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ANNUAL REPORT 2009

Exploring New Frontier

中翔國際集團有限公司
China International Holdings Limited

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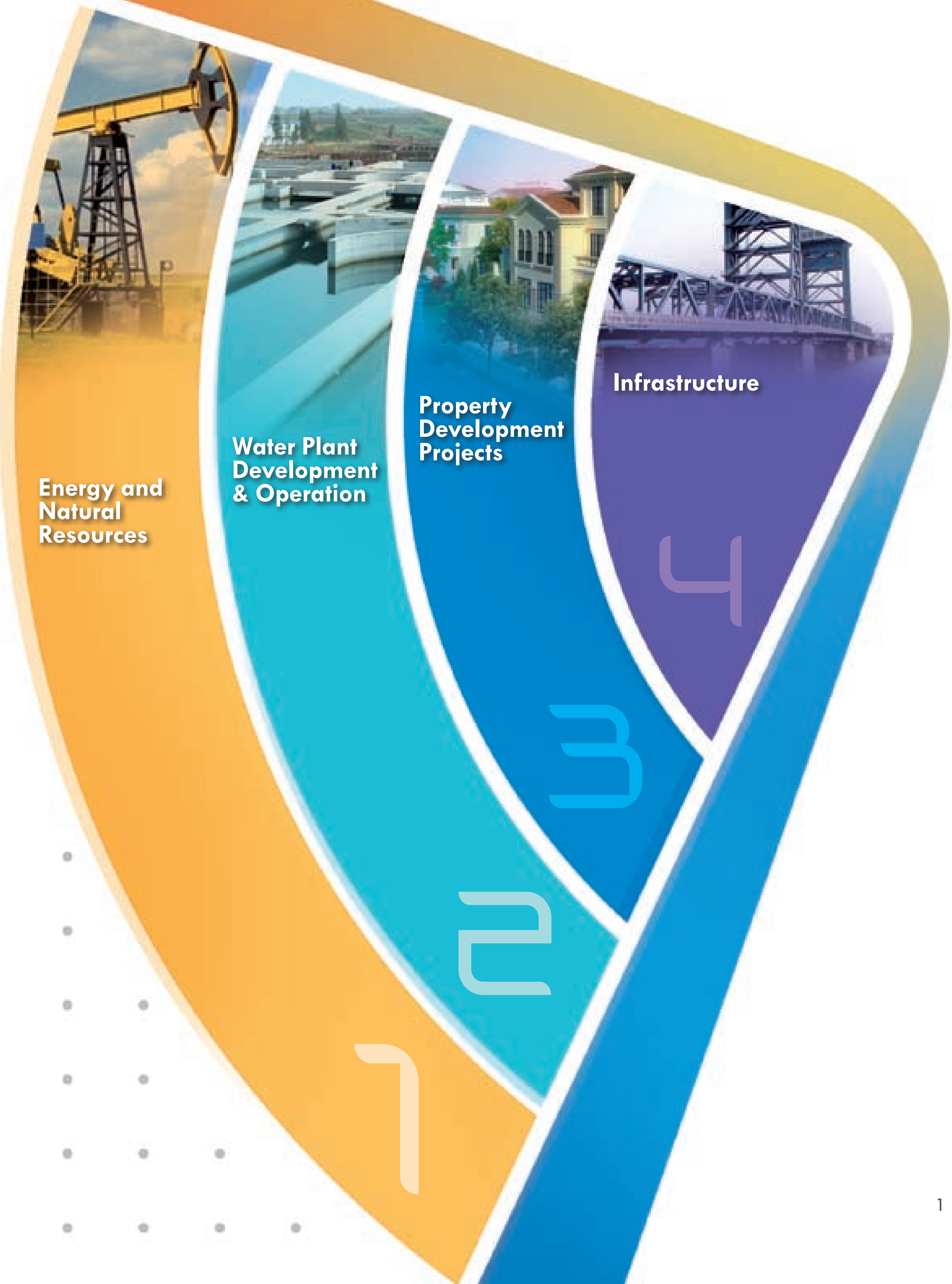
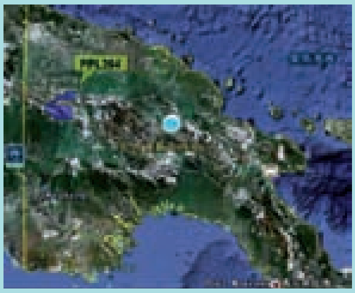
Our Businesses



Chairman's Statement



Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the annual report for China International Holdings Limited (formerly known as China Infrastructure Holdings Limited), for the financial year ended 31 December 2009 ("FY2009").

2009 was a year of transformation for the Group. The Group has been in the process of diversifying from its existing core business of infrastructure, water plant development and operations and property development projects, to energy and natural resources business in order to create long-term growth and sustainable shareholder value.

In FY2009, although the net profit of the Group declined to RMB0.37 million, the profit attributable to the Group was RMB21.46 million.

The Directors have recommended a final tax-exempt dividend of 0.35 Singapore cents per ordinary share, pending approval at the forthcoming Annual General Meeting.

The Year in Review

The Group's turnover rose 10.9%, from RMB43.03 million in FY2008 to RMB47.74 million in FY2009. Alongside the higher turnover, cost of services provided in FY2009 was RMB23.61 million, an increase of RMB2.23 million or 10.4%.

In line with the increase in revenue, gross profit for the year rose RMB2.48 million or 11.5%, to reach RMB24.13 million, in contrast to RMB21.65 million in FY2008.

The Group gained RMB0.9 million from the sharing of profits of the jointly controlled entity, CIHL (Tianjin) Water Development Company Limited. This was mainly due to higher turnover from the water plant.

Net profit however, showed a 98.9% decrease to RMB0.37 million, compared with the previous year. This was because of the compulsory acquisition of Haimen Bridge by the local authority. In pursuant to the Compensation Agreement dated 23 December 2009, part of the compensation amounting to RMB20 million was awarded directly to the local partner of the Cooperative Joint Venture which held the Haimen Bridge. The said RMB20 million was not able to record in the Group's consolidated statement of comprehensive income according to the International Financial Reporting Standards. As a result, after the provision for the staff severance compensation and demobilization, the

Group recorded a comparably lower net profit of RMB0.37 million for FY2009.

Net cash generated from investing activities in FY2009 was RMB103.19 million, primarily due to the settlement for disposal of a 40% shareholding in Tianjin New Beitang Development Limited. Cash and bank balance as at 31 December 2009 was RMB171.12 million. Compared to FY2008, the cash position of the Group has improved.

During the year under review, the Group has incorporated two new subsidiaries - Pinnacle China Limited and CIHL (Tianjin) City Development Limited. These two new subsidiaries will be vital in the Group's strategic diversification to the new business sectors.

Transforming Our Strengths, Moving Ahead

The Company previously dealt with infrastructure, water plant development and operations and property development projects in China.

Since the compulsory acquisition of Haimen Bridge by the local government in Tianjin, the Group has embarked on a venture to diversify its businesses internationally by exploring energy and natural resources ownership, development, mining and exploration, production and management activities.

To better reflect this transformation, the Group has also changed its name to "China International Holdings Limited". We believe that our prior expertise and experience will be valuable in this transition because of the strong association between infrastructure management and the energy and natural resources sector – civil construction infrastructure is required before the commencement of many mining and extraction operations. This therefore, provides the Group with a strong position to build upon, both domestically and internationally.

In line with this business strategy, we had on 1 December 2009, announced our investment in the Fly River Map Sheet S.B. 54 Oil Field in Papua New Guinea. In this investment, the newly-acquired Pinnacle China Limited entered into an agreement with Future Trillion Holdings Limited, Mega Sino Investments Limited and MKS Limited. This venture gives the Group exclusive rights to explore for petroleum, carry out an appraisal of petroleum discovery, and execute such works as are necessary for those purposes in the licensed area.

The inroads made into the energy and natural resources sectors will require some time before any return on investment can be achieved. We believe however, that the investment in Papua New Guinea lays a good foundation for the Group to benefit from this sector's growth prospects.

Building long-term growth

As a progressive company, the Group believes in developing international best practices in order to anchor and sustain long-term growth. In the area of human resources, the Group has recently begun implementing a new, expanded share option scheme aimed to attract, motivate, reward and maintain directors, executives and employees. This scheme will also serve to engender stronger ties and dedication towards the Group, and recognise and acknowledge the participants for their achievement.

A performance share plan was also proposed and approved in March 2010, whereby eligible participants are conferred rights by the Company to be issued or transferred shares. This plan is a share incentive plan, and makes up an integral part of employee incentive compensation in our variable wage system.

In Acknowledgement

As we conclude the year and look towards the future, we would like to express our heartfelt appreciation to our board members, management team, employees, business associates, bankers, shareholders and customers for their continuous support and dedication to the continued growth of the Company. With our developing strategies, the Group is confident of emerging stronger than ever.

Shan Chang
Chairman

Corporate Structure

CIH

China International Holdings Limited 中翔國際集團有限公司

100% Samoa
CIHL City Development Ltd
中翔城市發展有限公司

- 100% PRC
  CIHL (Tianjin) Enterprise Development Limited
  中翔基建(天津)實業發展有限公司
  - 100% PRC
    CIHL (Tianjin) Enterprise Development Limited – Beijing Property Management Branch Office
    中翔基建(天津)實業發展有限公司北京物業管理分公司

100% Samoa
CIHL Development Limited
中翔基建發展有限公司

- 100% PRC
  CIHL (Tianjin) City Development Limited
  天津新中城市實業發展有限公司

100% Hong Kong
China Infrastructure Management (Hong Kong) Limited
中翔基建管理(香港)有限公司

100% Samoa
China (Tianjin) Water Resources Limited
中國(天津)水資源有限公司

- 60% PRC
  CIHL (Tianjin) Water Development Company Limited
  中翔(天津)水業發展有限公司
  (Jointly Controlled Entity)

We are exploring our business into the energy and natural resources sector and have engaged in a petroleum project in Papua New Guinea. We believe the Group will have new opportunities for a better financial year and create greater value for our shareholders.

100% Singapore
China Toll Bridges & Roads (S) Pte. Limited

100% Samoa
Hebei Bridges Investments Limited
河北橋樑投資有限公司

60% PRC
CCI Andi Bridges Co., Ltd
中翔安地大橋有限公司

100% British Virgin Islands
Pinnacle China Limited

100% Samoa
Tianjin Bridges Investments Limited
天津橋樑投資有限公司

75% PRC
CIH (Tianjin) Haimen Bridge Ltd
中翔(天津)海門大橋有限公司

Board of Directors

SHAN CHANG

Mr Shan is one of the founders and the Chairman of the Company. Mr Shan has over 20 years of experience in the construction industry in the PRC and Hong Kong and more than 10 years business and financial management experience in listed companies. Mr Shan is the President of China Institute of Geotechnical Investigation and Surveying. Mr Shan holds an Executive Master of Business Administration degree from the Tsinghua University, a Master of Science degree in Engineering from the China Academy of Railway Science and a Bachelor of Science degree in Engineering from the Tong Ji University. Age 50.

FONG WENG KHIANG

Mr Fong was first appointed to the Board on 14 January 2006 and elected as a Director on 29 April 2008. Mr Fong has more than 23 years of working experience in the building industry and property development. He had stationed in China between 1994 and 2000, served as Regional Director for a multinational conglomerate headquartered in Singapore. Mr Fong holds a Bachelor of Science (Building) degree from the University of Singapore, a Master of Science (International Construction Management) degree from the Nanyang Technological University, and has a postgraduate Diploma in Financial Management conferred by New York University and the Singapore Institute of Management. Mr Fong is a member of the Singapore Institute of Surveyors and Valuers and a professional member of the Royal Institution of Chartered Surveyors. Age 56.

ZHANG RONG XIANG

Mr Zhang is one of the founders of the Company. Mr Zhang was re-appointed Managing Director of the Company on 3 December 2009. Mr Zhang has more than 20 years of experience in construction, civil engineering and seismic studies in the PRC and Hong Kong, including 15 years with the Comprehensive Institute of Site Investigation and Surveying, Ministry of Construction of the PRC. Mr Zhang holds an Executive Master of Business Administration degree from the Peking University, a Master of Science degree in Engineering from the China Academy of Building Research and a Bachelor of Engineering degree from the Hefei University of Technology. Mr Zhang is a member of the Council of the Architectural Society of China, a Registered Engineer for Construction Supervision and Registered Civil Engineer (Geot.) in the PRC. Age 47.

ZHU JUN

Mr Zhu joined the Company in April 2003 and was appointed Executive Director of the Company on 25 June 2003. Mr Zhu is responsible for the business development and financial matter of the Group. Mr Zhu also sits on the Board of United Energy Group Co. Ltd. Prior to joining the Company, Mr Zhu worked in banking, financial and capital market sector for more than 13 years as a senior executive. He served as Assistant Director of SINOLINK Worldwide Holdings Limited, a company listed on the Hong Kong Stock Exchange, for about 2 years. Mr Zhu holds a Master and a Bachelor degree in Economics from the Peking University. Age 44.

