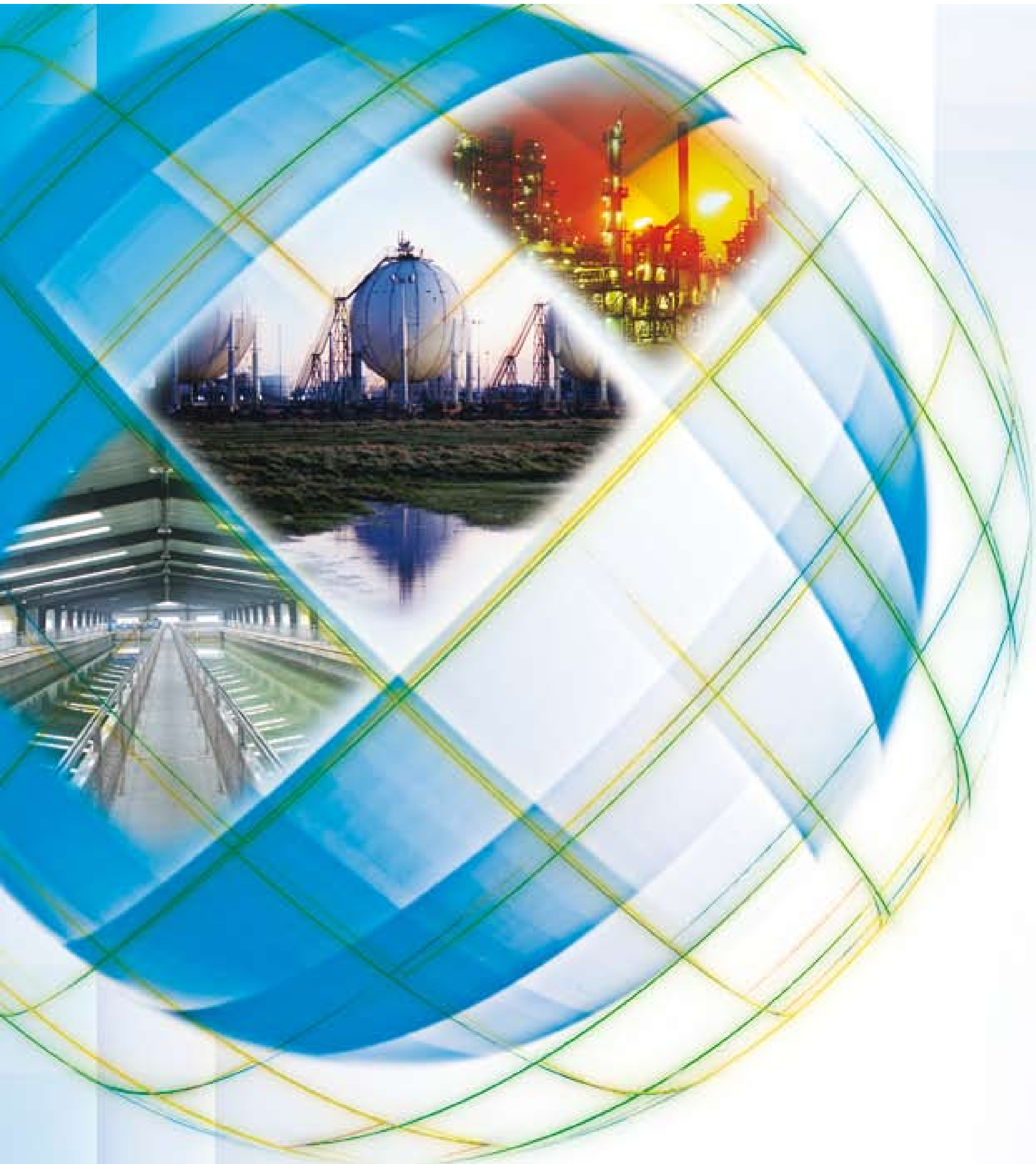
中翔國際集團有限公司
China International Holdings Limited



Exploring New Horizons

ANNUAL REPORT 2010

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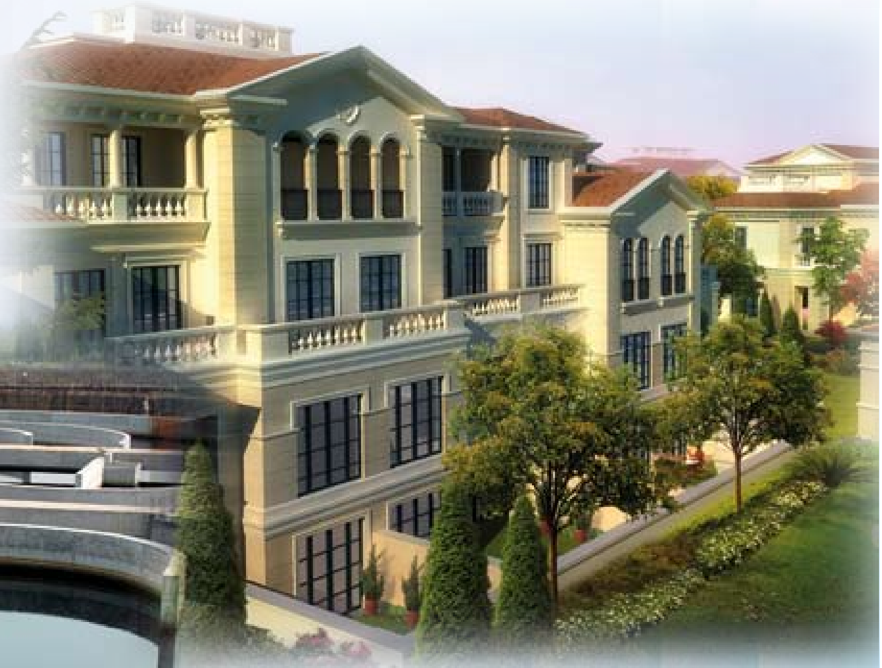

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the annual report for China International Holdings Limited, for the financial year ended 31 December 2010 ("FY2010").

In FY2010, we had consolidated our core businesses in infrastructure; water plant development and operations; and property development in term of the human and financial resources, and are actively developing our new energy and natural resources business.

In FY2010, the net profit of the Group improved to RMB30.08 million, the profit attributable to the Group was RMB26.12 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 recorded a turnover of RMB28.49 million in FY2010, representing a decrease of 40% as compared to RMB47.74 million in FY2009. The decrease was mainly due to the terminations of the management fee for Haihe Bridge and the operating income of Haimen Bridge after the compulsory acquisition by the local government on 31 December 2009. The amount represents the turnover at Andi Bridge of RMB17.39 million (FY2009: RMB9.12 million) and the turnover of RMB10.70 million at CIHL (Tianjin) Water Development Company Limited (formerly a jointly controlled entity) for the period subsequent to 1 October 2010 when the Company obtained control over CIHL (Tianjin) Water Development Company Limited as a result of lapse of minority veto rights through revisions made to the M&A of CIHL (Tianjin) Water Development Company Limited.

In line with the lower turnover, cost of services provided in FY2010 decreased by RMB13.04 million or 55% to RMB10.57 million as compared to RMB23.61 million in FY2009.

Overall, the Group's gross profit in FY2010 decreased by RMB6.21 million or 26% to RMB17.92 million as compared to RMB24.13 million in FY2009.

Other income in FY2010 decreased by RMB8.82 million or 56% to RMB7.06 million as compared to RMB15.88 million in FY2009. The decrease was mainly due to lower interest income and rental income during the year.

The non-recurring income consist of (i) gain on acquisition of a subsidiary of RMB20.31 million is the gain on the acquisition of CIHL (Tianjin) Water Development Company Limited (formerly a jointly controlled entity) based on the valuation report by Roma Appraisals Limited finalised on 24 February 2011. The said valuation report, valued the Group's 60% interest in CIHL (Tianjin) Water Development Company Limited as at 30 September 2010 at RMB60 million (ii) gain of RMB7.85 million on fair value changes of investment properties (iii) gain on disposal of subsidiaries of RMB3.91 million (iv) over-provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities of RMB1.34 million and (v) gain on bargaining purchase of a subsidiary of RMB0.78 million. As a result of the non-recurring income, there was a significant increase of profit from operations by RMB23.29 million or 301% to RMB31.04 million in FY2010 as compared to RMB7.75 million in FY2009.

Net cash used in operating activities in FY2010 was RMB226.67 million mainly due to the increase in properties for development in the amount of RMB210.14 million.

Net cash generated from investing activities in FY2010 was RMB307.35 million primarily due to receipt of proceeds on disposal of operating rights of a toll bridge and its ancillary facilities in the amount of RMB140 million as well as refund of deposits paid for land development projects in the amount of RMB150 million.

Net cash generated from financing activities in FY2010 was RMB203.35 million primarily due to repayment of loans due from third parties.

Cash and bank balance as at 31 December 2010 was RMB455.14 million. Compared to FY2009, the cash position of the Group has improved.

During the year under review, the Group disposed its 100% owned subsidiaries CIHL City Development Limited and CIHL (Tianjin) Enterprise Development Limited at a gain of RMB3.91 million.

