u>	<u>4,015</u>	21.7
	<u>6,419</u>	<u>5,637</u>	13.9	<u>6,290</u>	<u>3,148</u>	99.8

*NM: Not Meaningful*

Note:

Discontinued operations: CCI Andi Bridges Co., Ltd

CCI Andi Bridges Co., Ltd ("Andi"), a 55% owned subsidiary of the Company has been granted with a 25 years of concession rights on toll collection on 25 December 1998.

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.

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.

Hence, the Company's half-year financial statements for the financial period ended 30 June 2013 is prepared in accordance with presentation and disclosure prescribed under IFRS 5.

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

	3 months ended					
	30.06.2013			30.06.2012		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	4,939	-	4,939	3,977	33	4,010
Depreciation of property, plant and equipment	(1,423)	(84)	(1,507)	(1,292)	(124)	(1,416)
Currency translation gain / (loss)	1,193	-	1,193	(9)	-	(9)
Share of losses of associated companies	(227)	-	(227)	-	-	-
Auditors' remuneration	(471)	-	(471)	(464)	-	(464)
Rental income, net	310	-	310	248	-	248
Amortisation of intangible assets	-	-	-	-	(362)	(362)

	6 months ended					
	30.06.2013			30.06.2012		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	9,727	2	9,729	6,034	64	6,098
Depreciation of property, plant and equipment	(2,852)	(169)	(3,021)	(2,573)	(261)	(2,834)
Currency translation gain / (loss)	1,416	-	1,416	(138)	-	(138)
Share of losses of associated companies	(492)	-	(492)	(34)	-	(34)
Auditors' remuneration	(684)	-	(684)	(634)	-	(634)
Rental income, net	931	-	931	495	-	495
Amortisation of intangible assets	-	-	-	-	(623)	(623)

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	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-Current Assets</b>				
Property, plant and equipment	103,537	87,755	-	-
Intangible assets	122	122	-	-
Investment properties	27,500	27,500	-	-
Goodwill	20,303	20,303	-	-
Investment in subsidiaries	-	-	220,049	220,049
Investment in associated companies	100,112	100,996	-	-
Long term loan receivable	150,000	150,000	-	-
Deferred income tax assets	647	606	-	-
	402,221	387,282	220,049	220,049
<b>Current Assets</b>				
Properties for development	242,877	240,334	-	-
Refundable deposits	122,235	122,235	122,235	122,235
Prepayments, deposits, and other receivables	120,031	101,105	298	376
Inventories	1,175	2,131	-	-
Trade receivables	5,495	5,004	-	-
Gross amounts due from customers for contract work	23,660	20,650	-	-
Due from associated companies	54,237	52,295	-	-
Due from related party	1,001	837	-	-
Due from subsidiaries	-	-	428,121	413,632
Due from non-controlling shareholders of subsidiaries	113	671	-	-
Cash and cash equivalents	41,000	74,567	*	*
	611,824	619,829	550,654	536,243
Assets of discontinued operations	17,981	21,913	-	-
	629,805	641,742	550,654	536,243
<b>Current Liabilities</b>				
Trade payables	16,320	18,318	-	-
Other payables and accruals	8,818	9,720	2,078	2,358
Receipts in advance	22,781	16,621	-	-
Gross amounts due to customers for contract work	3,411	5,499	-	-
Due to subsidiaries	-	-	185,537	166,637
Current income tax liabilities	9,444	9,514	-	-
Due to non-controlling shareholders of subsidiaries	38,011	38,011	-	-
	98,785	97,683	187,615	168,995
Liabilities of discontinued operations	1,965	4,607	-	-
	100,750	102,290	187,615	168,995
<b>NET CURRENT ASSETS</b>	529,055	539,452	363,039	367,248
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	931,276	926,734	583,088	587,297
<b>Non-Current Liabilities</b>				
Deferred income tax liabilities	5,454	5,454	-	-
Long-term loan payables	146,905	148,436	-	-
	152,359	153,890	-	-

\* Less than RMB 1,000

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>NET ASSETS</b>	<b>778,917</b>	<b>772,844</b>	<b>583,088</b>	<b>587,297</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	219,943	219,943	219,943	219,943
Reserves	651,230	650,860	627,442	627,159
Accumulated losses	(176,852)	(178,170)	(264,297)	(259,805)
	694,321	692,633	583,088	587,297
Non-controlling interests	84,596	80,211	-	-
<b>TOTAL EQUITY</b>	<b>778,917</b>	<b>772,844</b>	<b>583,088</b>	<b>587,297</b>