CHEE TECK KWONG PATRICK

Mr Chee Teck Kwong Patrick, PBM, was appointed as an Independent Director on 16 June 2008. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. Mr Chee is admitted as a Solicitor of the Senior Courts of England and Wales. Since 1980 he has been an advocate and solicitor of the Supreme Court of the Republic of Singapore. He is now practicing as a Senior Legal Consultant with KhattarWong.

Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He also sits on the Board of PSC Corporation Ltd, CSC Holdings Limited, Ramba Energy Limited, Singapore Windsor Holdings Limted, Tat Seng Packaging Group Ltd, Hai Leck Holdings Limited and Hengxin Technology Ltd.

Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club and the Organising Chairman of National Street Soccer Leagues. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masayarakat) from the President of Republic of Singapore.

Key Executives

BAO SHI YI

Mr Bao was appointed the Deputy General Manager of the Group on 1 April 2007. Mr Bao has more than 20 years of experience in construction, civil engineering and property development in the PRC. Prior to joining the Group, Mr Bao worked with Tianjin Tanggu City Construction and Investment Company, a state owned enterprise as General Manager. Mr Bao holds a Bachelor of Civil Engineering degree from Construction Engineering College of Tianjin and a Bachelor of Economics degree from Chinese Communist Party School. Mr Bao is a Civil Engineer. Age 48.

LAI KIN MING, KENNY

Mr Lai was appointed Group Chief Accountant in February 2001. Mr Lai is responsible for the accounting functions of the Group. Mr Lai has over 20 years of experience in accounting functions. Mr Lai holds a Bachelor degree in Commerce from the University of Canberra and has a Postgraduate Diploma in Financial Management from the University of London. Mr Lai is an associate member of CPA Australia. Age 52.

NG MEI WAH, MON

Ms Ng joined the Company on 7 December 2006 as the assistant company secretary, and was appointed Joint Company Secretary on 1 April 2008. Prior to joining the Company, Ms Ng worked with Dow Chemical Pacific Limited in Hong Kong for 10 years. Her last position there was Product Marketing Specialist. Ms Ng holds a Master of Corporate Governance degree from The Hong Kong Polytechnic University and a Bachelor of Commerce degree from Curtin University of Technology. Ms Ng is an associate member of The Hong Kong Institute of Chartered Secretaries. Age 38.

Corporate Information

Directors

Mr Shan Chang, Non-Executive Chairman
Mr Fong Weng Khiang, Independent Deputy Chairman
Mr Zhang Rong Xiang, Managing Director
Mr Zhu Jun, Executive Director
Mr Chee Teck Kwong Patrick, Independent Director

Company Secretaries

Mr Chew Kok Liang
Ms Ng Mei Wah Mon

Auditor

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

Partner-in-charge: Wong Poh Weng
Date of appointment: 1 April 2007

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Beijing Office

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Haidian District, Beijing
PRC 100081

Website

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Share Registrar

Codan Services Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Share Transfer Agent

Boardroom Corporate &
Advisory Services (Pte) Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

Registered Office

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda
Telephone: 1 441 295 1422
Fax: 1 441 292 4720

Principal Bankers

CITIC Industrial Bank
Industrial and Commercial Bank of China
CITIC Ka Wah Bank

Statement of Corporate Governance

The Directors of China International Holdings Limited (the "Company") are committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long term shareholder value are met.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholders' value. To fulfill this role, the Board is responsible for setting the overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices of the Group.

The Board conducts regular scheduled meetings on a quarterly basis to review and approve matters such as material acquisition and disposal of assets, major investments and divestments, major funding proposals, corporate governance policies, repurchase of shares, dividends, release of the Group's quarterly financial results and material interested person transactions. Ad-hoc meetings are convened as and when they are deemed necessary in between the scheduled meetings. The Bye-Laws of the Company allow board meetings to be conducted by means of such telephone, electronic or other communication facilities. When a physical Board meeting is not possible, the Board members can communicate through electronic means or via circulation of written resolutions for approval.

The Board delegates three Board Committees to assist in the execution of its responsibilities, namely Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC"). All Committees chaired by an independent Director and consist a majority of independent or non-executive Directors.

At least one of the Company Secretaries will attend all meetings of the Board and the Board committees of the Company to ensure that Board procedures are followed and applicable rules and regulations are complied with.

The Company conducts briefing for new Directors to orientate them on the Group's operations and furnished them with information and updates on the Group's corporate governance practices.

Details of Board and Board Committee Meetings held during the financial year ended 31 December 2009 are summarized in the following table:

Name of Director	Board Meetings	AC Meetings	NC Meetings	RC Meetings
Number of Meetings	6	5	2	1
Mr Shan Chang	5	4	2	1
Mr Fong Weng Khiang	6	5	2	1
Mr Zhang Rong Xiang	6	–	–	–
Mr Zhu Jun	6	–	–	–
Mr Chee Teck Kwong Patrick	6	5	2	1

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently has five Directors, one-third of whom are independent directors.

Name of Director	Position
Mr Shan Chang	Non-Executive Chairman
Mr Fong Weng Khiang	Independent Director and Deputy Chairman
Mr Zhang Rong Xiang	Managing Director
Mr Zhu Jun	Executive Director
Mr Chee Teck Kwong Patrick	Independent Director

The NC reviews the size and composition of the Board on annual basis. The Board is of the view that the current board size is appropriate for business nature and scope of operations. The Board is of the view that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Non-executive and independent members of the Board exercise no management functions in the Company or its subsidiary. Although all the Directors have an equal responsibility for the Group's operations, the role of these non-executive directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and take account of the long term interests, of the Shareholders, having regard to the interests of employees, customers, suppliers and the many communities in which the Group conducts business. The non-executive Directors help to develop proposals on strategy.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and Managing Director are separate, with a clear division of responsibilities between the two directors. Our Non-Executive Chairman, Mr Shan, plays a pivotal role in steering the strategic direction and growth of the business, since he has considerable business experience. He also ensures information flow between Management and the Board, while the Managing Director, Mr Zhang, assumes full executive responsibilities over the business directions and operational decisions of the Group.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

The NC comprises three Directors, a majority of whom, including the Chairman, are independent. The NC members are:

Mr Chee Teck Kwong Patrick (Chairman)

Mr Fong Weng Khiang

Mr Shan Chang

The Chairman of NC is not associated in any way with the substantial shareholders of the Company.

The Nominating Committee has written terms of reference that describes the responsibilities of its members. The NC's functions are to develop and maintain a transparent and formal process for the appointment of new directors, to make recommendations on directors who are due for retirement by rotation to seek re-election at general meeting, and to determine the status of independence of each director. The role of the NC includes reviewing nominations for the appointment and re-appointment to the Board and the various Board committees, and overseeing the induction process for directors. The NC is also tasked to assess the effectiveness and contributions of the Board and its members, to the strategic growth and development of the Company. In doing so, the NC would determine how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each director. Where a director has multiple board representations, the NC will evaluate annually whether or not a director is able to and has been adequately carrying out his duties as director of the Company based on internal guidelines such as attendance, contactability and responsiveness. Despite some of the Directors having other board representations, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and given it a broader perspective.

The Directors submit themselves for re-nomination and re-election as Directors at regular intervals of at least once every three years. Pursuant to Bye-law 104 of the Company's Bye-laws, one-third of the Directors are to retire from office by rotation at the Company's Annual General Meeting ("AGM"). In addition, pursuant to the Bye-Laws of the Company, newly appointed director must retire and submit himself for re-election at the next AGM following his appointment.

The NC reviews annually the independence of the Directors. The Board considers all Directors are free from any relationship so they can make independent judgment without any interference.

The NC oversees the selection and appointment of new directors. The process includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board.

The following are the information relating to the date of appointment of the directors and the date of their last re-election:

	Date of appointment	Date of last re-election
Mr Shan Chang	7 Nov 1998	29 April 2008
Mr Fong Weng Khiang	14 Jan 2006	29 April 2008
Mr Zhang Rong Xiang	15 Jan 1999	28 April 2006
Mr Zhu Jun	25 Jun 2003	30 April 2009
Mr Chee Teck Kwong Patrick	16 Jun 2008	30 April 2009

Mr Shan Chang and Mr Fong Weng Khiang have given their consent for re-election. The NC has recommended that Mr Shan Chang and Mr Fong Weng Khiang who will be retiring by rotation at the forthcoming AGM to be re-elected.

Key information of the directors can be found on Page 6 of this Annual Report.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC has adopted an evaluation questionnaire to assess the performance and effectiveness of the Board as a whole. It focuses on a set of performance criteria, which includes the size and composition of the Board, the Board's access to information, Board process and accountability, directors' standards of conduct.

Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of the Directors for the current year are based on the Directors' attendance at meetings held during the year and the contribution made by the Directors at the meetings.

The review of the Board performance is undertaken collectively by the Board annually.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Directors receive a regular supply of detailed information from management concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's executive management, so that they are equipped to play as full part as possible in Board meetings. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings.

The Board members have unrestricted access to the Management of the Company and of the subsidiaries. They have been provided with sufficient background and explanatory information for the assessment of the business of the Group before meetings.

The Company Secretary attends all Board Meetings and prepares minutes of meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

If necessary, the Board may, in furtherance of their duties, seek independent professional advice at the expense of the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following Directors, a majority of whom, including the Chairman, are independent:

Mr Chee Teck Kwong Patrick (Chairman)

Mr Fong Weng Khiang

Mr Shan Chang

The Remuneration Committee holds at least one meeting per year. The key functions of the Remuneration Committee under the Terms of Reference are, inter alia:-

(a) to recommend to the Board a framework of remuneration for the Board and executive officers, and to determine specific remuneration packages for each executive director; such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind;

(b) in the case of service contracts, to consider what compensation commitments the directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of any share option schemes or performance share plans as may be implemented, to consider whether directors should be eligible for benefits under such incentive schemes.

The members of the Remuneration Committee shall not participate in any decision concerning their own remuneration. No Director will be involved in determining his own remuneration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the Company will take into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

All Board Directors receive Directors' fees. The directors' fees will be subject to the shareholders' approval at the forthcoming annual general meeting ("AGM").

The remuneration for the Company's executive Directors and key senior executives comprise a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The annual reviews of the remuneration package of Directors will be carried out by the Remuneration Committee to ensure that the remuneration of the executive Directors and senior management is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Managing Director (together with other senior executives) will be reviewed periodically by the Remuneration Committee and the Board.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The fees and remuneration paid to each of the Directors and key executives of the Company for the financial year ended 31 December 2009 are set out below.

	Fee %	Salary %	Bonus %	Total %
Directors				
Below S$250,000				
Mr Shan Chang	100	–	–	100
Mr Fong Weng Khiang	100	–	–	100
Mr Zhang Rong Xiang	20	80	–	100
Mr Zhu Jun	27	73	–	100
Mr Chee Teck Kwong Patrick	100	–	–	100
Key Executives				
Below S$250,000				
Mr Bao Shi Yi	–	100	–	100
Mr Lai Kin Ming Kenny	–	100	–	100
Ms Ng Mei Wah Mon	–	100	–	100

The non-executive directors, including the independent directors, have no service contracts with the Company and their terms of appointment are specified in the Bye Laws of the Company. The service period of the Managing Director is for a period not exceeding a fixed term of 5 years as per the Bye-Laws of the Company. The service contract of the Executive Directors is for a period of three years and the contract can be terminated by giving the other party not less than 6 months notice or payment in lieu of notice.

There are no employees of the Group who are immediate family members of a Director, the Managing Director or a substantial shareholder, and whose remuneration exceeds S$150,000 during the financial year ended 31 December 2009.

In deriving and approving appropriate remuneration packages, the RC is mindful of factors such as employment conditions within the industry, roles and responsibilities of the individuals and the need to link reward to performance. The Company has also put in place a share option scheme and a performance share plan for executives as part of its remuneration mix and as a staff-retention tool.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board adopted the principle that the Board is accountable to the shareholders while the management is accountable to the Board. The Board is committed to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on periodic basis and keep shareholders informed of significant developments of the Company's operations. The monthly financial information is available for the Board members to review on a periodic basis.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three Directors, a majority of whom, including the Chairman is independent. The AC members are:

Mr Fong Weng Khiang (Chairman)

Mr Shan Chang

Mr Chee Teck Kwong Patrick

The AC members have many years of experience in board of directors and senior management positions. The Board is of the view that the AC members have sufficient financial management expertise and experience to discharge their responsibilities.