The Group has on 29 July 2010 announced that it has been awarded by 天津市国土资源和房屋管理局蓟县国土资源分局 the tender for the acquisition of land use right for a parcel of land located in the North Shore of Cui Ping Lake Tourist District in Tianjin Ji County for a total consideration of RMB200 million. As at 31 December 2010, the Company has paid off the total consideration of RMB200 million for such tender. Subject to successful application of the required certificate and administrative process the land can be developed into residential and commercial properties according to the regulatory plan.

The Company acquired 95% of the registered share capital of Beijing Shiji Longquan Real Estate Development Co., Ltd (北京世纪龙泉房地产开发有限公司) ("SJLQ") on 20 August 2010 for a total consideration of RMB9.5 million. SJLQ is in the business of real estate development focusing on preliminary land development projects in Beijing. The Company expects this acquisition to complement its existing real estate business.

Pursuant to a contractual arrangement dated 30 November 2009, the Company had a 25% equity investment in an associate named Future Trillion Holdings Limited (incorporated in the British Virgin Islands) and its subsidiary (collectively known as "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. The Company fulfilled its investment obligation, completed the acquisition in the FTL Group on 13 October 2010. Our oil and gas exploration project in Papua New Guinea has progressed over the review period, with positive results from micro-bio test and the 2D seismic data acquisition work on track.

On 1 October 2010, the Company obtained control over CIHL (Tianjin) Water Development Company Limited (formerly a jointly controlled entity) as a result of lapse of minority veto rights through revisions made to the M&A of CIHL (Tianjin) Water Development Company Limited.

Looking ahead

While the global economy has recovered in recent months, uncertainty remains in the economic outlook. Any recent and future Chinese government responses to the economic climate may have impacts on our businesses in the future. We are mindful of the challenges ahead and will seize opportunities to expand our energy and natural resources business as appropriate.

A word of welcome and thanks

I welcome Mr Shen Xia, our new executive director to our Group and I am confident that the Group will benefit from his years of experience and insights in the natural resources sector.

I would also like to express my deepest gratitude to the non-executive Board members for providing strategic guidance to the Group throughout the year.

As the Group accelerates its transformation to explore new horizons, the Board is mindful that success is a team effort of the management and staff, our shareholders, business partners and associates. On behalf of the Board of Directors, we wish to thank all of them for their continuous commitment and support of the Group.

Shan Chang
Chairman

Corporate Structure

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

100%	Samoa	CIHL Development Limited 中翔基建發展有限公司
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
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
100%	British Virgin Islands	Pinnacle China Limited
100%	Samoa	Tianjin Bridges Investments Limited 天津橋樑投資有限公司

100% PRC

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

100% PRC

CIHL (Tianjin) City Development Limited – Beijing Project Management Branch Office
天津新中城市實業發展有限公司 北京工程管理分公司

100% PRC

Tianjin CIHL Xinzhong Real Estate Development Co. Ltd.
天津中翔新中房地产开发有限公司

95% PRC

Beijing Shiji Longquan Real Estate Development Co. Ltd
北京世纪龙泉房地产开发有限公司

60% PRC

CIHL (Tianjin) Water Development Company Limited
中翔(天津)水業發展有限公司

(Jointly Controlled Entity Till 1 October 2010)

60% PRC

CCI Andi Bridges Co., Ltd
中翔安地大橋有限公司

75% PRC

CIHL Haimen (Tianjin) Enterprise Ltd
中翔海門(天津)實業有限公司

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 Chairman of CIGIS (China) Ltd. 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 51.

Fong Weng Khiang

Mr Fong was appointed as an Independent Director on 14 January 2006. Mr Fong has more than 24 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 57.

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 48.

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 45.

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. Age 57.

Shen Xia

Mr Shen joined the Company and was appointed Executive Director of the Company on 17 May 2010. Mr Shen is responsible for corporate finance and natural resources business operations of the Group. Prior to joining the Company, Mr Shen had more than 17 years of experience in investment banking focusing on natural resources sector. Mr Shen holds a Master degree from University of Oxford in England and a Bachelor degree from Zhejiang University in Hangzhou, China. Mr. Shen is a non-executive director of Hong Kong Stock Exchange listed company Yueshou Envionmental Holdings Co.. Age 48.

Key Management

Yange Han

Ms Han was appointed Chief Financial Officer and joint Company Secretary on 19 July 2010. Prior to joining the Company, Ms Han had over 11 years of experience in auditing, consulting and corporate finance in the US and China as a Director with PricewaterhouseCoopers and two years as an Executive Director with NYSE Euronext. Ms Han holds post-baccalaureate degree in Business Administration from University of Washington and a Bachelor of Arts degree from China Communication University. Ms Han is a Certified Public Accountant in the State of California in the US. Age 43.

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 a fellow member of CPA Australia. Age 53.

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
Mr Shen Xia, Executive Director (Appointed on 17 May 2010)

Company Secretaries
Mr Chew Kok Liang
Ms Yange Han (Appointed on 19 July 2010)

Auditor
RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong
Partner-in-charge: Maria Tsang
(since financial year ended 31 December 2010)

Hong Kong Office
Room 3001, Shun Tak Centre, West Tower
168 – 200 Connaught Road Central
Hong Kong

Beijing Office
Floor 21, Tower C, Webok Time Centre
17 South Zhongguancun Street
Haidian District, Beijing
PRC 100081

Website
www.chinatoll.net

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 5950
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 2010 are summarized in the following table:

Name of Director	Board Meetings	AC Meetings	NC Meetings	RC Meetings
Number of Meetings	7	4	1	1
Mr Shan Chang	7	4	1	1
Mr Fong Weng Khiang	7	4	1	1
Mr Zhang Rong Xiang	7	–	–	–
Mr Zhu Jun	6	–	–	–
Mr Chee Teck Kwong Patrick	7	4	1	1
Mr Shen Xia*	2	–	–	–

* Mr Shen Xia was appointed on 17 May 2010

Statement of Corporate Governance

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 six 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
Mr Shen Xia	Executive 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 give 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	26 April 2010
Mr Fong Weng Khiang	14 Jan 2006	26 April 2010
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 Shen Xia	17 May 2010	

Mr Zhu Jun, Mr Shen Xia and Mr Chee Teck Kwong Patrick have given their consent for re–election. The NC has recommended that Mr Zhu Jun, Mr Shen Xia and Mr Chee Teck Kwong Patrick who will be retiring by rotation and/or re-election 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.

Statement of Corporate Governance

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.

The directors' fees paid to the Directors each year 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 2010 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	23	77	–	100
Mr Zhu Jun	31	69	–	100
Mr Chee Teck Kwong Patrick	100	–	–	100
Mr Shen Xia	21	79	–	100
Key Executives				
Below S$250,000				
Ms Yange Han	–	100	–	100
Mr Lai Kin Ming Kenny	–	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.

Statement of Corporate Governance

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 2010. 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 auditor and internal auditor, at least once a year, without the presence of Management.

The AC has reviewed and satisfied the external auditor's 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 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.

Statement of Corporate Governance

Dealings in Securities

The Group has adopted Rule 1207(18) of the listing manual issued by SGX-ST in relation to dealings in the Company's securities. Directors and employees of the Company are notified that they are prohibited from trading 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 keeps 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.

	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)
Name of Interested Person	**RMB'000**	**RMB'000**
北京世紀龍泉房地產開發有限公司		
– acquisition of 95% shareholding	9,500	–

Material Contracts

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 financial year of 2010.

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

Year ended 31 December 2010

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 2010 ("FY2010").

The Board of Directors

The directors of the Company in office during FY2010 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
Mr Shen Xia (appointed on 17 May 2010)

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 FY2010, was the Company a party to any arrangement whose objects are, or one of whose objects 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 FY2010, 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 FY2010, 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 2010:

Name of Director	Direct Interest	Deemed Interest
Mr Zhang Rong Xiang	2,566,000	–
Mr Fong Weng Khiang	4,500,000	–

Share Options

As at 31 December 2010, 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	4,500,000	4,500,000

Directors' Report

Year ended 31 December 2010

2004 Scheme was terminated on 10 May 2009. 4,500,000 options granted to directors and employees of the Company in accordance with 2004 Scheme were outstanding for conversion into 4,500,000 shares in the capital of the Company as at 31 December 2010.

Under 2004 Scheme, 4.5 million options were exercised during FY2010. None of the share options have been granted at a discount.

2004 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 Scheme"). As at the date of this report, following share options have been granted by the Company to the directors pursuant to 2010 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
Mr Shen Xia	3,000,000
	20,000,000

Pursuant to 2010 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, 3,000,000 share options granted to a director of the Company on 17 May 2010 at the exercise price of S$0.087. The vesting schedule of the options is 50% and 50% after the first and second anniversary respectively of the grant. The expiry dates of the options is on 7 March 2015 and 16 May 2015 respectively.

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

2010 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 FY2010 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 FY2010, 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.

Directors' Report

Year ended 31 December 2010

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

No non–assurance fee was paid to the auditor during FY2010.