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

Amount repayable in one year or less, or on demand

As at 30.06.2013 (RMB'000)		As at 31.12.2012 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.06.2013 (RMB'000)		As at 31.12.2012 (RMB'000)	
Secured	Unsecured	Secured	Unsecured
-	146,905	-	148,436

Details of any collateral

As at 30 June 2013 and 31 December 2012, cash and cash equivalents include restricted bank balances of approximately RMB143,000 for securing the performance and fund utilization for a land development project 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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit before income tax	10,718	7,755	12,963	6,050
Adjustments for:				
Amortisation of intangible assets	-	362	-	623
Depreciation of property, plant and equipment	1,507	1,389	3,021	2,834
Interest expenses and other finance costs	834	717	1,656	717
Interest income	(4,939)	(4,010)	(9,729)	(6,098)
Employee share option expense	109	607	283	1,340
Gain / (loss) on disposal of property, plant and equipment	-	21	(13)	27
Share of losses of associated companies	227	-	492	34
	8,456	6,841	8,673	5,527
<b>Changes in working capital</b>				
Properties for development	(1,280)	(1,155)	(2,498)	(2,681)
Refundable deposit	-	-	-	10,000
Deposit for property development project	-	30,000	-	(20,000)
Prepayments, deposits and other receivables	631	(1,958)	(1,741)	(339)
Inventories	1,890	-	956	939
Trade receivables	(172)	2,545	(491)	600
Gross amount due from customers for contract work	(3,378)	(3,488)	(3,010)	(3,514)
Due from related parties	(75)	(87)	(164)	(174)
Due from non-controlling shareholders	(5)	71	558	4
Trade payables	4,836	3,635	(1,998)	2,468
Accounts payables, other payables and accruals	655	319	(3,509)	3
Receipt in advance	(1,605)	6,444	6,138	(1,833)
Due to customers for contract work	(2,088)	(10,148)	(2,088)	(2,631)
Due to non-controlling shareholders	-	11	-	11
Cash generated from / (used in) operations	7,865	33,030	826	(11,620)
PRC income tax paid	(3,691)	(1,162)	(6,392)	(6,216)
Net cash generated from / (used in) operating activities	4,174	31,868	(5,566)	(17,836)
<b>Cash flows from investing activities</b>				
Interests received	3,200	3,879	6,580	4,407
Payment for structured bank deposits	-	(20,000)	-	(20,000)
Proceeds on settlement of structured bank deposits	-	20,000	-	20,000
Proceeds from disposal of property, plant and equipment	-	-	13	-
Purchase of property, plant and equipment	(13,497)	(13,890)	(18,861)	(15,067)
Payment for acquisition of non-controlling interests' shares	-	-	(500)	-
Decrease in restricted bank deposits	-	8,320	-	8,320
Capital contribution to associated companies	-	(4,736)	-	(10,205)
Loan advanced to other parties	(14,000)	(150,000)	(14,000)	(150,000)
Increase in loans to associated companies	(949)	(1,159)	(1,941)	(3,416)
Net cash used in investing activities	(25,246)	(157,586)	(28,709)	(165,961)

	3 months ended		6 months ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from financing activities</b>				
Interest and other finance costs paid	(834)	(623)	(1,657)	(623)
Loans from non-related parties	388	151,149	-	151,149
Dividends paid to non-controlling shareholders	-	-	-	(690)
Net cash (used in) / generated from financing activities	(446)	150,526	(1,657)	149,836
Net (decrease) / increase in cash and cash equivalents	(21,518)	24,808	(35,932)	(33,961)
Cash and Cash Equivalents at Beginning of Financial Period	64,072	241,339	78,486	300,140
Effect of foreign exchange rate changes, net	(1,532)	32	(1,532)	-
<b>Cash and Cash Equivalents at End of Financial Period</b>	<b>41,022</b>	<b>266,179</b>	<b>41,022</b>	<b>266,179</b>
<b>Analysis of Cash and Cash Equivalents</b>				
Cash and bank balances	41,000	266,322	41,000	266,322
Restricted bank balance	(143)	(143)	(143)	(143)
Cash held by discontinued operations	165	-	165	-
	<b>41,022</b>	<b>266,179</b>	<b>41,022</b>	<b>266,179</b>