The AC carries out its functions as set out its terms of reference. The AC monitors the changes in accounting policies, reviews internal audit appraisals and adequacy of the Group's internal controls, reviews interested person transactions, and discusses accounting implications of major transactions so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. In addition, the AC reviews with the external auditors on audit plan, audit issues, audit report and Management's response.

The Company has put in place a whistle-blowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The AC has full access to and co-operation by Management and has full discretion to invite any executive director or executive officer to attend their meetings.

The AC meets with the external auditors and internal auditors, at least once a year, without the presence of Management.

The AC has reviewed and satisfied the external auditors' independence and objectivity.

The AC recommends to the Board that Messrs RSM Nelson Wheeler be nominated for re-appointment as the external auditor of the Company at the forthcoming AGM.

Internal Controls

Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the Management.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The AC reviews the adequacy of the Company's internal financial controls, operation and compliance controls and systems established by the Management ("internal controls") and the effectiveness of the internal controls annually.

The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group's management throughout the financial year is adequate to meet the needs of the Group in its current business environment.

Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Group has outsourced the internal audit function to Ethos Advisory Pte Ltd. Their mandate is to review management risk and internal controls for key processes. The AC is satisfied there are adequate controls and measures within the Group and will continue to review the same on an annual basis.

The Internal Auditors report to the Chairman of the Audit Committee at least once annually.

The internal auditors report directly to the AC on internal audit matters, and to Managing Director on administrative matters. The AC reviews the internal audit reports and activities periodically and the effectiveness of the Company's internal audit function. The AC also reviews and approves the annual internal audit plan. The AC is of the view that the internal audit function is adequately resourced to perform its functions and have, to the best of its ability, maintained its independence from the activities that it audits.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company is committed to maintain a regular, effective and fair communication with shareholders. Pursuant to the continuous disclosure obligations under Singapore Exchange Listing Rules, the Company makes disclosures through announcements via SGXNET.

In addition, the Board views AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to voice their views to, raise issues to and seek clarification from the Board of Directors or Management regarding the Company and its operations. Shareholders are encouraged to attend AGM in person or by proxy. The Company's external auditors are also invited to assist in addressing any queries by shareholders relating to the conduct of audit and the preparation and content of their auditors' report.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

Dealings in Securities

The Group has adopted a set of code in relation to dealings in the Company's securities to all its officers pursuant to Singapore Exchange Listing Rules. The Company and its officers are not allowed to deal in the Company's shares while in possession of unpublished material price-sensitive information, and during the period commencing two weeks before the announcement of Company's quarterly results and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

Interested Person Transactions ("IPTs")

The Company has established guideline on interested person transactions. The AC reviews material interested person transactions and keep the Board informed of such transactions, if any.

Measures are taken to ensure that terms and conditions of interested person transactions are not more favorable than those granted to non-related persons under similar circumstances.

The aggregate value of interested person transactions entered into during the year under review is as follows.

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	RMB'000	**RMB'000**
建設綜合勘察研究設計院有限公司 - consultancy service	900	–
北京世紀龍泉房地產開發有限公司 - payment	7,000	–

Material Contracts

A cooperation agreement dated 8 January 2009 entered into between CIHL (Tianjin) Enterprise Development Limited, a wholly-owned subsidiary of the Company and 北京世紀龍泉房地產開發有限公司 in which 75% equity interests was held by 天津市寧渠事業發展有限公司 where Mr Zhang Rong Xiang is one of the directors.

Save as disclosed above, there are no material contracts of the Company and its subsidiaries involving interest of any directors or controlling shareholders during and as at the end of the end of financial year of 2009.

Risk Management

Management regularly reviews the Group's businesses and assesses operational environment in order to identify areas of significant business and financial risks such as foreign currency risks, interest rate risk, credit risk and liquidity risk, as well as appropriate measures to control and mitigate these risks. The significant risk management policies are as disclosed in the audited financial statements of this Annual Report.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiary companies (the "Group") for the financial year ended 31 December 2009 ("FY2009").

The Board of Directors

The directors of the Company in office during FY2009 and up to the date of this report are:

Mr Shan Chang
Mr Fong Weng Khiang
Mr Zhang Rong Xiang
Mr Zhu Jun
Mr Chee Teck Kwong Patrick

Arrangements to Enable Directors to Acquire Shares or Debentures

Other than as disclosed under "Share Options" below, neither at the end of nor at any time during FY2009, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interests in Shares and Debentures

As at the 21st day after the end of FY2009, Messrs. Shan Chang and Zhang Rong Xiang were directors of China Construction Group Inc, a substantial shareholder of the Company.

According to the register of Director's shareholdings, the following directors, who held office at the end of FY2009, had an interest in the shares of the Company as stated below:

Ordinary shares of S$0.05 each of the Company as at 31 December 2009:

Name of Director	Direct Interest	Deemed Interest
Mr Zhang Rong Xiang	2,566,000	–

Share Options

As at 31 December 2009, details of share options granted by the Company to the directors pursuant to the CIHL Share Option Scheme adopted on 10 May 2004 ("2004 Option Scheme") are as follows:

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Mr Shan Chang	–	28,000,000	–	–
Mr Fong Weng Khiang	–	4,500,000	–	4,500,000
Mr Zhang Rong Xiang	–	28,000,000	–	–
Mr Zhu Jun	–	11,000,000	–	–
Mr Chee Teck Kwong Patrick	–	4,500,000	–	4,500,000
	–	76,000,000	–	9,000,000

2004 Option Scheme was terminated on 10 May 2009. Before the termination of 2004 Option Scheme, 9,000,000 options granted to directors and employees of the Company in accordance with 2004 Option Scheme were outstanding for conversion into 9,000,000 shares in the capital of the Company as at 31 December 2009.

Under 2004 Option Scheme, 75.5 million options were lapsed in FY2009. No share options were exercised as at the date of this report or at any time during FY2009. None of the share options have been granted at a discount.

2004 Option Scheme is administered by the Remuneration Committee, members of which included Messrs. Fong Weng Khiang, Shan Chang and Chee Teck Kwong Patrick.

A new CIHL Share Option Scheme has been adopted on 8 March 2010 ("2010 Option Scheme"). As at the date of this report, following share options have been granted by the Company to the directors pursuant to 2010 Option Scheme:

Name of participant	Options granted since commencement of the New Scheme to the date of this report
Mr Shan Chang	6,000,000
Mr Fong Weng Khiang	1,500,000
Mr Zhang Rong Xiang	4,000,000
Mr Zhu Jun	4,000,000
Mr Chee Teck Kwong Patrick	1,500,000
	17,000,000

Pursuant to 2010 Option Scheme, there were 17,000,000 share options granted to the above directors of the Company on 8 March 2010 at the exercise price of S$0.075. The vesting schedule of the options is 50% and 50% after the first and second anniversary respectively of the grant. The expiry date of the options is on 7 March 2015.

No option has been granted to the controlling shareholders and their associates under 2010 Option Scheme. None of the share options have been granted at a discount.

2010 Option Scheme is administered by the Remuneration Committee, members of which included Messrs. Fong Weng Khiang, Shan Chang and Chee Teck Kwong Patrick.

Other than the foregoing, none of the Directors of the Company holding office as at the date of this report or at any time during FY2009 had any direct or deemed direct interests in the share capital and debentures of the Company as per record in the register of Directors' shareholdings kept by the Company.

Directors' Interests In Material Contracts

Since the beginning of the FY2009, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a director or with a firm of which he is a member of or with a company in which he has a substantial financial interest other than the indirect interest as disclosed above. There were no material contracts of the Company and its subsidiaries involved the interests of the executive officers, directors or its controlling shareholders.

Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Mr Fong Weng Khiang (Chairman)
Mr Shan Chang
Mr Chee Teck Kwong Patrick

The details and function of the Audit Committee are set out in the statement of Corporate Governance.

The Board of Directors has reviewed and is satisfied with the adequacy of internal controls that comes under the supervision of the Audit Committee.

The Audit Committee recommends the re-appointment of RSM Nelson Wheeler as auditors of the Company at the forthcoming Annual General Meeting.

Non-Audit Fees

Non-assurance fee of HK$12,000 was paid to the auditors during FY2009.

Independent Auditors

The auditor, RSM Nelson Wheeler, has expressed their willingness to accept re-appointment.

On behalf of the Directors

Shan Chang Chairman	Zhang Rong Xiang Managing Director

24 March 2010

Statement by Directors

The Board of Directors is responsible for the preparation and the true and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the Directors, the accompanying statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up in accordance with and comply with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's results and cash flows for financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Directors

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

24 March 2010

Independent Auditor's Report

To the Shareholders of China International Holdings Limited
(Formerly known as China Infrastructure Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China International Holdings Limited (the "Company") set out on pages 21 to 67, which comprise the consolidated and Company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRSs"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's results and cash flows for the year then ended in accordance with IFRSs.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
Partner-in-charge: Wong Poh Weng
(Date of appointment: 1 April 2007)

24 March 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
TURNOVER	6	47,742	43,031
Cost of services provided		(23,609)	(21,381)
Gross profit		24,133	21,650
Other income	7	15,875	38,580
Loss on disposal of operating rights of a toll bridge and its ancillary facilities	33	(14,967)	–
Administrative expenses		(8,389)	(8,276)
Other operating expenses		(8,898)	(5,361)
Profit from operations		7,754	46,593
Finance costs	9	(47)	(28)
Share of profits of a jointly controlled entity		900	606
PROFIT BEFORE TAX		8,607	47,171
Income tax expense	11(a)	(8,237)	(12,715)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	12	370	34,456
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:-			
Owners of the Company		21,460	30,080
Minority interests		(21,090)	4,376
		370	34,456
EARNINGS PER SHARE		RMB(Fen)	RMB(Fen)
Basic	15	2.47	3.40
Diluted	15	2.47	3.39

Consolidated Statement of Financial Position

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	11,514	13,481
Intangible assets	17	22,529	178,078
Investment properties	18	24,770	30,270
Investment in a jointly controlled entity	20	33,841	32,941
		92,654	254,770
CURRENT ASSETS			
Accounts receivable, prepayments and other receivables	21	493,066	340,812
Refundable deposits	22	10,000	160,000
Due from a jointly controlled entity	23	6,176	6,176
Due from related companies	30(b)	12,815	5,035
Due from minority shareholders	23	7,506	5,283
Cash and bank balances	24	171,119	31,852
		700,682	549,158
CURRENT LIABILITIES			
Accounts payable, other payables and accruals	25	16,938	7,342
Due to a jointly controlled entity	26	7,500	7,500
Due to related companies	30(b)	1,001	1,501
Due to a director		–	1,907
Current tax liabilities		17,782	12,118
Due to minority shareholders	27	26,000	26,000
		69,221	56,368
NET CURRENT ASSETS		631,461	492,790
TOTAL ASSETS LESS CURRENT LIABILITIES		724,115	747,560
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11(b)	3,973	4,676
		3,973	4,676
NET ASSETS		720,142	742,884
CAPITAL AND RESERVES			
Share capital	28	218,820	218,820
Reserves	29(a)	459,618	451,383
Equity attributable to owners of the Company		678,438	670,203
Minority interests		41,704	72,681
TOTAL EQUITY		720,142	742,884

Approved by the Board of Directors on 24 March 2010

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Profit before tax		8,607	47,171
Adjustments for:			
Amortisation of intangible assets		10,293	8,540
Depreciation of property, plant and equipment		1,535	1,766
Interest income		(14,351)	(16,733)
Refund of PRC income tax		–	(306)
Share options granted to employees and directors		353	288
Loss on disposal of operating rights of a toll bridge and its ancilliary facilities	33	14,967	–
Loss / (gain) on disposals of property, plant and equipment		15	(6)
Gain on disposal of a jointly controlled entity		–	(23,000)
Loss on fair value changes of investment properties		–	994
Share of profits of a jointly controlled entity		(900)	(606)
Operating profit before working capital changes		20,519	18,108
Decrease in accounts receivable, prepayments and other receivables		5,672	24,245
Increase in due from a jointly controlled entity		–	(85)
Increase in due from related companies		(256)	(250)
Decrease in due to related companies		(500)	–
Increase / (decrease) in accounts payable, other payables and accruals		168	(775)
Cash generated from operations		25,603	41,243
PRC income taxes paid		(3,276)	(1,882)
PRC income tax refunded		–	306
Net cash generated from operating activities		22,327	39,667
Cash flows from investing activities			
Interest received		24,041	10,143
Payments of intangible assets		–	(4,371)
Payments of property, plant and equipment		(1,360)	(497)
Payments of investment properties		–	(464)
Refundable deposits paid for land development projects		–	(160,000)
Proceeds on disposal of an investment property		5,500	–
Proceeds on disposal of a jointly controlled entity		75,000	–
Proceeds on disposal of property, plant and equipment		12	6
Net cash generated from / (used in) investing activities		103,193	(155,183)