Independent Auditor

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

28 March 2011

Statement by Directors

Year ended 31 December 2010

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 2010 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

28 March 2011

Independent Auditor's Report

To the Shareholders of China International Holdings Limited
(Formerly konwn 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") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 71, which comprise the consolidated and Company statements of financial position as at 31 December 2010, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2010, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
Partner-in-charge: Maria Tsang

28 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
TURNOVER	6	28,486	47,742
Cost of services provided		(10,568)	(23,609)
Gross profit		17,918	24,133
Other income	7	7,055	15,875
Over provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities		1,340	–
Loss on disposal of operating rights of a toll bridge and its ancillary facilities		–	(14,967)
Gain on fair value changes of investment properties	18	7,853	–
Gain on disposal of subsidiaries	37(a)	3,911	–
Gain on bargaining purchase of a subsidiary	37(b)	782	–
Gain on acquisition of a subsidiary	37(c)	20,307	–
Administrative expenses		(13,014)	(8,389)
Other operating expenses		(15,116)	(8,898)
Profit from operations		31,036	7,754
Finance costs	9	(35)	(47)
Share of losses of an associate	21	(80)	–
Share of profits of a jointly controlled entity		5,861	900
PROFIT BEFORE TAX		36,782	8,607
Income tax expense	11(a)	(6,697)	(8,237)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	12	30,085	370
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		26,122	21,460
Non-controlling interests		3,963	(21,090)
		30,085	370
EARNINGS PER SHARE		RMB(Fen)	RMB(Fen)
Basic	15	2.99	2.47
Diluted	15	2.99	2.47

Consolidated Statement of Financial Position

As at 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	68,635	11,514
Intangible assets	17	20,881	22,529
Investment properties	18	21,500	24,770
Goodwill	19	20,303	–
Investment in a jointly controlled entity		–	33,841
Investment in an associate	21	39,944	–
Deferred tax assets	11(b)	271	–
		171,534	92,654
CURRENT ASSETS			
Properties for development	22	210,142	–
Refundable deposits	23	10,000	10,000
Prepayments, deposits and other receivables	24	7,192	493,066
Inventories	25	1,172	–
Trade receivables	26	2,280	–
Gross amounts due from customers for contract work	27	501	–
Due from non-controlling shareholders	28	7,783	7,506
Due from an associate	28	427	–
Due from related companies	34(a)	268	12,815
Due from a jointly controlled entity		–	6,176
Cash and bank balances	29	455,145	171,119
		694,910	700,682
CURRENT LIABILITIES			
Trade payables	30	2,816	–
Other payables and accruals	31	15,555	16,938
Receipts in advance		11,328	–
Gross amounts due to customers for contract work	27	16,003	–
Due to a jointly controlled entity		–	7,500
Due to related companies	34(a)	–	1,001
Current tax liabilities		9,950	17,782
Due to non-controlling shareholders	28	46,003	26,000
		101,655	69,221
NET CURRENT ASSETS		593,255	631,461
TOTAL ASSETS LESS CURRENT LIABILITIES		764,789	724,115
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11(b)	3,172	3,973
		3,172	3,973
NET ASSETS		761,617	720,142

Consolidated Statement of Financial Position

As at 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Share capital	32	219,943	218,820
Reserves	33	477,946	459,618
Equity attributable to owners of the Company		697,889	678,438
Non-controlling interests		63,728	41,704
TOTAL EQUITY		761,617	720,142

Approved by the Board of Directors on 28 March 2011

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Profit before tax		36,782	8,607
Adjustments for:			
Amortisation of intangible assets		1,648	10,293
Depreciation of property, plant and equipment		2,355	1,535
Interest income		(6,113)	(14,351)
Share options granted to employees and directors		2,369	353
Gain on fair value changes of investment properties		(7,853)	–
Loss on disposal of operating rights of a toll bridge and its ancillary facilities		–	14,967
Loss on disposals of property, plant and equipment		39	15
Over provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities		(1,340)	–
Gain on disposal of subsidiaries	37(a)	(3,911)	–
Gain on bargaining purchase of a subsidiary	37(b)	(782)	–
Gain on acquisition of a subsidiary	37(c)	(20,307)	–
Share of losses of an associate	21	80	–
Share of profits of a jointly controlled entity		(5,861)	(900)
Operating (loss) / profit before working capital changes		(2,894)	20,519
Increase in properties for development		(210,138)	–
(Increase) / decrease in prepayments, deposits and other receivables		(609)	5,672
Decrease in inventories		1,811	–
Decrease in trade receivables		354	–
Increase in gross amounts due from customers for contract work		(501)	–
Increase in due from related companies		(195)	(256)
Decrease in trade payables		(1,161)	–
(Decrease) / increase in other payables and accruals		(5,164)	168
Decrease in receipts in advance		(4,154)	–
Increase in gross amounts due to customers for contract work		388	–
Decrease in due to related companies		–	(500)
Decrease in due to non-controlling shareholders		(498)	–
Cash (used in) / generated from operations		(222,761)	25,603
PRC income tax paid		(3,908)	(3,276)
Net cash (used in) / generated from operating activities		(226,669)	22,327
Cash flows from investing activities			
Interest received		12,855	24,041
Payments of property, plant and equipment		(1,950)	(1,360)
Proceeds on disposal of investment properties		–	5,500
Proceeds on disposal of operating rights of a toll bridge and its ancillary facilities		140,000	–
Proceeds on disposals of property, plant and equipment		23	12
Payments for acquisition of an associate		(40,024)	–
Proceeds on refund of refundable deposits		150,000	–
Proceeds on disposal of subsidiaries, net	37(a)	3,858	–
Proceeds on acquisition of subsidiaries, net	37(b)&(c)	42,587	–
Proceeds on disposal of a jointly controlled entity		–	75,000
Net cash generated from investing activities		307,349	103,193

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Cash flows from financing activities			
Proceeds from issuance of shares on share options exercised		1,123	–
Loans granted to a non-controlling shareholder		(1,450)	(2,223)
Cash paid to a non-controlling shareholder on behalf of a third party		–	(6,000)
Reimbursement received from a third party for cash paid to a non-controlling shareholder on behalf of a third party		–	6,000
Short term loans granted to a third party		–	(500)
Settlement of loans and receivables due from third parties		191,899	47,202
Loans repaid to a jointly controlled entity		(1,324)	–
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		(1,000)	(17,825)
Loans repaid from related companies		12,960	10,475
Loans advanced by related companies		13,537	974
Loans repaid to related companies		(13,537)	(974)
Loans advanced to an associate		(427)	–
Cash received on behalf of a non-controlling shareholder		20,000	–
Cash received on behalf of a related company		–	1,000
Settlement of cash received on behalf of a related company		(1,000)	–
Loans advanced by a director		1,752	–
Loans repaid to a director		(1,752)	(1,402)
Dividends paid to owners of the Company		(14,834)	(13,578)
Dividends paid to non-controlling shareholders		(2,601)	(9,887)
Net cash generated from financing activities		203,346	13,747
Net increase in cash and cash equivalents		284,026	139,267
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		171,119	31,852
CASH AND CASH EQUIVALENTS AT END OF YEAR		455,145	171,119
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	455,145	171,119

Statement of Financial Position

As at 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	20	220,049	220,049
CURRENT ASSETS			
Due from subsidiaries	20	526,742	343,302
Prepayments and other receivables	24	312	193,789
Due from a related company	34(a)	–	781
Cash and bank balances	29	1	1
		527,055	537,873
CURRENT LIABILITIES			
Other payables and accruals	31	2,293	870
Due to subsidiaries	20	129,026	130,600
		131,319	131,470
NET CURRENT ASSETS		395,736	406,403
NET ASSETS		615,785	626,452
CAPITAL AND RESERVES			
Share capital	32	219,943	218,820
Reserves	33(b)	395,842	407,632
TOTAL EQUITY		615,785	626,452

Approved by the Board of Directors on 28 March 2011

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Statutory reserves* RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Proposed final dividend RMB'000	Subtotal RMB'000	Non – controlling interests RMB'000	Total equity RMB'000
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 and at 1 January 2010	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
Total comprehensive income for the year	–	–	–	–	–	–	–	–	26,122	–	26,122	3,963	30,085
Issue of shares on share options exercised	1,123	759	–	–	–	–	–	(759)	–	–	1,123	–	1,123
Adjustment on 2009 proposed final dividend upon exercise of share options	–	–	–	–	–	–	–	–	(77)	77	–	–	–
Payment of dividends	–	–	–	–	–	–	–	–	–	(14,834)	(14,834)	(4,278)	(19,112)
Transfer	–	–	–	–	1,647	–	–	–	(1,647)	–	–	–	–
Adjustment on interest in a PRC subsidiary (Note 20)	–	–	–	809	–	–	–	–	3,862	–	4,671	(4,671)	–
Recognition of share-based payments	–	–	–	–	–	–	–	2,369	–	–	2,369	–	2,369
Acquisition of subsidiaries (Note 37(b)&(c))	–	–	–	–	–	–	–	–	–	–	–	27,010	27,010
2010 proposed final dividend	–	–	–	–	–	–	–	–	(15,758)	15,758	–	–	–
At 31 December 2010	219,943	45,312	565,589	7,764	14,732	8,324	(8)	2,890	(182,415)	15,758	697,889	63,728	761,617

* 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.