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 RMB'000	Total equity RMB'000
	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	Subtotal RMB'000		
<b>At 1 Jan 2012</b>	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 income for the financial year	-	-	-	-	-	-	209	-	8,088	8,297	10,934	19,231
Payment of dividends	-	-	-	-	-	-	-	-	-	-	(1,823)	(1,823)
Transfer	-	-	-	-	1,874	-	-	-	(1,874)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	2,049	-	2,049	-	2,049
<b>At 31 Dec 2012</b>	219,943	45,312	565,589	7,764	18,710	8,324	(2,294)	7,455	(178,170)	692,633	80,211	772,844
<b>At 1 Jan 2013</b>	219,943	45,312	565,589	7,764	18,710	8,324	(2,294)	7,455	(178,170)	692,633	80,211	772,844
Total comprehensive (losses)/ income for the financial period	-	-	-	-	-	-	(392)	-	1,797	1,405	4,885	6,290
Transfer	-	-	-	-	479	-	-	-	(479)	-	(500)	(500)
Recognition of share-based payments	-	-	-	-	-	-	-	283	-	283	-	283
<b>At 30 Jun 2013</b>	219,943	45,312	565,589	7,764	19,189	8,324	(2,686)	7,738	(176,852)	694,321	84,596	778,917

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	Total RMB'000
<b>At 1 Jan 2012</b>	219,943	45,312	565,589	479	8,324	5,406	(251,369)	593,684
Total comprehensive loss for the financial year	-	-	-	-	-	-	(8,436)	(8,436)
Recognition of share-based payments	-	-	-	-	-	2,049	-	2,049
<b>At 31 Dec 2012</b>	219,943	45,312	565,589	479	8,324	7,455	(259,805)	587,297
<b>At 1 Jan 2013</b>	219,943	45,312	565,589	479	8,324	7,455	(259,805)	587,297
Total comprehensive losses for the financial period	-	-	-	-	-	-	(4,492)	(4,492)
Recognition of share-based payments	-	-	-	-	-	283	-	283
<b>At 30 Jun 2013</b>	219,943	45,312	565,589	479	8,324	7,738	(264,297)	583,088

- 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 June 2013, 49 million options issued in accordance with CIHL Share Option Schemes 2004 and 2010 ("the Schemes") are outstanding for conversion into 49 million shares in the capital of the Company (52 million as at 31 December 2012). According to the schemes, 49,000,000 options representing 100% (2012: 75%) options granted could be exercised as at 30 June 2013 (39 million as at 30 June 2012).

The Company did not hold any of its issued shares as treasury shares as at 30 June 2013 and 31 December 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 June 2013, the number of issued shares excluding treasury shares was 874,603,750 ordinary shares (31 December 2012: 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 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 as well as all applicable International Financial Reporting Standards ("IFRS") that become effective for financial year beginning on or after 1 January 2013. 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 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.

	30.06.2013	30.06.2012
Profit / (loss) attributable to owners of the Company (RMB'000)		
- continuing operations	2,601	(1,458)
- discontinued operations	(804)	591
	<u>1,797</u>	<u>(867)</u>
Weighted average number of ordinary shares in issue ('000)	<u>874,604</u>	<u>874,604</u>
Basic and diluted earnings / (loss) per share (RMB Fen)		
- continuing operations	0.30	(0.17)
- discontinued operations	(0.09)	0.07
	<u>0.21</u>	<u>(0.10)</u>

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

Diluted earnings / (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 period have been issued at no consideration.

The share options are not potential dilutive ordinary shares since the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial period ended 30 June 2013. Therefore, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the financial period ended 30 June 2013.

- 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>30.06.2013</u>	<u>31.12.2012</u>	<u>30.06.2013</u>	<u>31.12.2012</u>
Net asset value (RMB'000)	778,917	772,844	583,088	587,297
Number of shares ('000)	874,604	874,604	874,604	874,604
Net asset per share (RMB)	0.891	0.884	0.667	0.672

- 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 2013 versus Q2 2012

The revenue of Q2 2013 of the Group was RMB19.83 million, an increase of RMB3.74 million compared with the revenue of RMB16.08 million in Q2 2012, representing an increase of 23.3%, due to increase of pipeline connection fees.

The cost of services provided in Q2 2013 decreased by 16.2% to RMB4.66 million, a decrease of RMB0.9 million versus the cost of services provided of RMB5.56 million in Q2 2012 due to decreased of water pipeline connection cost.