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Cash flows from financing activities		
Repurchase of shares	–	(13,935)
Dividends paid to owners of the Company	(13,578)	(16,164)
Loans granted to a minority shareholder	(2,223)	(762)
Cash paid to a minority shareholder on behalf of a third party	(6,000)	–
Reimbursement received from a third party for cash paid to a minority shareholder on behalf of a third party	6,000	–
Short term loans granted to a third party	(500)	(12,012)
Settlement of loans due from third parties	47,202	116,345
Short term loans advanced by a third party	11,285	–
Short term loans repaid to a third party	(10,800)	–
Loans advanced to related companies	(17,825)	(4,860)
Loans repaid from related companies	10,475	–
Loans advanced by related companies	974	1,139
Loans repaid to related companies	(974)	(460)
Cash received on behalf of a related company	1,000	–
Loans repaid to a director	(1,402)	(790)
Dividends paid to a minority shareholder	(9,887)	(668)
Net cash generated from financing activities	13,747	67,833
Net increase / (decrease) in cash and cash equivalents	139,267	(47,683)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,852	79,535
CASH AND CASH EQUIVALENTS AT END OF YEAR	171,119	31,852
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	171,119	31,852

Statement of Financial Position

As at 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	220,049	220,049
CURRENT ASSETS			
Due from subsidiaries	19	343,302	274,958
Prepayments and other receivables	21	193,789	251,084
Due from a related company	30(b)	781	102
Cash and bank balances	24	1	1
		537,873	526,145
CURRENT LIABILITIES			
Due to subsidiaries	19	130,600	111,887
Other payables and accruals	25	870	993
		131,470	112,880
NET CURRENT ASSETS		406,403	413,265
NET ASSETS		626,452	633,314
CAPITAL AND RESERVES			
Share capital	28	218,820	218,820
Reserves	29(b)	407,632	414,494
TOTAL EQUITY		626,452	633,314

Approved by the Board of Directors on 24 March 2010

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to owners of the Company											Minority Interests	Total Equity
	Share capital	Share premium	Contributed surplus	Capital reserve	Statutory reserves*	Capital redemption reserve	Exchange reserve	Share options reserve	Accumulated losses	Proposed final dividend	Subtotal		
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2008	227,144	50,164	565,589	6,966	11,460	–	(8)	13,530	(221,064)	16,164	669,945	68,962	738,907
Total comprehensive income for the year	–	–	–	–	–	–	–	–	30,080	–	30,080	4,376	34,456
Repurchase of shares	(8,324)	(5,611)	–	–	–	8,324	–	–	(8,324)	–	(13,935)	–	(13,935)
Reserve for reduction of interest in a PRC subsidiary	–	–	–	(11)	–	–	–	–	–	–	(11)	11	–
Payment of dividends	–	–	–	–	–	–	–	–	–	(16,164)	(16,164)	(668)	(16,832)
Transfer	–	–	–	–	635	–	–	–	(635)	–	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	288	–	–	288	–	288
2008 proposed final dividend	–	–	–	–	–	–	–	–	(13,578)	13,578	–	–	–
At 31 December 2008 and at 1 January 2009	218,820	44,553	565,589	6,955	12,095	8,324	(8)	13,818	(213,521)	13,578	670,203	72,681	742,884
Total comprehensive income for the year	–	–	–	–	–	–	–	–	21,460	–	21,460	(21,090)	370
Share option lapsed/forfeited during the year	–	–	–	–	–	–	–	(12,891)	12,891	–	–	–	–
Payment of dividends	–	–	–	–	–	–	–	–	–	(13,578)	(13,578)	(9,887)	(23,465)
Transfer	–	–	–	–	990	–	–	–	(990)	–	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	353	–	–	353	–	353
2009 proposed final dividend	–	–	–	–	–	–	–	–	(14,757)	14,757	–	–	–
At 31 December 2009	218,820	44,553	565,589	6,955	13,085	8,324	(8)	1,280	(194,917)	14,757	678,438	41,704	720,142

* As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the PRC subsidiaries of the Group are required to provide for statutory surplus reserve fund and enterprise expansion fund. Appropriations to such reserve funds are made out of net profit after tax of the statutory financial statements of the PRC subsidiaries and the amount and allocation basis are decided by their respective board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses of the PRC subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation. The appropriations to the statutory surplus reserve fund and enterprise expansion fund are reflected in the statutory reserves under shareholders' funds.

1. CORPORATE INFORMATION

Pursuant to the special resolution passed on the special general meeting of the Company held on 8 March 2010, the name of the Company has been changed to China International Holdings Limited (the "Company") (formerly known as "China Infrastructure Holdings Limited").

The Company is an exempted company incorporated in Bermuda with limited liability under the Companies Act of Bermuda. It is listed on the main board of the Singapore Exchange Securities Trading Limited.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is in the People's Republic of China (the "PRC").

The principal activities of the Company and its subsidiaries (the "Group") during the year were the operation and management of toll bridges and land and property development in the PRC.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting polices, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

Presentation of Financial Statements

IAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. IAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. IAS 1 (Revised) has been applied retrospectively.

Operating Segments

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, IAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. IFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. IFRS 8 has been applied retrospectively.

The segment accounting policies under IFRS 8 are stated in note 8 to the financial statements.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of what the impact of these new IFRSs is expected to be in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the IFRSs. The statement of financial position of the Company is separately presented from the consolidated statement of financial position of the Group in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgement in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are set out in note 5 to the financial statements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at their fair values.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the subsidiary and also any related accumulated exchange reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the portion of interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between minority and owners of the Company (majority interests). Losses applicable to the minority in excess of the minority interests in the subsidiary's equity are allocated against the majority interests except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interests until the minority's share of losses previously absorbed by the majority has been recovered.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

Investment in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated statement of comprehensive income.

The Group's share of a jointly controlled entity's post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

The gain or loss on the disposal of a jointly controlled entity represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the jointly controlled entity and also any related accumulated exchange reserve.

Unrealised profits on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Related parties

A party is related to the Group if:-

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in consolidated statement of comprehensive income.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:-

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated statement of comprehensive income as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the period in which they are incurred.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses are eliminated from the financial statements and any gain or loss on disposal of property, plant and equipment, being the difference between the net sale proceeds and the carrying amount of the relevant asset, is recognised in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Buildings	20 years
Plant and machinery	10 years
Office equipment	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Intangible assets

Intangible assets represent the operating and toll collection rights of toll bridges and its ancillary facilities under the service concession arrangements.

Service concession arrangements represent the rights by which the local government grants a contract for the respective operating and toll collection rights for Haimen bridge and Zouwei bridge and its ancillaries facilities (the "Toll bridges and its ancillary facilities") for a period of 25 years from their respective date of operation. Upon expiration of the respective concession periods, the Toll bridges and its ancillary facilities shall be transferred to the local government without compensation. The Toll bridges and its ancillary facilities under the service concession arrangements are stated at cost, i.e. the fair value of the consideration received or receivable in exchange for the services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

Subsequent expenditures such as repairs and maintenance are expensed in the consolidated statement of comprehensive income in the period in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the item, and where the cost of the item can be measured reliably, the expenditures are capitalised as an additional cost of service concession arrangements.

Amortisation of service concession arrangements is calculated to write off their costs on a unit-of-usage basis whereby the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Investment properties

Investment properties are defined as property, including land or a building, or part of a building or both, held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for:-

(i) use in the production or supply of goods or services or for administration purpose; or

(ii) sale in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

An investment property is measured initially at its cost including all direct costs attributable to the property. After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are included in the consolidated statement of comprehensive income for the period in which they arise.

Rental income from investment properties are accounted for, as described in item (iv) of 'Revenue recognition' below.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment properties which was measured at its fair value, deferred tax assets, investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in the consolidated statement of comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the consolidated statement of comprehensive income.

Impairment losses are reversed in subsequent periods and recognised in the consolidated statement of comprehensive income when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability under IFRSs. The accounting policies adopted for specific financial liabilities are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Accounts payable and other payables

Accounts payable and other payables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:-

- the amount of the obligations under the contracts, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less cumulative amortisation recognised in the consolidated statement of comprehensive income on a straight-line basis over the terms of the guarantee contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated statement of comprehensive income, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Revenue is recognised at the fair value of the consideration received / receivable and is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably on the following basis:

(i) toll revenue, net of any applicable revenue taxes and surcharges on a cash receipt basis;

(ii) interest income, on a time proportion basis taking into account the principal amounts outstanding and the effective interest rate applicable;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(iii) revenue from the provision of services is recognised when the services are rendered;

(iv) rental income, including rental under operating lease, is recognised on a straight line basis over the term of the relevant lease.

(v) revenue from construction and upgrade services is recognised under the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for each contract. When the outcome of a construction and upgrade services cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

Construction and upgrade services

The Group recognises income and expenses associated with construction and upgrade services provided under the service concession arrangements in accordance with IAS 11 "Construction Contracts".

Revenue generated by construction and upgrade services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to attain an intangible asset.

When the outcome of the construction and upgrade services, including the revenue, the costs incurred and the estimated costs to completion can be estimated reliably, costs incurred are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. The stage of completion is measured by reference to the costs incurred of the related infrastructure incurred up to the end of the reporting period as a percentage of the total estimated costs for completion. When it is probable that total cost of completion will exceed total revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction and upgrade services cannot be estimated reliably, costs incurred are recognised as an expense in the period in which they are incurred.

Employee benefits

(i) Pension obligations

Contributions to Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in the consolidated statement of comprehensive income as and when incurred.

Contributions to a defined contribution retirement scheme, being obligatory retirement benefits in the PRC, are charged to the consolidated statement of comprehensive income as incurred.

(ii) Employee leave entitlements

A provision is made for the estimated liability arising from employees' accrued annual leave entitlement for annual leaves as a result of services rendered up to the end of each reporting date.

(iii) Bonus plans

The Group recognised a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(iv) Share-based payments

The Group issues equity-settled share-based payments to directors and certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting date

Events after the reporting date that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in Hong Kong dollar. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitored its foreign currency exposure closely at the time of preparing of the financial statements and will consider hedging significant foreign currency exposure should the need arise in the future.

At 31 December 2009, if the Hong Kong dollar had weakened 10 per cent against Renminbi with all other variables held constant, consolidated profit after tax for the year would have been approximately RMB214,000 (2008: RMB61,000) lower, arising mainly as a result of the foreign exchange loss on bank deposits denominated in Hong Kong dollar. If the Hong Kong dollar had strengthened 10 per cent against Renminbi with all other variables held constant, consolidated profit after tax for the year would have been approximately RMB214,000 (2008 RMB61,000) higher, arising mainly as a result of the foreign exchange gain on bank deposits denominated in Hong Kong dollar.

(b) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits which bear interests at variable rates varied with the then prevailing market condition.

The Group's other debtors of approximately RMB139,092,000 (2008: RMB185,946,000) and amount due from a related company of approximately of RMB11,960,000 (2008: RMB4,860,000) bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group does not have significant exposure to interest rate risk.

(c) Credit risk

The Group conducts credit evaluations on borrowers and establishes an allowance for doubtful accounts based on estimates, factors surrounding the credit risks of specific borrower and any other relevant information.

The details of the Group's exposure to credit risk in relation to the Group's financial assets are described as follows:-

(i) Cash and bank balances

Bank balances of approximately RMB70,018,000 (2008: RMB1,873,000), was deposited in a financial institution, China Electronic Finance Limited ("CEF") at 31 December 2009. The Group considers the credit risk is minimal as CEF is regulated by "China Banking Regulatory Commission" in the PRC.

(ii) Due from related companies

When loans are granted to related companies, advance assessment is being made by the management on the recoverability of the loans, and whenever possible, security is required.

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(iii) Pledge of rights to receive incomes of service concession arrangements to secure bank loans of a disposed subsidiary

The right to receive toll and other income of the Haimen and Zuowei bridges were pledged to secure a bank loan of a subsidiary disposed of in 2006. The outstanding balance of such bank loan as at 31 December 2008 was amounted to approximately RMB474,640,000. Such pledge had been released during the year and accordingly, as at 31 December 2009 the Group was not subject to any credit risk exposure in respect of such security arrangement.

(iv) Other debtors

The Group's exposure to credit risk in relation to other debtors mainly arise from the following balances:

- Other debtors with carrying amount of approximately RMB198,012,000 (2008: RMB222,104,000) due from the purchaser of subsidiaries disposed of in 2006 and its subsidiaries. The Group has entered into a contractual arrangement with the purchaser of the disposed subsidiaries to charge the equity interests of the disposed subsidiaries as security for the repayment of amount due from the purchaser of the disposed subsidiaries with carrying amount of approximately RMB166,220,000 (2008: RMB176,613,000). Details are set out in note 21(c) to the financial statements. The Group considers the credit risk associated with the secured balances was mitigated by the contractual arrangement. The Group considers that the maximum exposure to credit risk is the maximum balance of the unsecured balance of approximately RMB31,792,000 (2008: RMB45,491,000) due to the Group.