Notes to the Financial Statements

For the year ended 31 December 2010

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. The Company's shares are listed on the main board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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 Company is an investment holding company. The principal activities of its subsidiaries are set out in note 20 to the financial statements.

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 2010. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards; 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 for business combinations.

IFRS 3 (Revised) "Business Combinations" continues to require acquisition method to be applied to business combinations with some significant changes:

- Contingent consideration is recognised at its acquisition-date fair value and forms part of the cost of acquisition. The previous IFRS 3 requires that a contingent consideration be recognised if it is probable and can be measured reliably.

- In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated statement of comprehensive income. The fair value is added to the cost of acquisition to calculate goodwill. The previous IFRS 3 does not have a requirement for such fair value measurement.

- There is a choice to measure initially the non-controlling interests in a subsidiary either at their acquisition-date fair value or the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The previous IFRS 3 only allows the latter choice.

- If a business combination is accounted for using provisional amounts, the measurement period that the provisional amounts can be adjusted retrospectively is limited to one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The previous IFRS 3 does not have a time limit for adjustments in relation to contingent considerations and deferred tax assets. Subsequent adjustments to contingent considerations and deferred tax assets will adjust goodwill.

- Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. The previous IFRS 3 requires that acquisition-related costs form part of the cost of a business combination.

Notes to the Financial Statements

For the year ended 31 December 2010

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

IFRS 3 (Revised) has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010 and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	2010 RMB'000	2009 RMB'000
Increase in gain on acquisition of a subsidiary	20,303	–
Increase in goodwill (note 19)	20,303	–
Increase in EPS (RMB (Fen))	2.32	–

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its result of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the IFRSs.

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 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.

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 deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and 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.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling 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 the non-controlling shareholders and owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (CONT'D)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated statement of comprehensive income as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated statement of comprehensive income. The fair value is added to the cost of acquisition to calculate the goodwill.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy "Impairment of assets" below. Impairment losses of goodwill are recognised in consolidated statement of comprehensive income and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

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 and 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 and 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 and liabilities over the cost of acquisition is recognised in the consolidated statement of comprehensive income.

Notes to the Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Jointly controlled entities (CONT'D)

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 that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that jointly controlled entity and (ii) the Group's share of the net assets of that jointly controlled entity plus any remaining goodwill relating to that jointly controlled entity and 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.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate 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 associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated statement of comprehensive income.

The Group's share of an associate's post-acquisition profits or losses is recognised in 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 an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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);

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties (CONT'D)

(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.

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.

(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.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (CONT'D)

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.

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:

Water plant and its ancillary facilities	20 years
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.

Construction in progress represents water plant and its ancillary facilities under construction, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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 Zouwei bridge and its ancillaries facilities (the "Toll bridges and its ancillary facilities") for a period of 25 years from its date of operation. Upon expiration of the concession period, 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 period of the 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 (CONT'D)

Investment properties (CONT'D)

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 (vi) of "Revenue recognition" below.

Properties for development

Properties for development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

Inventories

Inventories for construction contracts, comprising raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is determined by reference to the underlying specific contracts in progress in which the inventories will ultimately be used.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill, 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.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded in the statement of financial position at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the statement of financial position as "Gross amount due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded in the statement of financial position as "Gross amount due to customers for contract work". Progress billings not yet paid by the customer are included in the statement of financial position under "Trade receivables". Amounts received before the related work is performed are included in the statement of financial position under "Receipts in advance".

Notes to the Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating leases

(i) The Group as lessee

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.

(ii) The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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.

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 and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 twelve months after the reporting period.

Trade and other payables

Trade 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.

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 and associate, 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.

Notes to the Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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) water supply income is recognised based on water supplied during the year;

(iii) When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract; and revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable;

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

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

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

Employee benefits

(i) Pension obligations

Contributions to Mandatory Provident Fund, a defined contribution retirement scheme, 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and Singapore 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 2010, 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 RMB289,000 (2009: RMB214,000) 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 RMB289,000 (2009 RMB214,000) higher, arising mainly as a result of the foreign exchange gain on bank deposits denominated in Hong Kong dollar.

At 31 December 2010, if the Singapore 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 RMB119,000 (2009: RMB4,000) lower, arising mainly as a result of the foreign exchange loss on bank deposits denominated in Singapore dollar. If the Signapore 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 RMB119,000 (2009: RMB4,000) higher, arising mainly as a result of the foreign exchange gain on bank deposits denominated in Singapore dollar.

(b) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits. Bank balances of RMB62,073,000 (2009: RMB171,035,000) bear interest at rates varied with the then prevailing market condition while bank balances of RMB393,014,000 (2009: Nil) bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

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

Notes to the Financial Statements

For the year ended 31 December 2010

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(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) 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.

(ii) Other debtors

The Group's exposure to credit risk in relation to other debtors mainly arise from due from a local government agency with carrying amount of approximately RMB2,338,000 (2009: RMB2,338,000). 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 overdue 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 (2009: RMB2,338,000).

(iii) 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 (2009: RMB10,000,000) was paid as deposits to the holders of land use rights for a possible land development project located in the PRC. 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 (2009: RMB10,000,000).

(d) Liquidity risk

The operations are self-financed by the toll income and water supply services 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 maturing within one year.

(e) Categories of financial instrument at 31 December:

	2010 **RMB'000**	**2009** **RMB'000**
Financial assets:		
Loans and receivables (including cash and cash equivalents)	479,826	699,170
Financial liabilities:		
Financial liabilities at amortised costs	68,644	38,736

(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 2010 was approximately RMB20,881,000 (2009: RMB22,529,000).

(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 2010 was approximately RMB1,648,000 (2009: RMB10,293,000).

(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 amount of the investment properties as at 31 December 2010 was RMB21,500,000 (2009: RMB24,770,000).

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill as at 31 December 2010 was RMB20,303,000 (2009: Nil).

(e) 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.

(f) Impairment assessment for bad and doubtful debts on trade and other receivables and refundable deposits

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of trade and 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 trade and 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 (CONT'D)

(g) Share-based payment expenses

The fair value of the share options granted to the directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share options reserve. In assessing the fair value of the share options granted during the year, the Binomial option pricing model (the "Binomial Model") was used. The Binomial Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Binomial Model requires the input of subjective assumptions, including the expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

(h) Revenue and profit recognition

The Group estimated the percentage of completion of the construction contracts by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

(i) Impairment of investment in an associate

The Group tests annually whether investment in an associate has suffered any impairment based on both quantitative and qualitative criteria. The entire carrying amount of the investment including goodwill is tested as a single asset. Such assessment includes various estimates and assumptions, the financial health, cash flow projection and future prospects of the companies. The carrying amount of the investment in an associate as at 31 December 2010 was approximately RMB39,944,000.

Critical judgements in applying Group's accounting policies

In the process of applying the accounting policies, the directors have made a judgement that have the most significant effect on the amounts recognised in the financial statements apart from those involving estimations relates to the ownership of properties for development.

(a) Ownership of properties for development

In August 2010, the Group acquired the land use rights of a parcel of land located in Beijing, PRC for property development through public auction at a consideration of RMB200,000,000 and has entered into a contractual arrangement with a local government agency for the development of the said land. Pursuant to the contractual arrangement entered by the Group and a local government agency, the Group is entitled to substantially all the control and economic benefits of the parcel of land and should obtain the legal title of land use right prior to the commencement of construction work of the property development project. As at 31 December 2010, the relevant registration procedures had not been completed and the legal title of the above captioned parcel of land had not been transferred to the Group and the relevant registration procedures are expected to be completed within one year. Notwithstanding the fact that the Group has not obtained the relevant legal titles of the land use right, the management considers that the Group obtained the ownership through contractual arrangement with the local government agency and determined to recognise the prepaid land lease payments as properties for development, on the grounds that they expect the transfer of legal titles in future should have no major difficulties.

(b) Ownership of land use right directly associated with water plant and its ancillary facilities

In March 2006, CIHL (Tianjin) Water Development Co., Ltd. ("Water Development JV") obtained approval from the PRC venturer of Water Development JV, which is also a local government agency, to use the parcel of land directly associated with water plant and its ancillary facilities for a period of 50 years. As at 31 December 2010, the legal title for the use of the above captioned parcel of land was not transferred to Water Development JV. Notwithstanding the fact that the Group has not obtained the relevant legal title of the land use right, the management considers that the Group has obtained the right to use through contractual arrangement with the local government agency, on the grounds that they expect the transfer of legal titles in future should have no major difficulties. The management also considers the fair value of such land use right is insignificant to the Group on the grounds that rental payment to the local government agency is required for the captioned area with effective from 1 January 2011.