The Group recorded a gross profit of RMB15.17 million in Q2 2013, representing an increase of 44.1% as compared to RMB10.52 million in Q2 2012.

Other income in Q2 2013 was RMB6.39 million, representing an increase of 50.5% as compared to RMB4.24 million for Q2 2012 mainly due to increase of interest income.

Finance costs in Q2 2013 was RMB 0.99 million, an increase of RMB0.24 million as compared to Q2 2012 representing an increase of 31.2% mainly due to interest expenses.

Income tax expenses for Q2 2013 were RMB4.30 million, representing an increase of 137.5% as compared to RMB1.81 million for Q2 2012 mainly due to the increase in income tax rate at CIHL (Tianjin) Water Development Company Limited from 12.5% up to 25%.

As a result of the above, the Group recorded after tax profit of RMB6.42 million for Q2 2013 as compare to RMB5.64 million for Q2 2012.

### 1H 2013 versus 1H 2012

The revenue of 1H 2013 of the Group was RMB28.50 million, an increase of RMB4.92 million compared with the revenue of RMB23.58 million in 1H 2012, representing an increase of 20.8%. The increase in revenue was mainly due to increase of pipeline connection fees at CIHL (Tianjin) Water Development Company Limited.

The cost of services provided of 1H 2013 was RMB6.67 million, a decrease of RMB2.98 million versus the cost of services provided of RMB9.65 million in 1H 2012, representing a decrease of 30.9%.

The gross profit of 1H 2013 of the Group was RMB21.83 million, an increase of RMB7.90 million compared with the gross profit of RMB13.93 million in 1H 2012, representing an increase of 56.7%.

Other income in 1H 2013 was RMB12.07 million, representing an increase of 88.1% as compared to RMB6.42 million for 1H 2012 mainly due to increase in interest income.

Finance costs in 1H 2013 was RMB 1.83 million, an increase of RMB1.06 million as compared to 1H 2012 due to interest expenses.

Other operating expenses increased by RMB1.01 million in 1H 2013 compared with other operating expenses of RMB8.72 million in 1H 2012 mainly due to the increase in traveling fee and depreciation of office buildings.

The income tax expenses increased from RMB2.50 million in 1H 2012 to RMB6.28 million in 1H

2013 mainly due to the increase of income tax rate at CIHL (Tianjin) Water Development Company Limited from 12.5% up to 25%.

As a result of the above, the total comprehensive income for 1H 2013 increased to RMB6.29 million compared with the total comprehensive income of RMB3.15 million in 1H 2012, representing an increase of 99.8%.

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

Property, plant and equipment increased from RMB87.76 million as at 31 December 2012 to RMB103.54 million as at 30 June 2013 mainly due to the pipeline connection construction cost at CIHL (Tianjin) Water Development Company Limited.

Properties for development increased from RMB240.33 million as at 31 December 2012 to RMB242.88 million as at 30 June 2013 mainly due to increase in pre-construction costs for Jixian real estate development project.

Prepayments, deposits and other receivables increased from RMB101.11 million as at 31 December 2012 to RMB120.03 million as at 30 June 2013 was mainly due to the funding of the resettlement housing project in Beijing Shijilongquan Real Estate Co., Ltd.

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

Assets of discontinued operations in the amount of RMB17.98 million represent the carrying amount of the intangible assets, service concession arrangement as at 30 June 2013.

The amount due from associated companies increased from RMB52.30 million as at 31 December 2012 to RMB54.24 million as at 30 June 2013 due to loan drawn down by associated companies.

Cash and cash equivalents as at 30 June 2013 was RMB41 million as compared to RMB74.57 million as at 31 December 2012.

### **Cash Flow Analysis**

Net cash used in operating activities is RMB5.57 million for 1H 2013 mainly due to payments for properties development and accounts payables.

Net cash used in investing activities for 1H 2013 was RMB28.71 million mainly due to the durative pipeline connection construction fees at CIHL (Tianjin) Water Development Company Limited and Mentougou Project.

Net cash used in financing activities for 1H 2013 was RMB1.66 million mainly due to the payment of interest and other finance costs.

- 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 and the current slowdown in the PRC property market will remain in the next 12 months, which will affect the pace of development of many projects in China, including our real estate development project and water supply service operations.

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.

No dividend has been declared nor recommended by the directors.

- 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 2013 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 2013