  The outstanding balance has been subsequently settled.

- Other debtors with carrying amount of approximately RMB2,338,000 (2008: RMB2,338,000) due from a local government agency. The Group has entered into a contractual arrangement with the local government agency for reimbursement of payments for the upgrade of Haimen bridge in 2008. Pursuant to the contractual arrangement, the balance was due on 31 December 2009 and the management is currently under negotiation with the local government agency regarding the expected timing for settlement of the outstanding balance. The Group considers that the maximum exposure to credit risk is the balance due to the Group of approximately RMB2,338,000 (2008: RMB2,338,000).

- Other debtors with carrying amount of approximately RMB150,000,000 (2008: Nil) due from a local government agency for the refund of deposit placed for a land development in Beijing, PRC. The amount was paid to the local government agency in 2008 as a refundable deposit relating to a land development project in Beijing, PRC and was classified as refundable deposits in 2008. Pursuant to the Group's announcement made on 11 January 2010, the Group was unsuccessful in the tender of the land development project held during the year and therefore the deposit should be refunded to the Group. No contractual arrangement has been signed between the Group and the local government agency. The Group considers the maximum exposure to credit risk was the maximum balance of RMB150,000,000 (2008: Nil).

  The outstanding balance has been subsequently settled.

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(iv) Other debtors (continued)

- Other debtors with carrying amount of approximately RMB140,000,000 (2008: Nil) due from a local government agency as compensation for the compulsory disposal of the operating rights of Haimen bridge and its ancillary facilities. The Group has entered into a contractual arrangement with the local government agency for the compulsory disposal of operating rights of Haimen bridge and its ancillary facilities and pursuant to the contractual arrangement, the compensation should be fully settled by March 2010. The Group considers the credit risk associated with the balance was mitigated by the contractual arrangement and the Group considers the maximum exposure to credit risk was the maximum balance of the compensation of RMB140,000,000 (2008: Nil).

  An amount of RMB55,000,000 has been subsequently settled.

(v) Refundable deposits

The Group's exposure to credit risk in relation to refundable deposits as the Group had entered into a contractual arrangement with the holders of land use rights and a refundable deposit of RMB10,000,000 (2008: RMB10,000,000) was paid for a possible acquisition of land use right for land development purpose. The Group considers the credit risk associated with the balance was mitigated by the contractual arrangement. The Group considers the credit risk associated with the balance is minimal as the balance is refundable in nature and the maximum exposure to credit risk is the maximum balance of the refundable deposit of RMB10,000,000 (2008: RMB10,000,000).

(d) Liquidity risk

The operations are financed by the toll income. The management of the Group is to ensure that the Group has sufficient funds to meet its contractual and financial obligations. To manage liquidity risk, the Group monitors its net operating cash flow and maintains a level of cash and cash equivalent, deemed adequate by management for working capital purposes so as to mitigate the effectiveness of cash flow.

The Group's financial liabilities are all matured within 1 year.

(e) Categories of financial instrument at 31 December:

	2009 RMB'000	2008 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	699,170	547,975
Financial liabilities:		
Financial liabilities at amortised cost	38,736	40,291

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, are discussed below.

(a) Carrying amount of intangible assets

In assessing whether impairment is required for the carrying amount of the intangible assets, factors such as local economic growth rate, risk-free interest rate, required rate of return and in particular traffic growth rate, etc. have been taken into account in the assessment. The management assessed conditions prevailing at the time of preparing of the financial statements to make judgement if impairment should be made to reflect the recoverable amount of the assets of the Group. The carrying amount of the intangible assets as at 31 December 2009 was approximately RMB22,529,000 (2008: RMB178,078,000).

(b) Amortisation of intangible assets

Amortisation of intangible assets are calculated to write off their costs using the unit-of-usage method. Under this method, the amortisation is determined based on the ratio of actual traffic volume for a particular period over the projected total traffic volume throughout the periods for which the Group operates those bridges. In assessing the projected total traffic volume of the toll bridges, factors such as local economic growth rate and competition from other toll roads/bridges have been taken into account in the assessment. The management assessed conditions prevailing at the time of preparing the financial statements and appropriate adjustments have been made to the projected total traffic volume on material changes. The amortisation of the toll bridges for the year ended 31 December 2009 was approximately RMB10,293,000 (2008: RMB8,540,000).

(c) Valuation of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

The carrying amounts of the relevant investment properties as at 31 December 2009 were RMB24,770,000 (2008: RMB30,270,000).

(d) Taxation

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Impairment assessment for bad and doubtful debts on accounts receivables, other receivables and refundable deposits

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of accounts receivables, other receivables and refundable deposits, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of accounts receivables, other receivables and refundable deposits and doubtful debt expenses in the year in which such estimate has been changed.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

(f) Provision for staff compensation upon the compulsory disposal of operating rights of a toll bridge and its ancillary facilities

Following the completion of the compulsory disposal of the operating rights of Haimen bridge and its ancillary facilities on 31 December 2009 as set out in note 33 to the financial statements, the employment relationship between the Group and the staff of a subsidiary of the Company, CIH (Tianjin) Haimen Bridge Ltd, ceased and the Group is required to compensate for severance payment to these employees in accordance with relevant PRC rules and regulations. Since the compensation plan has not yet been agreed with these staff as at 31 December 2009, the management has exercised judgement in the determination of the provision for staff compensation. A provision for staff compensation of approximately RMB8,410,000 has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2009. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provisions for staff costs in the period in which such determination is made.

Critical judgements in applying Group's accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements apart from those involving estimations, which are dealt with below.

(a) Ownership of the operating rights of a toll bridge and its ancillary facilities disposed of during the year

On 23 December 2009, the Group entered into a contractual arrangement with a local government agency for the compulsory disposal of the operating rights of Haimen bridge and its ancillary facilities. Pursuant to the contractual arrangement and its supplementary agreement, consideration of RMB140,000,000 and RMB20,000,000 will be directly payable to the Group and the minority shareholder of CIH (Tianjin) Haimen Bridge Limited respectively. Accordingly, the Group recognised RMB140,000,000 as compensation for the compulsory disposal of the operating rights of Haimen bridge and its ancillary facilities during the year. Details are set out in note 33 to the financial statements.

Pursuant to the contractual arrangement, the Group's control over the operating and toll collection rights of Haimen bridge and its ancillary facilities (collectively referred to as "relevant assets directly associated with the disposal") ceased on 31 December 2009 whereas the legal ownership of relevant assets directly associated with the disposal had not yet been transferred to the local government agency as at that date. The transfer of legal ownership of these assets are expected to be completed within one year. Notwithstanding the fact that the Group retains the legal ownership of these assets as at 31 December 2009, the management considers that the Group's interest and control over relevant assets directly associated with the disposal have been transferred to the local government agency and has de-recognised these assets on the grounds that they expect the transfer of legal titles to be effected in due course and that the disposal was in substance completed on 31 December 2009.

Notwithstanding the fact that certain property, plant and equipments and intangible assets with total carrying amounts of approximately RMB6,220,000 held by the Group as at 31 December 2009 were not included in the list of assets to be disposed of to the local government agency as stated in the contractual arrangement, the management considers that these assets are ancillary facilities of the Haimen bridge and are required to be disposed of to the local government agency upon completion of the disposal. Accordingly, such assets have been classified as relevant assets directly associated with the disposal on the grounds that they expect the transfer of legal titles of these assets will be effected in due course and that the disposal was in substance completed on 31 December 2009.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Critical judgements in applying Group's accounting policies (continued)

(b) Ownership of investment properties

Certain investment properties as set out in note 18 to the financial statements are owned legally by a disposed subsidiary as at 31 December 2009. Despite the fact that the Group does not own these investment properties, the Group has entered into contractual arrangement with the disposed subsidiary in 2006 so that the Group is entitled to substantially all of the controls and economic benefits of the investment properties under this arrangement. In particular, the disposed subsidiary is required to transfer its ownership of the investment properties to the Group or the Group's designee upon the Group's request. Based on the above, the Group's management considers that the Group retains the ownership through contractual arrangement with the legal owner and determine to recognise those properties as investment properties on the grounds that they expect the transfer of legal ownership in future should have no major difficulties.

The carrying amount of the relevant investment properties as at 31 December 2009 were approximately RMB11,000,000 (2008: RMB16,500,000).

6. TURNOVER

The Group's turnover which represents the gross amount of toll income received and management fees for toll bridge less 5% of the PRC business tax paid as follows:-

	Group	
	2009	**2008**
	RMB'000	**RMB'000**
Toll income	43,939	38,980
Management fees for toll bridge	6,000	6,000
	49,939	44,980
Less: PRC business tax	(2,197)	(1,949)
	47,742	43,031

7. OTHER INCOME

	Group	
	2009	**2008**
	RMB'000	**RMB'000**
Interest income	14,351	16,733
Rental income, net	2,032	1,740
Loss on fair value changes of investment properties	–	(994)
(Loss) / gain on disposal of property, plant and equipment	(15)	6
Gain on disposal of a jointly controlled entity	–	23,000
Loss on exchange, net	(871)	(2,739)
Refund of PRC business tax	367	369
Refund of PRC income tax	–	306
Other income	11	159
	15,875	38,580

8. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Toll collection	-	Toll income of toll bridges
Management of toll bridge	-	Operation management of a toll bridge
Land development	-	Land and property development

The Group's reportable segments are strategic business units that offer different products and services.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements.

Segment profits and losses do not include the following items:

- Interest income and other income
- Corporate administrative expenses
- Corporate other operating expenses
- Share of profits of a jointly controlled entity
- Finance costs
- Income tax expense

Segment assets do not include the following items:

- Property, plant and equipment for general administrative use
- Investment properties
- Investment in a jointly controlled entity / due from a jointly controlled entity
- Accounts receivable, prepayments and other receivables for general administrative use
- Due from related companies / minority shareholders
- Cash and bank balances

Segment liabilities do not include the following items:

- Accounts payable, other payables and accruals for general administrative use
- Due to a jointly controlled entity / a director / related companies
- Current tax liabilities
- Deferred tax liabilities

Segment non-current assets do not include the following items:

- Property, plant and equipment for general administrative use
- Investment properties
- Investment in a jointly controlled entity

8. SEGMENT INFORMATION (continued)

Information about reportable segment profit or loss, assets and liabilities:

	Toll collection RMB'000	Management of toll bridge RMB'000	Land development RMB'000	Consolidated RMB'000
Year ended 31 December 2009				
Revenue from external customers	41,742	6,000	–	47,742
Segment profits	4,972	3,836	–	8,808
Interest income				14,351
Other income (excluding interest income)				1,524
Corporate administrative expenses				(8,389)
Corporate other operating expenses				(8,540)
Finance costs				(47)
Share of profits of a jointly controlled entity				900
Income tax expense				(8,237)
Profit for the year				370
Depreciation and amortisation	10,651	–	–	11,828
Share options expenses	–	–	–	353
As at 31 December 2009				
Segment assets	165,068	–	161,100	326,168
Property, plant and equipment for general administrative use				9,070
Investment properties				24,770
Investment in a jointly controlled entity				33,841
Accounts receivable, deposits and other receivables for general administrative use				201,871
Due from a jointly controlled entity				6,176
Due from related companies				12,815
Due from minority shareholders				7,506
Cash and bank balances				171,119
Total assets				793,336
Additions to non-current assets	–	–	–	825
Segment liabilities	36,167	–	–	36,167
Accounts payable, other payable and accruals for general administrative use				6,771
Due to a jointly controlled entity				7,500
Due to related companies				1,001
Current tax liabilities				17,782
Deferred tax liabilities				3,973
Total liabilities				73,194

8. SEGMENT INFORMATION (continued)

	Toll collection RMB'000	Management of toll bridge RMB'000	Land development RMB'000	Consolidated RMB'000
Year ended 31 December 2008				
Revenue from external customers	37,031	6,000	–	43,031
Segment profits	17,400	3,841	–	21,241
Interest income				16,733
Other income (excluding interest income)				21,847
Corporate administrative expenses				(8,276)
Corporate other operating expenses				(4,952)
Finance costs				(28)
Share of profits of a jointly controlled entity				606
Income tax expense				(12,715)
Profit for the year				34,456
Depreciation and amortisation	8,949	–	–	10,306
Share options expenses	–	–	–	288
As at 31 December 2008				
Segment assets	182,597	6,000	160,000	348,597
Property, plant and equipment for general administrative use				9,517
Investment properties				30,270
Investment in a jointly controlled entity				32,941
Accounts receivable, deposits and other receivables for general administrative use				334,257
Due from a jointly controlled entity				6,176
Due from related companies				5,035
Due from minority shareholders				5,283
Cash and bank balances				31,852
Total assets				803,928
Additions to non-current assets	4,494	–	–	5,970
Segment liabilities	28,157	–	–	28,157
Accounts payable, other payable and accruals for general administrative use				5,185
Due to a jointly controlled entity				7,500
Due to related companies				1,501
Due to a director				1,907
Current tax liabilities				12,118
Deferred tax liabilities				4,676
Total liabilities				61,044

8. SEGMENT INFORMATION (continued)

Geographical information

	Revenue		Non-current assets	
	2009	**2008**	**2009**	**2008**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Hong Kong	–	–	54	66
PRC except Hong Kong	47,742	43,031	92,600	254,704
Consolidated total	47,742	43,031	92,654	254,770

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

For the year ended 31 December 2009, revenue from a major customer contributed to the Group's turnover of approximately RMB6,000,000 (2008: RMB6,000,000) was included in Management of toll bridge segment.