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For the year ended 31 December 2010

6. TURNOVER

The Group's turnover which represents the gross amount of toll income received, management fees for toll bridge, revenue from land development construction contracts and revenue from construction of water pipeline and supply of gray water less PRC business tax and value added tax paid as follows:-

	Group	
	2010	2009
	RMB'000	RMB'000
Toll income	18,312	43,939
Management fees for toll bridges	–	6,000
Revenue from land development construction contracts	391	–
Revenue from construction of water pipeline and supply of gray water	11,394	–
	30,097	49,939
Less: PRC business tax and value added tax	(1,611)	(2,197)
	28,486	47,742

7. OTHER INCOME

	Group	
	2010	2009
	RMB'000	RMB'000
Interest income	6,113	14,351
Rental income, net	1,211	2,032
Loss on disposals of property, plant and equipment	(39)	(15)
Loss on exchange, net	(621)	(871)
Refund of PRC business tax	418	367
Other (loss) / income	(27)	11
	7,055	15,875

Notes to the Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION

The Group has five reportable segments as follows:

Toll collection	-	Toll income of toll bridges
Water supply services	-	Construction of water pipeline and supply of gray water
Management of toll bridge	-	Operation management of a toll bridge
Land development	-	Provision of engineering and land leveling service for preliminary land development projects
Property development	-	Development and sale of properties

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 set out 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
- Gain on fair value changes of investment properties
- Gain on bargaining purchase of a subsidiary
- Gain on acquisition / disposal of subsidiaries
- Share of profits of a jointly controlled entity
- Share of losses of an associate
- Finance costs
- Income tax expense

Segment assets do not include the following items:

- Property, plant and equipment for corporate use
- Investment properties
- Investment in a jointly controlled entity / due from a jointly controlled entity
- Investment in an associate / due from an associate
- Deferred tax assets
- Prepayments, deposits and other receivables for corporate use
- Due from related companies / non-controlling shareholders
- Cash and bank balances for corporate use

Segment liabilities do not include the following items:

- Other payables and accruals for corporate use
- Due to a jointly controlled entity / related companies
- Due to non-controlling shareholders for corporate use
- Current tax liabilities
- Deferred tax liabilities

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

- Property, plant and equipment for corporate use
- Investment properties
- Investment in a jointly controlled entity
- Investment in an associate
- Deferred tax assets

Notes to the Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION (CONT'D)

	Toll collection RMB'000	Water supply services RMB'000	Management of toll bridge RMB'000	Land development RMB'000	Property development RMB'000	Consolidated RMB'000
Year ended 31 December 2010						
Revenue from external customers	17,392	10,703	–	391	–	28,486
Segment profits	13,027	6,004	–	–	–	19,031
Interest income						6,113
Other income (excluding interest income)						942
Corporate administrative expenses						(13,014)
Corporate other operating expenses						(14,889)
Gain on fair value changes of investment properties						7,853
Gain on bargaining purchase of a subsidiary						782
Gain on acquisition of a subsidiary						20,307
Gain on disposal of subsidiaries						3,911
Finance costs						(35)
Share of profits of a jointly controlled entity						5,861
Share of losses of an associate						(80)
Income tax expense						(6,697)
Profit for the year						30,085
Depreciation and amortisation	1,876	795	–	–	–	4,003
Share options expenses	–	–	–	–	–	2,369
As at 31 December 2010						
Segment assets	23,100	80,880	–	11,964	210,142	326,086
Property, plant and equipment for corporate use						10,671
Investment properties						21,500
Investment in an associate						39,944
Deferred tax assets						271
Prepayments, deposits and other receivables for corporate use						4,492
Due from an associate						427
Due from related companies						268
Due from non-controlling shareholders						7,783
Cash and bank balances for corporate use						455,002
Total assets						866,444
Additions to non-current assets						
- Additions	–	29	–	–	–	1,950
- Acquisition of subsidiaries	–	56,514	–	–	–	57,593
	–	56,543	–	–	–	59,543
Segment liabilities	11,182	30,146	–	4,681	–	46,009
Other payables and accruals for corporate use						7,693
Due to non-controlling shareholders for corporate use						38,003
Current tax liabilities						9,950
Deferred tax liabilities						3,172
Total liabilities						104,827

Notes to the Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION (CONT'D)

	Toll collection RMB'000	Management of toll bridge RMB'000	Land development RMB'000	Property 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	–	11,100	150,000	326,168
Property, plant and equipment for corporate use					9,070
Investment properties					24,770
Investment in a jointly controlled entity					33,841
Prepayments, deposits and other receivables for corporate use					201,871
Due from a jointly controlled entity					6,176
Due from related companies					12,815
Due from non-controlling shareholders					7,506
Cash and bank balances for corporate use					171,119
Total assets					793,336
Additions to non-current assets	–	–	–	-	825
Segment liabilities	36,167	–	–	-	36,167
Other payables and accruals for corporate 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

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For the year ended 31 December 2010

8. SEGMENT INFORMATION (CONT'D)

	Revenue		Non-current assets	
	2010	2009	2010	2009
Geographical information	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Hong Kong	–	–	46	54
PRC except Hong Kong	28,486	47,742	131,273	92,600
Overseas	–	–	39,944	–
	28,486	47,742	171,263	92,654

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

Revenue from major customers:

For the year ended 31 December 2010, revenue from a major customer contributed to the Group's turnover of approximately RMB3,669,000 was included in Water supply services segment.

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

9. FINANCE COSTS

	Group	
	2010	2009
	RMB'000	**RMB'000**
Bank charges	35	47

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

		Group	
		2010	2009
	Note	**RMB'000**	**RMB'000**
Wages and salaries		8,092	10,761
Other staff welfare		1,849	2,912
Share-based payments to directors and employees		2,369	353
Pension costs of defined contribution plans	(a)	483	1,174
(Over provision) / provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities		(1,340)	8,410
		11,453	23,610

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.

Notes to the Financial Statements

For the year ended 31 December 2010

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

(b) Directors' remuneration

	Group	
	2010 RMB'000	2009 RMB'000
Directors' fees	1,800	1,395
Salaries and other short term benefits	1,873	1,360
Share-based payments	1,990	353
	5,663	3,108

Details of number of directors in remuneration bands for the financial year ended 31 December were:-

	2010	2009
Below S$250,000 (Equivalent to below RMB1,281,000)	5	5
Between S$250,001 to S$500,000 (Equivalent to between RMB1,281,001 to RMB2,562,000)	1	–
	6	5

Directors' remuneration included equity-settled share-based payments of approximately RMB1,990,000 (2009: RMB353,000) in respect of share options granted on 6 August 2008, 8 March 2010 and 17 May 2010 (2009: 25 March 2006 and 6 August 2008). Details of the share options are set out in note 32 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	
	2010 RMB'000	2009 RMB'000
Current tax - PRC enterprise income tax		
- Provision for the year	5,620	8,876
- Under provision in prior years	505	64
	6,125	8,940
Deferred tax (note (b))	572	(703)
	6,697	8,237

Pursuant to relevant laws and regulations in the PRC, the subsidiary CCI Andi Bridges Co., Ltd. ("Zuowei JV") is entitled to a reduction from PRC enterprise income tax. The tax rate applicable to Zuowei JV, after the reduction, is 22% in 2010 (2009: 20%).

Pursuant to relevant laws and regulations in the PRC, the subsidiary CIH Haimen (Tianjin) Enterprise Limited ("Haimen JV") is entitled to a reduction from PRC enterprise income tax. The tax rate applicable to Haimen JV, after the reduction, is 22% in 2010 (2009: 20%).

11. INCOME TAX EXPENSE (CONT'D)

(a) Income tax expense (CONT'D)

Pursuant to relevant laws and regulations in the PRC, CIHL (Tianjin) Water Development Co., Ltd. ("Water Development JV") is exempted from PRC enterprise income tax for the two years from its first profit-making year and thereafter are entitled to a 50% relief from PRC enterprise income tax for the following three years. Water Development JV was in its third profit-making year for the financial year ended 31 December 2010 and were therefore entitled to a 50% relief from PRC enterprise income tax for the year ended 31 December 2010. The tax rate applicable to Water Development JV for the year ended 31 December 2010 is 12.5%.

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	
	2010	**2009**
	RMB'000	**RMB'000**
Profit before tax	36,782	8,607
Tax charged at domestic income tax rate of 22% (2009: 20%)	8,092	1,721
Effect of different tax rates of subsidiaries	(643)	(6,000)
Tax effect on non-taxable income	(5,316)	(64)
Tax effect on non-deductible expenses	4,322	11,993
Under provision of income tax in prior years	505	64
Tax effect of tax losses not recognised due to uncertainty on future profits streams	1,009	219
Tax effect of share of profits of a jointly controlled entity	(1,290)	(180)
Tax effect of share of losses of an associate	18	–
Others	–	484
Income tax expense	6,697	8,237

11. INCOME TAX EXPENSE (CONT'D)

(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
At 1 January 2009	1,114	1,671	1,891	4,676
Charged / (credited) to consolidated statement of comprehensive income for the year	(586)	(241)	124	(703)
At 31 December 2009 and 1 January 2010	528	1,430	2,015	3,973
Acquisition of a subsidiary	(215)	–	–	(215)
Disposal of subsidiaries	–	(1,429)	–	(1,429)
Charged / (credited) to consolidated statement of comprehensive income for the year	(56)	1,932	(1,304)	572
At 31 December 2010	257	1,933	711	2,901

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

	Group 2010 RMB'000	Group 2009 RMB'000
Deferred tax assets	271	–
Deferred tax liabilities	3,172	3,973

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 the following:-

	Group 2010 RMB'000	Group 2009 RMB'000
Loss on disposals of property, plant and equipment	39	15
Amortisation of intangible assets[1]	1,648	10,293
Other staff costs (excluding directors' remuneration)[2]	5,790	20,502
Depreciation of property, plant and equipment[3]	2,355	1,535
Operating lease rental payments	939	718

Note:

(1) The amount was included in cost of services provided.

(2) The amount of approximately RMB3,474,000 (2009: RMB9,950,000) was included in cost of services provided.

(3) The amount of approximately RMB795,000 (2009: RMB Nil) 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 RMB675,000 (2009: RMB6,363,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

	2010 S$'000	2009 S$'000
Proposed final dividend	3,061	3,061
	RMB'000	RMB'000
Equivalent to	15,758	14,834

The final dividend of 0.35 Singapore cents (2009: 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 2010.

Additional 2009 final dividends of S$16,000 (or equivalent to approximately RMB77,000) were paid during the year ended 31 December 2010 due to issuance of 4,500,000 ordinary shares on share options exercised on 27 April 2010.

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 RMB26,122,000 (2009: RMB21,460,000) and the weighted average number of ordinary shares of 873,173,613 (2009: 870,103,750 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 RMB26,122,000 (2009: RMB21,460,000) and the weighted average number of ordinary shares of 873,193,698 (2009: 870,127,600 ordinary shares), being the weighted average number of ordinary shares of 873,173,613 (2009: 870,103,750 ordinary shares) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 20,085 (2009: 23,850 ordinary shares) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the reporting period.

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15. EARNINGS PER SHARE (CONT'D)

Diluted (CONT'D)

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

	Group 2010 RMB'000	Group 2009 RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	26,122	21,460
Number of shares (in Thousands)		
Issued ordinary shares at 1 January	870,104	870,104
Effect of issue of shares during the year	3,070	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	873,174	870,104
Effect of dilutive potential ordinary shares arising from share options outstanding	20	24
Weighted average number of ordinary shares for diluted earnings per share	873,194	870,128

16. PROPERTY, PLANT AND EQUIPMENT

Group	Building RMB'000	Water plant and its ancillary facilities RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 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 and 1 January 2010	13,480	–	55	1,372	2,762	–	17,669
Additions	–	29	–	309	1,612	–	1,950
Acquisition of subsidiaries	–	50,289	102	170	908	6,124	57,593
Disposals	–	–	–	(48)	(89)	–	(137)
At 31 December 2010	13,480	50,318	157	1,803	5,193	6,124	77,075
Accumulated depreciation							
At 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 and 1 January 2010	3,941	–	55	733	1,426	–	6,155
Charge for the year	579	787	8	242	744	–	2,360
Disposals	–	–	–	(13)	(62)	–	(75)
At 31 December 2010	4,520	787	63	962	2,108	–	8,440
Carrying amount							
At 31 December 2010	8,960	49,531	94	841	3,085	6,124	68,635
At 31 December 2009	9,539	–	–	639	1,336	–	11,514

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

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

CIHL (Tianjin) Water Development Co., Ltd. ("Water Development JV") obtained approval from the PRC venturer of Water Development JV, which is also a local government agency, to use the parcel of land directly associated with water plant and its ancillary facilities for a period of 50 years. No official land use rights certificate has been obtained for the use of the relevant land.

17. INTANGIBLE ASSETS

Group	Service concession arrangement RMB'000
Cost	
At 1 January 2009	366,760
Disposals	(330,110)
At 31 December 2009, 1 January 2010 and 31 December 2010	36,650
Accumulated amortisation	
At 1 January 2009	188,682
Charge for the year	10,293
Disposals	(184,854)
At 31 December 2009 and 1 January 2010	14,121
Charge for the year	1,648
At 31 December 2010	15,769
Carrying amount	
At 31 December 2010	20,881
At 31 December 2009	22,529

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 ended 31 December 2009.

18. INVESTMENT PROPERTIES

	Group	
	2010 RMB'000	2009 RMB'000
At 1 January	24,770	30,270
Gain on fair value changes	7,853	–
Disposal of subsidiaries (note 37(a))	(11,123)	–
Disposals	–	(5,500)
At 31 December	21,500	24,770

Investment properties were revalued at 31 December 2010 on the open market value basis by reference to market evidence of recent transactions for similar properties by an independent firm of qualified surveyors.

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 RMB230,000 (2009: RMB364,000).

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For the year ended 31 December 2010

19. GOODWILL

Cost and carrying amount	Group RMB'000
At 1 January 2009, 31 December 2009 and 1 January 2010	–
Arising from acquisition of a subsidiary (note 37(c))	20,303
At 31 December 2010	20,303

Goodwill acquired in a business combination is allocated to water supply service cash generating unit ("CGUs") comprising Water Development JV at acquisition. CGUs is expected to benefit from that business combination.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with a growth rate not exceeding the average long-term growth rate for the relevant markets. Discount rate of approximately 18.87% was used for the cash flow forecasts at 31 December 2010.

20. INTERESTS IN SUBSIDIARIES

	Company	
	2010 RMB'000	2009 RMB'000
Unlisted investments, at cost	264,060	264,060
Less: Impairment losses	(44,011)	(44,011)
	220,049	220,049
Due from subsidiaries	542,121	355,561
Less: Impairment losses	(15,379)	(12,259)
	526,742	343,302
Due to subsidiaries	129,026	130,600

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

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20. INTERESTS IN SUBSIDIARIES (CONT'D)

The particulars of the subsidiaries as at 31 December 2010 are as follows:-

	Name of company	Place of incorporation/ establishment	Issued and paid-up capital	Percentage of ownership interest 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
+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
+&	CIHL Development Limited	Samoa	US$1	100%	Investment holding
+&	Pinnacle China Ltd ("PCL")	British Virgin Islands	US$1	100%	Investment holding
	Indirectly held:-				
+@	CCI Andi Bridges Co., Ltd ("Zuowei JV")	PRC	US$2,410,000	60%*	Toll bridge operations and management
+#¢	CIHL Haimen (Tianjin) Enterprise Limited ("Haimen JV")	PRC	RMB48,000,000	75%**	Inactive
+µ	CIHL (Tianjin) Water Development Co., Ltd. ("Water Development JV")	PRC	RMB60,000,000	60%	Construction of water pipeline and supply of gray water
+!ϕγ	CIHL (Tianjin) City Development Limited ("XZCID")	PRC	RMB7,851,050	100%	Investment holding and property investment
+/	Tianjin CIHL Xinzhong Real Estate Development Co., Limited. ("XZPD")	PRC	RMB20,000,000	100%	Property development
+§	Beijing Shiji Longquan Real Estate Development Co., Limited ("SJLQ")	PRC	RMB10,000,000	95%	Provision of engineering and land leveling service for preliminary land development projects

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20. INTERESTS IN SUBSIDIARIES (CONT'D)

Note:

+ 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 2009 were audited by Robert Tan & Co, Certified Public Accountants, Singapore; statutory financial statements for the year ended 31 December 2010 have not yet been issued by the local auditor.

% Statutory financial statements for the years ended 31 December 2009 and 2010 have not yet been issued.

@ Statutory financial statements for the years ended 31 December 2009 and 2010 were audited by Zhangjiakou Zhangyuan Certified Public Accountants Co. Ltd.

The name of Haimen JV has been changed to CIHL Haimen (Tianjin) Enterprise Limited (formerly known as "CIH (Tianjin) Haimen Bridge Ltd ") during the year ended 31 December 2010.

¢ Statutory financial statements for the year ended 31 December 2009 were audited by HLB (Tianjin) Certified Public Accountants; statutory financial statements for the year ended 31 December 2010 have not yet been issued by the local auditor.

µ Statutory financial statements for the year ended 31 December 2009 were audited by Zhonglian Mindu Shu Lun Pan Certified Public Accountants Co., Ltd; statutory financial statements for the year ended 31 December 2010 have not yet been issued by the local auditor.

! CIHL (Tianjin) City Development Limited ("XZCID") was incorporated on 30 September 2009 and no statutory audited financial statement have been issued.

ϕ XZCID operates a branch office 天津新城市實業發展有限公司北京工程管理分公司 ("XZCID Beijing Branch") with statutory registration in Beijing, PRC.

γ The registered capital of XZCID was RMB50,000,000. As at 31 December 2010, RMB7,851,050 was paid and the remaining unpaid capital of RMB42,148,950 is expected to be paid in 2011.

/ XZPD was incorporated on 30 August 2010 and statutory financial statements for the period ended from date of incorporation to 31 December 2010 were audited by Tianjin Hong Yuan Certified Public Accountants Co. Ltd.