9. FINANCE COSTS

	Group	
	2009	**2008**
	RMB'000	**RMB'000**
Bank charges	47	28

10. SALARIES AND EMPLOYEE BENEFITS (INCLUDING DIRECTORS' REMUNERATION)

		Group	
		2009	**2008**
	Note	**RMB'000**	**RMB'000**
Wages and salaries		10,761	10,616
Other staff welfare		2,912	2,126
Share-based payments to directors and employees		353	288
Pension costs of defined contribution plans	(a)	1,174	1,080
Provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities (note33)		8,410	–
		23,610	14,110

10. SALARIES AND EMPLOYEE BENEFITS (INCLUDING DIRECTORS' REMUNERATION) (continued)

Note:

(a) The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal governments undertake to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

(b) Directors' remuneration

	Group	
	2009	**2008**
	RMB'000	**RMB'000**
Directors' fees	1,395	1,310
Salaries and other short term benefits	1,360	1,315
Share-based payments	353	288
	3,108	2,913

Details of number of directors, including both directors and an ex-director resigned in 2008 in remuneration bands for the year ended 31 December were:-

	2009	**2008**
Below S$250,000		
(Equivalent to below RMB1,223,030)	5	6

Directors' remuneration included equity-settled share-based payments of approximately RMB353,000 (2008: RMB288,000) in respect of share options granted on 25 March 2006 and 6 August 2008. Details of the share options are set out in note 28 to the financial statements.

11. INCOME TAX EXPENSE

(a) Income tax expense

The amount of taxation charged / (credited) to the consolidated statement of comprehensive income represents:-

	Group	
	2009	2008
	RMB'000	RMB'000
Current tax - PRC enterprise income tax		
- Provision for the year	8,876	13,220
- Under provision in prior years	64	149
	8,940	13,369
Deferred tax (note (b))	(703)	(654)
	8,237	12,715

Pursuant to relevant laws and regulations in the PRC, the subsidiary Zuowei JV is entitled to a reduction from PRC enterprise income tax. The tax rate applicable to Zuowei JV, after the reduction, is 20% in 2009 (2008: 18%).

Pursuant to relevant laws and regulations in the PRC, the subsidiary Haimen JV is entitled to a reduction from PRC enterprise income tax. The tax rate applicable to Haimen JV, after the reduction, is 20% in 2009 (2008: 18%).

Pursuant to relevant laws and regulations in the PRC, other subsidiaries in the PRC are required to pay PRC enterprise income tax at a standard rate of 25%.

No provision for Hong Kong Profits Tax is required since there is no assessable profit for the year.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The taxation of the Group's profit before tax differs from the theoretical amount that would arise using the taxation rate of the principal place of operation of the Group as follows:-

	Group	
	2009	2008
	RMB'000	RMB'000
Profit before tax	8,607	47,171
Tax charged at domestic income tax rate of 20% (2008: 18%)	1,721	8,491
Effect of different tax rates of subsidiaries	(6,000)	1,384
Tax effect on non-taxable income	(64)	(250)
Tax effect on non-deductible expenses	11,993	2,673
Under provision of income tax in prior years	64	149
Tax effect of tax losses not recognised due to uncertainty on future profits streams	219	–
Tax effect of utilitisation of tax credit granted	–	(170)
Others	304	438
Income tax expense	8,237	12,715

11. INCOME TAX EXPENSE (continued)

(a) Income tax expense (continued)

The new PRC Enterprise Income Tax law ("New Law") passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include but not limit to the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law was effective from 1 January 2008. On 26 December 2007, the State Council announced the detailed measures and regulations of the New Law ("Implementation Rules"). The Implementation Rules ratcheted the PRC enterprise income tax rate from 15% to 25% over five years for grandfathering of incentives. The tax rate would be 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012 respectively.

Under the New Law, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC.

According to the notice Caishui 2008 No. 1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 retained profits of a foreign invested enterprise to a foreign investor in 2008 or after are exempted from withholding tax. Accordingly, the retained profits as at 31 December 2007 in the Group's PRC subsidiaries will not be subject to 10% withholding tax on future distributions.

(b) Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group:-

	Accelerated tax depreciation RMB'000	Fair value gain on investment properties RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2008	590	1,919	2,821	5,330
Charged / (credited) to statement of comprehensive income for the year	524	(248)	(930)	(654)
As at 31 December 2008 and 1 January 2009	1,114	1,671	1,891	4,676
Charged / (credited) to statement of comprehensive income for the year	(586)	(241)	124	(703)
As at 31 December 2009	528	1,430	2,015	3,973

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:-

	Group 2009 RMB'000	Group 2008 RMB'000
Deferred tax liabilities	3,973	4,676

12. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

The Group's profit and total comprehensive income for the year is arrived at after charging / (crediting) the following:-

	Group	
	2009 RMB'000	2008 RMB'000
Loss / (gain) on disposals of property, plant and equipment	15	(6)
Amortisation of intangible assets[1]	10,293	8,540
Other staff costs (excluding directors' remuneration)[2]	20,502	11,197
Depreciation of property, plant and equipment	1,535	1,766
Operating lease rental payments	718	735
Loss on fair value changes of investment properties	–	994

Note:

(1) The amount of approximately RMB10,293,000 (2008: RMB8,540,000) was included in cost of services provided.

(2) The amount of approximately RMB9,950,000 (2008: RMB9,524,000) was included in cost of services provided.

13. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the year attributable to owners of the Company included a profit of approximately RMB6,363,000 (2008: RMB14,400,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

	2009	2008
	S$'000	S$'000
Proposed final dividend	3,045	3,045
	RMB'000	RMB'000
Equivalent to	14,757	13,578

The final dividend of 0.35 Singapore cents (2008: 0.35 Singapore cents) per ordinary share proposed by the board of directors is subject to approval by the shareholders in the annual general meeting. Such dividend is not reflected as dividend payable in the financial statements for the year ended 31 December 2009.

15. EARNINGS PER SHARE

Basic

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB21,460,000 (2008: RMB30,080,000) and the weighted average number of ordinary shares of 870,103,750 ordinary shares (2008: 884,391,898 ordinary shares) in issue during the year.

Diluted

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB21,460,000 (2008: RMB30,080,000) and the weighted average number of ordinary shares of 870,127,600 (2008: 886,816,655 ordinary shares), being the weighted average number of ordinary shares of 870,103,750 (2008: 884,391,898 ordinary shares) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 23,850 (2008: 2,424,757 ordinary shares) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the reporting period.

The calculation of basic and diluted earnings per share is based on the following:-

	Group	
	2009	**2008**
	RMB'000	**RMB'000**
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	21,460	30,080
Number of shares (in Thousands)		
Issued ordinary shares at 1 January	870,104	902,988
Effect of repurchase and cancellation of shares	–	(18,596)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	870,104	884,392
Effect of dilutive potential ordinary shares arising from share options outstanding	24	2,425
Weighted average number of ordinary shares for diluted earnings per share	870,128	886,817

16. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2008	15,601	2,023	3,877	1,852	23,353
Additions	522	29	132	452	1,135
Disposals	–	(296)	–	(62)	(358)
At 31 December 2008 and 1 January 2009	16,123	1,756	4,009	2,242	24,130
Additions	–	2	38	785	825
Disposals	(2,643)	(1,703)	(2,675)	(265)	(7,286)
At 31 December 2009	13,480	55	1,372	2,762	17,669
Accumulated depreciation					
At 1 January 2008	3,553	1,964	2,792	932	9,241
Charge for the year	1,088	57	276	345	1,766
Disposals	–	(296)	–	(62)	(358)
At 31 December 2008 and 1 January 2009	4,641	1,725	3,068	1,215	10,649
Charge for the year	807	3	273	452	1,535
Disposals	(1,507)	(1,673)	(2,608)	(241)	(6,029)
At 31 December 2009	3,941	55	733	1,426	6,155
Carrying amount					
At 31 December 2009	9,539	–	639	1,336	11,514
At 31 December 2008	11,482	31	941	1,027	13,481

All the Group's buildings are located in the PRC.

17. INTANGIBLE ASSETS

GROUP	Service concession arrangement RMB'000
Cost	
At 1 January 2008	362,389
Additions	4,371
At 31 December 2008 and 1 January 2009	366,760
Disposals	(330,110)
At 31 December 2009	36,650
Accumulated amortisation and impairment	
At 1 January 2008	180,142
Charge for the year	8,540
At 31 December 2008 and 1 January 2009	188,682
Charge for the year	10,293
Disposals	(184,854)
At 31 December 2009	14,121
Carrying amount	
At 31 December 2009	22,529
At 31 December 2008	178,078

Pursuant to the service concession arrangements signed with local government, the Group operates and collects tolls from the Haimen bridge and Zuowei bridge for a period of 25 years from the date of commencement of their operation in March 1998 and February 1999 respectively. Upon expiration of the respective concession periods, the Toll bridges and its ancillary facilities shall be transferred to the local government without compensation.

The operating right of Haimen bridge was compulsorily disposed of to a local government agency during the year. Details are set out in note 33 to the financial statements.

18. INVESTMENT PROPERTIES

	Group	
	2009 RMB'000	2008 RMB'000
At 1 January	30,270	30,800
Additions	–	464
Loss on fair value changes	–	(994)
Disposals	(5,500)	–
At 31 December	24,770	30,270

18. INVESTMENT PROPERTIES (continued)

Investment properties were revalued at 31 December 2009 on the open market value basis by reference to market evidence of recent transactions for similar properties by an independent firm of qualified surveyors.

Investment properties with carrying amounts of approximately RMB11,000,000 (2008: RMB16,500,000) are owned legally by a disposed subsidiary of the Group. The Group has entered into contractual arrangement with the disposed subsidiary so that the Group is entitled to substantially all of the controls and economic benefits of the investment properties under this arrangement. In particular, the disposed subsidiary is required to transfer its ownership of the investment properties to the Group or the Group's designee upon the Group's request. Based on the above, the directors regard these investment properties as assets of the Group.

During the year, the Group incurred direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income are amounted to approximately RMB364,000 (2008: RMB204,000).

19. INTERESTS IN SUBSIDIARIES

	Company	
	2009	**2008**
	RMB'000	**RMB'000**
Unlisted investments, at cost	264,060	264,060
Less: Impairment losses	(44,011)	(44,011)
	220,049	220,049
Due from subsidiaries	355,561	284,747
Less: Impairment losses	(12,259)	(9,789)
	343,302	274,958
Due to subsidiaries	130,600	111,887

The amounts due from / (to) subsidiaries are unsecured, interest-free and have no fixed terms of repayments.

19. INTERESTS IN SUBSIDIARIES (continued)

The particulars of the subsidiaries as at 31 December 2009 are as follows:-

	Name of company	Place of incorporation/ establishment	Issued and paid-up capital	Percentage of interest in ownership/ voting power/ profit sharing	Principal activities
	Directly held:-				
+&	Hebei Bridges Investments Limited ("HBIL")	Samoa	US$2,891,567	100%	Investment holding
+&	Tianjin Bridges Investments Limited ("TBIL")	Samoa	US$28,915,663	100%	Investment holding and bridge management consultancy
+δ	China Toll Bridges & Roads (S) Pte. Limited	Singapore	US$9,780	100%	Dormant
%	China Infrastructure Management (Hong Kong) Limited	Hong Kong	HK$10,000	100%	Provision of management services to the Group
+&	China (Tianjin) Water Resources Limited ("CTWRL")	Samoa	US$1	100%	Investment holding and waterpipe construction consultancy
+&	CIHL City Development Limited	Samoa	US$1	100%	Investment holding and investment property holding
+&	CIHL Development Limited	Samoa	US$1	100%	Investment holding
+∞	Pinnacle China Ltd ("PCL")	British Virgin Islands	US$1	100%	Business not yet commenced
	Indirectly held:-				
+@	CCI Andi Bridges Co., Ltd ("Zuowei JV")	PRC	US$2,410,000	60%*	Toll bridge operations and management
+#	CIH (Tianjin) Haimen Bridge Ltd ("Haimen JV")	PRC	RMB48,000,000	66.7%**	Toll bridge operations and management
+!^	CIHL (Tianjin) Enterprise Development Limited ("CITE")	PRC	RMB107,702,750	100%	Investment holding and property investment
+μ	CIHL (Tianjin) City Development Limited	PRC	Nil	100%	Business not yet commenced

19. INTERESTS IN SUBSIDIARIES (continued)

The particulars of the subsidiaries as at 31 December 2009 are as follows:- (continued)

+ Statutory financial statements not audited by RSM Nelson Wheeler.