§ Statutory financial statements for the year ended 31 December 2009 were audited by Beijing ZhongYanTong Accountant Office Co., Ltd.; statutory financial statements for the year ended 31 December 2010 have not yet been issued by the local auditor.

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

** On 30 August 2010, Haimen JV resolved to change the percentage of interest in ownership of TBIL from 66.7% to 75%. Since the Group did not result in change of control over Haiman JV throughout the transaction, such transaction was accounted for as an equity transaction in accordance with IAS 27 (revised) and a balance of approximately RMB4,671,000 was deducted from non-controlling interests to capital reserve and accumulated losses amounting to approximately RMB809,000 and RMB3,862,000 respectively.

21. INVESTMENT IN AN ASSOCIATE

	Group 2010 RMB'000	Group 2009 RMB'000
Unlisted investments		
Share of net assets	12,291	–
Goodwill	27,653	–
	39,944	–

Details of the Group's associate at 31 December 2010 are as follows:

	Name	Place of incorporation / registration	Issued and paid up capital	Percentage of ownership interest / voting power / profit sharing	Principal activities
+δ	Future Trillion Holdings Limited	British Virgin Islands	US$2,000	25%	Investment holding
+#	MKS Limited	Independent State of Papua New Guinea	Kina2,000	20%	Provision for natural gas exploration

Note

+ Statutory financial statements not audited by RSM Nelson Wheeler.

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

Statutory financial statements for the year ended 31 December 2010 were audited by A & A Registered Public Accountants.

Summaried financial information in respect of the Group's associate is set out as below:

	2010 RMB'000	2009 RMB'000
At 31 December		
Total assets	64,013	–
Total liabilities	(12,535)	–
Net assets	51,478	–
Group's share of associates' net assets	12,291	–
From 14 October 2010 (date of acquisition) to 31 December		
Total turnover	–	–
Loss for the year	(320)	–
Share of losses of an associate	(80)	–

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For the year ended 31 December 2010

22. PROPERTIES FOR DEVELOPMENT

	Group	
	2010	**2009**
	RMB'000	**RMB'000**
Amount comprises:		
Prepaid land lease payments	200,000	–
Other construction costs and capitalised expenditures	10,142	–
	210,142	–

All properties for development are located in the PRC.

Properties for development with carrying amount of approximately RMB200,000,000 represents prepaid land lease payments in which the legal title of the land use right had not been transferred to the Group. In August 2010, the Group acquired the land use rights of a parcel of land located in Beijing, PRC for property development through public auction at a consideration of RMB200,000,000 and has entered into a contractual arrangement with a local government agency for the development of the said parcel of land. Pursuant to the contractual arrangement entered by the Group and a local government agency, the Group is entitled to substantially all the control and economic benefits of the parcel of land and should obtain the legal title of land use right prior to the commencement of construction work of the property development project. As at 31 December 2010, the relevant registration procedures had not been completed and the legal title of the above captioned parcel of land had not been transferred to the Group and the relevant registration procedures are expected to be completed within one year. Notwithstanding the fact that the Group has not obtained the relevant legal titles of the land use right, the management considers that the Group obtained the ownership through contractual arrangement with the local government agency and determined to recognise the prepaid land lease payments as properties for development, on the grounds that they expect the transfer of legal titles in future should have no major difficulties.

23. REFUNDABLE DEPOSITS

	Group	
	2010	**2009**
	RMB'000	**RMB'000**
Refundable deposits	10,000	10,000

On 10 June 2008, the Group had entered into a contractual arrangement with the holders of land use rights and a refundable deposit of RMB10,000,000 (2009: RMB10,000,000) was paid as a deposits payment of compensation to the holders of land use rights for a possible land development project located in the PRC. 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 2010.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group		Company	
		2010	2009	2010	2009
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Deposits		322	326	54	57
Prepayments		3,269	1,512	258	44
Interest receivable		–	6,113	–	6,113
Receivable on disposal of an operating right of a toll bridge and its ancillary facilities		–	140,000	–	–
Receivable upon refund of refundable deposit		–	150,000	–	–
Other debtors	(a)	3,601	195,115	–	187,575
		7,192	493,066	312	193,789

As at 31 December 2010, balances of approximately RMB2,338,000 (2009: RMB200,350,000) were past due but not impaired. An aging analysis of these debtors is as follows:-

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	–	200,350	–	193,688
More than one year	2,338	–	–	–
	2,338	200,350	–	193,688

As at 31 December 2010, prepayments, deposits and other receivables includes prepayments paid to related companies of approximately RMB1,100,000 (2009: RMB1,100,000). The balances are unsecured, interest free and have no fixed repayment terms.

Note

(a) Other debtors at 31 December 2010 include balance due from a local government agency of approximately RMB2,338,000 (2009: RMB2,338,000). 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 overdue and the management is currently under negotiation with the local government agency regarding the expected timing for settlement of the outstanding balance. The amount due is unsecured and interest free.

25. INVENTORIES

	Group	
	2010	2009
	RMB'000	RMB'000
Raw materials for construction of water pipeline	1,172	–

All inventories are carried at cost.

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26. TRADE RECEIVABLES

The Group offers 0 to 30 days credit terms to customers for water supply services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
0 to 30 days	86	–
More than 30 days	2,194	–
	2,280	–

As at 31 December 2010, trade receivables of RMB2,194,000 (2009: Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
0 to 30 days	18	–
More than 30 days	2,176	–
	2,194	–

All trade receivables are denominated in Renminbi.

27. GROSS AMOUNTS DUE FROM / (TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2010	2009
	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	5,472	–
Less: Progress billings	(20,974)	–
	(15,502)	–
Gross amount due from customers for contract work	501	–
Gross amount due to customers for contract work	(16,003)	–
	(15,502)	–

Advances received in respect of construction contracts amounted to RMB4,874,000 at 31 December 2010 (2009: Nil) and is included in receipts in advance.

28. DUE FROM / (TO) NON-CONTROLLING SHAREHOLDERS / AN ASSOCIATE

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

29. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted bank balances	143	–	–	–
Cash and bank balances	455,002	171,119	1	1
	455,145	171,119	1	1

As at 31 December 2010, cash and bank balances included restricted bank balances of approximately RMB143,000 (2009: Nil) for securing the performance of a land development project performed by the Group.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	450,769	168,208	–	–
Hong Kong dollar	3,177	2,851	–	–
United States dollar	4	16	–	–
Singapore dollar	1,195	44	1	1
	455,145	171,119	1	1

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies only through banks that are authorised to conduct foreign exchange business.

30. TRADE PAYABLES

Trade payables generally have credit terms ranging from 0 to 30 days and are denominated in Renminbi.

31. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Accruals	7,058	12,703	1,131	870
Other payables	8,497	4,235	1,162	–
	15,555	16,938	2,293	870

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32. SHARE CAPITAL

Shares

	Company	
	2010	2009
	S$'000	S$'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 2009, 31 December 2009 and 1 January 2010	870,104	218,820
Issue of shares on share options exercised	4,500	1,123
At 31 December 2010	874,604	219,943

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 non-controlling shareholders as set out in the note 28 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.

32. SHARE CAPITAL (CONT'D)

Share options

Details of the specific categories of options are pursuant to CIHL Share Options Scheme adopted on 10 May 2004 (the "2004 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

Under 2004 Scheme, 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.

The 2004 Scheme was terminated on 10 May 2009 and the outstanding share options granted under the 2004 Scheme remains valid until their respective expiration date.

On 8 March 2010, the Group adopted another CIHL Share Options Scheme (the "2010 Scheme") and details of the specific categories of options granted under the 2010 Scheme are as follows:-

Date of grant	Vesting period	Exercise period	Exercise price S$
8 March 2010	50% of 20,000,000 options to be vested on 8 March 2011	8 March 2011 to 7 March 2015	0.075
	50% of 20,000,000 options to be vested on 8 March 2012	8 March 2012 to 7 March 2015	0.075
17 May 2010	50% of 3,000,000 options to be vested on 17 May 2011	17 May 2011 to 16 May 2015	0.087
	50% of 3,000,000 options to be vested on 17 May 2012	17 May 2012 to 16 May 2015	0.087
19 July 2010	50% of 1,500,000 options to be vested on 19 July 2011	19 July 2011 to 18 July 2015	0.079
	50% of 1,500,000 options to be vested on 19 July 2012	19 July 2012 to 18 July 2015	0.079

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32. SHARE CAPITAL (CONT'D)

Share options (CONT'D)

Under 2010 Scheme, 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 immediately after if the employee leaves the Group, unless the remuneration committee otherwise approved.

	2010		2009	
	Number of share options	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
		S$		**S$**
Outstanding at the beginning of the year	9,000,000	0.0600	84,500,000	0.0600
Granted during the year	24,500,000	0.0767	–	–
Forfeited during the year	(1,500,000)	0.0750	(6,000,000)	0.0600
Exercised during the year	(4,500,000)	0.0500	–	–
Expired during the year	–	–	(69,500,000)	0.0600
Outstanding at the end of the year	27,500,000	0.0741	9,000,000	0.0600
Exercisable at the end of the year	3,150,000	0.0700	6,300,000	0.0557

The share options outstanding at the end of the reporting date have a weighted average remaining contractual life of 4.0 years (2009: 2.4 years) and the exercise prices range from S$0.070 to S$0.087 (2009: S$0.050 to S$0.070). The share-based payments to directors and executives recognised in the consolidated statement of comprehensive income were approximately RMB2,369,000 for the year ended 31 December 2010 (2009: RMB353,000).