& Not required to be audited under the laws of country of incorporation.

δ Statutory financial statements for the year ended 31 December 2008 were audited by Robert Tan & Co, Certified Public Accountants, Singapore; statutory financial statements for the year ended 31 December 2009 have not yet been issued by the local auditor.

% Statutory financial statements for the year ended 31 December 2008 were audited by RSM Nelson Wheeler; statutory financial statements for the year ended 31 December 2009 have not yet been issued.

@ Statutory financial statements for the year ended 31 December 2008 were audited by Zhangjiakou Zhangyuan Certified Public Accountants Co. Ltd; statutory financial statements for the year ended 31 December 2009 have not yet been issued by the local auditor.

Statutory financial statements for the year ended 31 December 2008 were audited by Tianjin Jinping Xie Tong Certified Public Accountants; statutory financial statements for the year ended 31 December 2009 have not yet been issued by the local auditor.

! Statutory financial statements for the year ended 31 December 2008 were audited by Tianjin Hong Yuan Certified Public Accountants CO. LTD; statutory financial statements for the year ended 31 December 2009 have not yet been issued by the local auditor.

^ CITE operates a branch office 中翔基建(天津)實業發展有限公司北京物業管理分公司 ("CITE Beijing Branch") with statutory registration in Beijing, PRC.

μ CIHL (Tianjin) City Development Limited was incorporated on 30 December 2009 and no statutory audited financial statements have been issued.

∞ Pinnacle China Ltd was incorporated on 16 October 2009 and no statutory audited financial statements have been issued.

* HBIL's share of earnings in Zuowei JV is 60% and will be decreased to 55% from 2012 and thereafter.

** At the end of the tenth year of the joint venture period which is the year 2008, TBIL's share of registered capital and earnings in Haimen JV was reduced from 75% to 66.7%.

20. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2009 RMB'000	2008 RMB'000
Unlisted investment:-		
Share of net assets	33,841	32,941

20. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (continued)

Details of the jointly controlled entity as at 31 December 2009 are as follows:-

	Name of company	Place of establishment	Paid-up capital	Percentage of interest in ownership	Principal activities
+δ	CIHL (Tianjin) Water Development Co., Ltd. ("Water Development JV")	PRC	RMB60,000,000	60%	Construction of water pipeline and supply of non-residential water

\+ Statutory financial statements not audited by RSM Nelson Wheeler.

δ Statutory financial statements for the year ended 31 December 2008 were audited by Tianjin Zhonglian Certified Public Accountants Co., Ltd.; statutory financial statements for the year ended 31 December 2009 have not yet been issued by the local auditor.

Water Development JV, in which the Group holds 60% interest, operates under a contractual arrangement between CTWRL and a PRC JV partner. The Water Development JV is subject to joint control of CTWRL and the PRC JV partner.

The following amounts are the Group's share of the jointly controlled entity that are accounted for by the equity method of accounting:-

	2009 RMB'000	2008 RMB'000
At 31 December		
Non-current assets	38,101	34,730
Current assets	17,174	8,423
Current liabilities	(21,434)	(10,212)
Net assets	33,841	32,941
Year ended 31 December		
Turnover	6,280	3,082
Expenses	5,380	2,476

21. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES

		Group		Company	
		2009	2008	2009	2008
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Deposits		326	312	57	57
Prepayments		1,512	1,183	44	269
Interest receivable		6,113	16,483	6,113	16,483
Management fee receivable		–	6,000		
Receivable on disposal of a jointly controlled entity		–	75,000	–	–
Receivable on disposal of operating rights of a toll bridge and its ancillary facilities	(a)	140,000	–	–	–
Receivable upon refund of refundable deposit	(b)	150,000	–	–	–
Other debtors	(c)	195,115	241,834	187,575	234,275
		493,066	340,812	193,789	251,084

As at 31 December 2009, balances of approximately RMB200,350,000 (2008: RMB16,483,000) were past due but not impaired. An aging analysis of these debtors is as follows:-

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	200,350	16,483	193,688	16,483

As at 31 December 2009, accounts receivable, prepayments and other receivables include prepayments paid to related companies of approximately RMB1,100,000 (2008: Nil) and other receivables due from directors of the Company of approximately RMB278,000 (2008: RMB58,000). The balances are unsecured, interest free and have no fixed repayment terms.

Note:

(a) The amount represents receivables of proceeds on compulsory disposal of the operating rights of a toll bridge and its ancillary facilities during the year as set out in note 33 to the financial statements.

(b) The amount represents receivables of refundable deposits of RMB150,000,000 paid to a local government agency in 2008 as deposits relating to a land development project in Beijing, PRC. No contractual arrangement has been signed between the Group and the local government agency. Pursuant to the Group's announcement made on 11 January 2010, the Group was unsuccessful in the tender of the land development project closed on 31 December 2009. The outstanding balance was subsequently settled.

21. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Note :

(c) Other debtors at 31 December 2009 include balances due from the purchaser of subsidiaries disposed of in 2006 and its subsidiaries with carrying amount of approximately RMB191,899,000 (2008: RMB202,605,000). In 2006, the Group and the purchaser of the disposed subsidiaries entered into a contractual arrangement in which the amount previously advanced by the Group to the disposed subsidiaries of approximately RMB268,764,000 was due on 30 June 2007. In 2007, the Group and the purchaser of the disposed subsidiaries entered into a contractual arrangement in which the unsettled balance together with additional advancements totaling of approximately RMB293,115,000, was repayable to the Group on 30 June 2008. In 2008, the Group entered into a further contractual arrangement with the purchaser of the disposed subsidiaries to extend the credit period of the unsettled balance together with the additional advancements, totaling of approximately RMB202,605,000, to 30 June 2009. Such contractual arrangement was renewed during the year and the credit period of the total outstanding balance was further extended to 31 December 2009. Approximately RMB139,092,000 (2008: RMB149,637,000) are interest bearing at 8% per annum and of which approximately RMB166,220,000 (2008: RMB176,613,000) are secured by the equity interest of the disposed subsidiaries. The total outstanding balances were subsequently settled.

22. REFUNDABLE DEPOSITS

	Group	
	2009	**2008**
	RMB'000	**RMB'000**
Refundable deposits	10,000	160,000

Refundable deposits at 31 December 2009 comprise RMB10,000,000 deposit paid to the holders of land use rights for a possible acquisition of land use rights for land development purpose. On 10 June 2008, the Group entered into a contractual agreement in relation to an acquisition of land use rights of a land located in Beijing, PRC for a total consideration of RMB250,000,000. Pursuant to the contractual arrangement, the acquisition of land use rights will be completed when the holders of the land use rights commence the pre-construction work and approval for the land development project is obtained from the local government. RMB10,000,000 was paid upon the inception of the contractual arrangement and the remaining RMB240,000,000 is due for payment 30 days after the holders of the land use rights commenced the pre-construction work and approval for the land development project is obtained from the local government.

Pursuant to the contractual arrangement, the deposit is refundable and the arrangement can be terminated subject to the mutual agreement between the Group and the holders of land use right. Approval from the local government had not yet been obtained and the pre-construction work has not commenced as at 31 December 2009.

Refundable deposits at 31 December 2008 also includes the RMB150,000,000 refundable deposits paid to a local government as deposits relating to a land development project in Beijing, PRC as set out in note 21(b) to the financial statements.

23. DUE FROM A JOINLTY CONTROLLED ENTITY / MINORITY SHAREHOLDERS

The amounts due from a jointly controlled entity and minority shareholders are unsecured, interest-free and have no fixed repayment terms.

24. CASH AND BANK BALANCES

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Restricted bank balances	–	1,873	–	–
Cash and bank balances	171,119	29,979	1	1
	171,119	31,852	1	1

Cash and bank balances are denominated in the following currencies:-

	Group		Company	
Currency	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Renminbi	168,208	30,852	–	–
Hong Kong dollars	2,851	941	–	–
United States dollars	16	16	–	–
Singapore dollars	44	43	1	1
	171,119	31,852	1	1

25. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Accounts payable	108	721	–	–
Accruals	12,703	3,959	870	993
Other payables	4,127	2,662	–	–
	16,938	7,342	870	993

As at 31 December 2009, accounts payable, other payables and accruals includes other payables due to directors of approximately RMB520,000 (2008: Nil). The balances are unsecured, interest free and have no fixed repayment terms.

26. DUE TO A JOINTLY CONTROLLED ENTITY

The amounts due are unsecured, interest-free and have no fixed repayment terms.

27. DUE TO MINORITY SHAREHOLDERS

	Group	
	2009 RMB'000	2008 RMB'000
Due to PRC JV partner of Zuowei JV	8,000	8,000
Due to PRC JV partner of Haimen JV	18,000	18,000
	26,000	26,000

The amounts due to minority shareholders are unsecured, interest-free and have no fixed repayment terms.

28. SHARE CAPITAL

	Company	
Shares	2009 S$'000	2008 S$'000
Authorised:-		
20,000,000,000 ordinary shares of S$0.05 each	1,000,000	1,000,000

	Number of shares '000	Amount RMB'000
Issued and fully paid:-		
Ordinary shares of S$0.05 each		
At 1 January 2008	902,988	227,144
Repurchase and cancellation of ordinary shares	(32,884)	(8,324)
At 31 December 2008, 1 January 2009 and 31 December 2009	870,104	218,820

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, repurchase shares, raise new debts, redeem existing debts or sell assets to reduce debts.

Other than the amounts due to a jointly controlled entity and due to minority shareholders as disclosed in the notes 26 and 27 to the financial statements above, the Group has insignificant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

According to the Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, at least 10% of the Company's shares should be held in the hands of the public.

Apart from the above the Group is not subject to any other externally imposed capital requirements.

28. SHARE CAPITAL (continued)

Share options

Details of the specific categories of options are pursuant to CIHL Share Options Scheme adopted on 10 May 2004 (the "Scheme") granted as follows:-

Date of grant	Vesting period	Exercise period	Exercise price S$
3 August 2004	40% of 81,000,000 options to be vested on 3 August 2005	3 August 2005 to 2 August 2009	0.06
	30% of 81,000,000 options to be vested on 3 August 2006	3 August 2006 to 2 August 2009	0.06
	30% of 81,000,000 options to be vested on 3 August 2007	3 August 2007 to 2 August 2009	0.06
25 March 2006	40% of 4,500,000 options to be vested on 25 March 2007	25 March 2007 to 24 March 2011	0.05
	30% of 4,500,000 options to be vested on 25 March 2008	25 March 2008 to 24 March 2011	0.05
	30% of 4,500,000 options to be vested on 25 March 2009	25 March 2009 to 24 March 2011	0.05
6 August 2008	40% of 4,500,000 options to be vested on 6 August 2009	6 August 2009 to 5 August 2013	0.07
	30% of 4,500,000 options to be vested on 6 August 2010	6 August 2010 to 5 August 2013	0.07
	30% of 4,500,000 options to be vested on 6 August 2011	6 August 2011 to 5 August 2013	0.07

If the share options remain unexercised after a period of 5 years from the date of grant, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest. Share options previously vested would be lapsed one year after if the employee leaves the Group, unless the remuneration committee otherwise approved.

	2009		2008	
	Number of share options	Weighted average exercise price S$	Number of share options	Weighted average exercise price S$
Outstanding at the beginning of the year	84,500,000	0.0600	80,000,000	0.0594
Granted during the year	–	–	4,500,000	0.0700
Forfeited during the year	(6,000,000)	0.0600	–	–
Expired during the year	(69,500,000)	0.0600	–	–
Outstanding at the end of the year	9,000,000	0.0600	84,500,000	0.0600
Exercisable at the end of the year	6,300,000	0.0557	78,650,000	0.0596

28. SHARE CAPITAL (continued)

Share options (continued)

The share options outstanding at the end of the reporting date have a weighted average remaining contractual life of 2.4 years (2008: 0.9 year) and the exercise prices range from S$0.05 to S$0.07 (2008: S$0.05 to S$0.07). The share-based payments to directors and executives recognised in the consolidated statement of comprehensive income were approximately RMB353,000 for the year ended 31 December 2009 (2008: RMB282,000).

The Scheme was terminated on 10 May 2009 and the outstanding share options granted under the Scheme remains valid until their respective expiration date.

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	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	Proposed final dividend RMB'000	Total RMB'000
At 1 January 2008	50,164	565,589	479	–	13,530	(224,345)	16,164	421,581
Total comprehensive income for the year	–	–	–	–	–	14,400	–	14,400
Repurchase of shares	(5,611)	–	–	8,324	–	(8,324)	–	(5,611)
Payment of dividends	–	–	–	–	–	–	(16,164)	(16,164)
Recognition of share-based payments	–	–	–	–	288	–	–	288
2008 Proposed final dividend	–	–	–	–	–	(13,578)	13,578	–
At 31 December 2008 and 1 January 2009	44,553	565,589	479	8,324	13,818	(231,847)	13,578	414,494
Total comprehensive income for the year	–	–	–	–	–	6,363	–	6,363
Share option lapsed/ forfeited during the year	–	–	–	–	(12,891)	12,891	–	–
Payment of dividends	–	–	–	–	–	–	(13,578)	(13,578)
Recognition of share-based payments	–	–	–	–	353	–	–	353
2009 Proposed final dividend	–	–	–	–	–	(14,757)	14,757	–
At 31 December 2009	44,553	565,589	479	8,324	1,280	(227,350)	14,757	407,632

29. RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premium payable on repurchase of shares.

(ii) Contributed surplus

The contributed surplus of the Company and the Group represents the balance of the amount of credit arising from the capital reduction pursuant to a special resolution passed on 10 May 2004 for the reduction of issued and paid-up share capital of the Company from S$0.20 to S$0.05 on each of the 751,987,750 issued and paid-up shares.

(iii) Share options reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments as set out in note 3 to the financial statements.

(iv) Capital redemption reserve

Capital redemption reserve arises from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

30. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

The Group has a related party relationship with China Construction Holdings Limited and its subsidiaries (collectively known as "CCH Group"). Certain directors of the Company are also directors of companies in the CCH Group.

(b) Year-end balances with related companies

Group

Except for an amount of RMB11,960,000 (2008: RMB4,860,000) due from a related company that is carried at 5% interest per annum, all remaining balances are unsecured, interest free and have no fixed repayment terms.

Company

The amount due is unsecured, interest-free and have no fixed repayment terms.

30. RELATED PARTY TRANSACTIONS (continued)

(c) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had entered into the following transactions with its related parties during the year:-

	2009 RMB'000	**2008 RMB'000**
Cash received through related companies	19,346	1,540
Cash received through a director	825	–
Rental income received from a related company	–	1,055
Rental expenses reimbursed / reimbursable from CCH Group	209	209
Operating expenses reimbursed / reimbursable from CCH Group	58	68
Consultancy service fees paid to related companies	1,100	1,500
Repairs and maintenance fees paid to a related company	301	–
Interest income charged to a related company	679	102
Offset of balance due from CCH Group with due to a related company	–	679
Offset of balance due from a related company with due to a director	505	–

(d) Key management compensation

Details of directors' remuneration are set out in note 10(b) to the financial statements.

31. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2009 RMB'000	**2008 RMB'000**
Capital expenditure contracted but not provided for in the financial statements in respect of unpaid balance of capital contributions to an associate	40,956	–

Pursuant to a contractual arrangement dated 30 November 2009, the Company has a 25% investment in an associate named Future Trillion Holdings Limited (incorporated in the British Virgin Islands) and it subsidiaries ("FTL Group"). FTL Group is engaged in natural gas exploration business in Papua New Guinea. The total investment cost of the Company in proportion to its respective interest in the associate is US$6,000,000 (equivalent to approximately RMB40,956,000) which is to be financed in the form of cash by the Company. At 31 December 2009, the Company has not yet fulfilled its investment obligation in the FTL Group.

32. OPERATING LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year before business tax was approximately RMB2,137,000 (2008: RMB1,944,000). All of the Group's investment properties are held for rental purposes.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:-

	2009 RMB'000	2008 RMB'000
At 31 December		
Within one year	1,428	1,740
In the second to fifth year inclusive	–	318
	1,428	2,058

Operating lease payments represent rental income receivable by the Group for certain of its investment properties. Leases are negotiated for terms ranging for one year and rentals are fixed over the lease terms and do not include contingent rentals.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of operating rights of a toll bridge and its ancillary facilities

On 23 December 2009, the Group entered into a contractual arrangement with a local government agency for the compulsory disposal of the operating rights of Haimen bridge and its ancillary facilities. Pursuant to the contractual arrangement and its supplementary agreement, consideration of RMB140,000,000 and RMB20,000,000 will be directly payable to the Group and the minority shareholder of CIH (Tianjin) Haimen Bridge Limited respectively. Accordingly, the Group recognised RMB140,000,000 as compensation for the compulsory disposal of the operating rights of Haimen bridge and its ancillary facilities during the year. The disposal was completed on 31 December 2009 and the loss on disposal of the operating rights of Haimen bridge has been recognised in the consolidated statement of comprehensive income for the year.

Net assets disposed at the date of disposal were as follows:

	RMB'000
Intangible assets	145,256
Property, plant and equipment	1,233
Net assets disposed of	146,489
Direct cost for disposal	
- Provision for staff compensation (note 10)	8,410
- Others	68
Loss on disposal of operating rights of a toll bridge and its ancillary facilities	(14,967)
Total consideration satisfied by consideration receivable (included as other receivables)	140,000

34. CONTINGENT LIABILITIES

As at 31 December 2009 the Group and the Company did not have any significant contingent liabilities. As at 31 December 2008, there were contingent liabilities in respect of pledge of rights to receive toll and other income of Haimen and Zuowei bridges to secure a bank loan of a subsidiary disposed of in 2006 with outstanding bank loan balances of approximately RMB474,640,000. Such pledge has been released during the year.

35. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the special general meeting of the Company held on 8 March 2010, a new share options scheme "CIHL Share Option Scheme" and a new share award scheme "CIHL Performance Share Plan" have been adopted. Details of the new share options scheme and the new share award scheme are set out in the Company's circular dated 10 February 2010. On the same day, a total of 20,000,000 share options with an exercise price of S$0.075 and a validity period of 5 years were granted to the directors of the Company and executive employees of the Group.

At the same special general meeting, the name of the Company was changed from China Infrastructure Holdings Limited to China International Holdings Limited and certain Bye-Laws of the Company were amended. Details of such amendments of Bye-Laws are set out in the Company's circular dated 10 February 2010.

Other than the subsequent events as described above, no significant events took place subsequent to 31 December 2009 and up to the date of these financial statements.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of certain due from / (to) subsidiaries previously classified under investment in subsidiaries to current assets in the statement of financial position of the Company. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Company.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2010.

Shareholding Statistics

Authorised Share Capital	:	S$1,000,000,000
Issued and Paid Up Capital	:	S$43,505,187.50
Class of Shares	:	Ordinary Shares of S$0.05
Voting Rights	:	One vote per share

As at 19 March 2010, the Company did not hold any treasury shares.

Twenty Largest Shareholders

The distribution of the twenty largest shareholders based on share registry information as at 19 March 2010 was as follows:

	Shareholders	No. of Shares Held	%
1	Citibank Nominees Singapore Pte Ltd	226,078,256	25.98
2	UOB Kay Hian Pte Ltd	215,362,570	24.75
3	DBS Vickers Securities (S) Pte Ltd	91,363,000	10.50
4	Raffles Nominees Pte Ltd	80,828,518	9.29
5	OCBC Securities Private Ltd	19,371,000	2.23
6	Ye Tianyun	15,000,000	1.72
7	HSBC (Singapore) Nominees Pte Ltd	5,594,000	0.64
8	Chan Sin Mian	4,983,000	0.57
9	Lim Cher Heng	4,747,000	0.55
10	Tan Chong Hoe	3,400,000	0.39
11	Hee Lee Set	3,000,000	0.34
12	Quah Wee Lai	2,800,000	0.32
13	Teoh Gaik Liew	2,550,000	0.29
14	Tan Brian Roy	2,250,000	0.26
15	Heng See Eng	2,222,000	0.26
16	Espoir Investments Pte Ltd	2,100,000	0.24
17	Zhang Xiangyan	1,987,000	0.23
18	Ng Jin Nee Brenda	1,950,000	0.22
19	Young Chun Hui	1,900,000	0.22
20	Phillip Securities Pte Ltd	1,744,977	0.20
		689,231,321	79.20

Shareholding Statistics

Substantial Shareholders:

As shown in the Register of Substantial Shareholders as at 19 March 2010:

Shareholder	No. of Share Held	%
China Construction Group Inc	220,025,125	25.29
Wellful Holdings Limited	210,556,570	24.20
Century Investment Co., Limited	80,828,055	9.29

Distribution of Shareholders:

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1-999	3	0.03	997	0.00
1,000-10,000	7,608	76.32	25,252,001	2.90
10,001-1,000,000	2,331	23.39	147,391,869	16.94
1,000,001 and above	26	0.26	697,458,883	80.16
Total	9,968	100.00	870,103,750	100.00

According to the Company's record as at 19 March 2010, there was 41.22% of the Company's shares being held in the hands of the public. Thus, the Company has complied with Rule 723 of the Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China International Holdings Limited ("the Company") will be held at Merchant Court Ballroom, Section B, Swissotel Merchant Court, 20 Merchant Road, Singapore 058281 on Monday, 26 April 2010 at 4:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt dividend of 0.35 Singapore cent per share for the year ended 31 December 2009 (2008: 0.35 Singapore cent per share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Bye-law 104 of the Byelaws of the Company:

   Mr Shan Chang (Retiring under Bye-law 104) **(Resolution 3)**
   Mr Fong Weng Khiang (Retiring under Bye-law 104) **(Resolution 4)**

   Mr Shan will, upon re-election as Director of the Company, remain as a member of the Audit, Norminating and Remuneration Committees and will be considered non-independent.

   Mr Fong will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent.

4. To approve the payment of Directors' fees of RMB1,800,000 for the year ending 31 December 2010 (2009: RMB1,800,000). **(Resolution 5)**

5. To re-appoint Messrs RSM Nelson Wheeler as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

   That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

   (the "***Share Issue Mandate***")

provided that:

(1) Save as provided in sub-paragraph (2) below, the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

(2) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued to existing shareholders via a pro-rata renounceable rights issue pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

(3) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraphs (1) and (2) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

   (c) any subsequent consolidation or subdivision of shares;

(4) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments or (iii) in relation to sub-clause (2) above, 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier.

[See Explanatory Note (i)] **(Resolution 7)**

8. **Authority to issue shares and Instruments other than on a pro rata basis at a discount not exceeding 20 per centum (20%)**

That subject to and pursuant to the Share Issue Mandate being obtained in **Resolution 7** above, approval be and is hereby given to the Directors of the Company to issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a pro rata basis at an issue price per share as the Directors of the Company may in their absolute discretion deem fit provided that such price shall not represent a discount of more than 20 per centum (20%) to the weighted average price per share determined in accordance with the requirements of the SGX-ST and unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

9. **Authority to issue shares under the CIHL Share Option Scheme**

That the Directors of the Company be authorised and empowered to offer and grant options under the CIHL Employees' Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and such other share-based incentive scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 9)**

10. **Authority to issue shares under the CIHL Performance Share Plan**

That the Directors of the Company be authorised and empowered to offer and grant options under the CIHL Performance Share Plan ("the Plan") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and such other share-based incentive scheme (including the CIHL Share Option Scheme) shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 10)**

11. **Renewal of Share Purchase Mandate**

That the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the issued shares in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 3 of the Letter to Shareholder dated 9 April 2010 (the "Letter"), in accordance with the "Terms of the Share Purchase Mandate" set out in the "Letter", and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Ng Mei Wah Mon
Chew Kok Liang
Secretaries

Singapore, 9 April 2010

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares in capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by SGX-ST. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(ii) The Ordinary Resolution 7 above is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by SGX-ST. The Ordinary Resolution 8 above, if passed, will empower the Directors of Company to issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a pro-rata basis at a discount of not more than 20% to the weighted average price per share determined in accordance with the requirements of the SGX-ST.

(iii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme and such other share-based incentive scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

(iv) The Ordinary Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Plan and such other share-based incentive scheme (including the CIHL Share Option Scheme) up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

(v) The Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the issued shares in the capital of the Company at the Maximum Price as defined in the Letter. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2009 are set out in greater detail in the Letter.

Notes:

1. If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting (the "Meeting"), then he/she/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, at least forty-eight (48) hours before the time of the Meeting.

2. If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be deposited at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, at least forty-eight (48) hours before the time of the Meeting.