These fair values were calculated using the Binomial model. The inputs into the model are as follows:

	2010
	S$
Share price	0.075 to 0.085
Exercise price	0.075 to 0.087
Expected volatility	69.79% to 70.26%
Expected life	5 years
Risk free rates	0.75% to 1.50%
Expected dividend yield	4.19%
Exercise Multiple	2 times
Employee exit rate	7.10%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, excise restriction and behavioural considerations.

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33. 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 Jan 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 Dec 2009 and 1 Jan 2010	44,553	565,589	479	8,324	1,280	(227,350)	14,757	407,632
Total comprehensive income for the year	–	–	–	–	–	675	–	675
Issue of shares on share options exercised	759	–	–	–	(759)	–	–	–
Adjustment on 2009 proposed final dividend upon exercise of share options	–	–	–	–	–	(77)	77	–
Payment of dividends	–	–	–	–	–	–	(14,834)	(14,834)
Recognition of share-based payments	–	–	–	–	2,369	–	–	2.369
2010 proposed final dividend	–	–	–	–	–	(15,758)	15,758	–
At 31 Dec 2010	45,312	565,589	479	8,324	2,890	(242,510)	15,758	395,842

33. RESERVES (CONT'D)

(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.

34. RELATED PARTY TRANSACTIONS

(a) Year-end balances with related companies

Group

As at 31 December 2010, the amount due from related companies are unsecured, interest-free and have no fixed repayment terms.

As at 31 December 2009, except for an amount of RMB11,960,000 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.

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34. RELATED PARTY TRANSACTIONS (CONT'D)

(b) 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:-

	2010 RMB'000	2009 RMB'000
Cash received through related companies	44,153	19,346
Cash received through a director	–	825
Acquisition of a subsidiary from a related company (note 37(b))	9,500	–
Rental expenses reimbursed / reimbursable from related companies	207	209
Operating expenses reimbursed / reimbursable from related companies	58	58
Consultancy service fee paid to related companies	300	1,100
Repair and maintenance fees paid to a related company	–	301
Interest income charged to a related company	–	679
Interest income received from a related company	781	–
Offset of balance due from a related company with due to a director	–	505
Key management personnel compensation	5,929	3,108

35. CAPITAL COMMITMENTS

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

	2010 RMB'000	2009 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
- Additions of computer software	17	–

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36. LEASE COMMITMENTS

The Group as lessee

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

	2010 RMB'000	2009 RMB'000
At 31 December		
Within one year	910	–

Operating lease payments represent rentals payable by the Group for certain of its administrative office. Leases are negotiated for an average term of 2 years (2009: 2 years) and rentals are fixed over the lease terms and do not include contingent rentals.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of subsidiaries

On 30 April 2010, the Group entered into a contractual arrangement with a third party to dispose of the entire 100% equity interest in CIHL City Development Limited ("City Dev") and its subsidiaries (collectively known as "City Dev Group") at a consideration of RMB12,000,000. The disposal was completed on 30 April 2010 and the gain on disposal of City Dev Group has been recognised in the consolidated statement of comprehensive income during the year.

Net assets at the date of disposal were as follows:

	RMB'000
Investment properties	11,123
Prepayments, deposits and other receivables	57
Due from the Company	1,161
Cash and bank balances	8,142
Other payables and accruals	(273)
Current tax liabilities	(10,692)
Deferred tax liabilities	(1,429)
Net assets disposed of	8,089
Gain on disposal of subsidiaries	3,911
Total consideration satisfied by cash	12,000
Net cash inflow arising on disposal:	
Cash consideration received	12,000
Cash and cash equivalents disposed of	(8,142)
	3,858

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(b) Acquisition of a subsidiary, Beijing Shiji Longquan Real Estate Development Co., Ltd ("SJLQ")

On 20 August 2010, the Group entered into a contractual arrangement with a related company to acquire 95% equity interest in Beijing Shiji Longquan Real Estate Development Co., Ltd ("SJLQ") at a consideration of RMB9,500,000. SJLQ is principally engaged in the business of real estate development focusing in preliminary land development projects in the PRC. The acquisition is for the purpose of complementing the Group's existing real estate business and enable the Group to develop real estate business opportunities more rapidly in the PRC market.

The fair value of the identifiable assets and liabilities of SJLQ acquired as at its date of acquisition is as follows:

	RMB'000
Property, plant and equipment	689
Prepayments, deposits and other receivables	484
Due from the non-controlling shareholder of SJLQ	500
Cash and bank balances	13,902
Other payables and accruals	(4,735)
Due to a related company	(10)
Current tax liabilities	(6)
Net identifiable assets and liabilities acquired	10,824
Share of 5% non-controlling interests of SJLQ	(542)
Gain on bargaining purchase of a subsidiary	(782)
Total consideration satisfied by cash	9,500
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	13,902
Cash consideration paid	(9,500)
	4,402

The Group recognised a gain on bargaining purchase of RMB782,000 in the business combination and is presented separately in the consolidated statement of comprehensive income during the year.

SJLQ contributed approximately RMB391,000 to the Group's turnover and incurred a loss for the year of RMB1,695,000 for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2010, total Group turnover for the year would have been approximately RMB108,913,000 and profit for the year would have been approximately RMB30,744,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is intended to be a projection of future results.

Notes to the Financial Statements

For the year ended 31 December 2010

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(c) Acquisition of a subsidiary, CIHL (Tianjin) Water Development Co., Ltd ("Water Development JV")

Pursuant to a contractual arrangement entered by the Group and the PRC venture in August 2004, the Group holds 60% equity interest in Water Development JV and the Group and the PRC venture jointly controlled Water Development JV. On 1 October 2010, the Group obtained control of Water Development JV following the amendments in the Memorandum and Article of Association of Water Development JV which enables the Group to control over the financial and operating policies of Water Development JV. As a result, notwithstanding the fact that the percentage of ownership held by the Group and the PRC venture remain unchanged and no consideration was involved in the transaction, the Group obtained the control over Water Development JV and was accounted for as a subsidiary of the Group with effective from 1 October 2010.

The fair value of the identifiable assets and liabilities of Water Development JV acquired as at its date of acquisition is as follows:

	RMB'000
Property, plant and equipment	56,904
Deferred tax assets	215
Trade receivables	2,634
Prepayments, deposits and other receivables	1,216
Inventories	2,983
Cash and bank balances	38,185
Trade payables	(3,975)
Other payables and accruals	(276)
Gross amounts due to customers for contract work	(15,615)
Receipts in advance	(15,460)
Current tax liabilities	(637)
Net identifiable assets and liabilities acquired	66,174
Share of 40% non-controlling interests of Water Development JV	(26,468)
Goodwill	20,303
Fair value of interest in Water Development JV at date of acquisition	60,009
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	38,185

The Group recognised a gain of RMB20,307,000 as a result of measuring at fair value its 60% equity interests in Water Development JV held before the business combination. The gain is presented separately in the consolidated statement of comprehensive income during the year.

The goodwill arising on the acquisition of Water Development JV is attributable to the anticipated profitability of the anticipated future operating synergies from the combination.

Notes to the Financial Statements

For the year ended 31 December 2010

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(c) Acquisition of a subsidiary, CIHL (Tianjin) Water Development Co., Ltd ("Water Development JV") (CONT'D)

Water Development JV contributed approximately RMB10,703,000 and RMB4,366,000 to the Group's turnover and profit for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2010, total Group turnover for the year would have been RMB65,245,000, and profit for the year would have been RMB33,993,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010, nor is intended to be a projection of future results.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2011.

Shareholding Statistics

STATISTICS OF SHAREHOLDINGS

Authorised Share Capital	:	S$1,000,000,000
Issued and Paid Up Capital	:	S$43,730,187.50
Class of Shares	:	Ordinary Shares of S$0.05
Voting rights	:	One vote per share

As at 22 March 2011, the Company did not hold any treasury shares.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	223,033,256	25.50
2	UOB Kay Hian Pte Ltd	212,494,570	24.30
3	Raffles Nominees (Pte) Ltd	80,828,518	9.24
4	DBS Vickers Securities (S) Pte Ltd	55,229,000	6.31
5	OCBC Securities Private Ltd	24,776,000	2.83
6	United Overseas Bank Nominees Pte Ltd	17,755,000	2.03
7	Ye Tianyun	15,000,000	1.72
8	Lee Nam Chey	7,764,000	0.89
9	HSBC (Singapore) Nominees Pte Ltd	5,594,000	0.64
10	Chan Sin Mian	5,483,000	0.63
11	Tan Chong Hoe	5,000,000	0.57
12	Lim Cher Heng	4,747,000	0.54
13	Fong Weng Khiang	4,500,000	0.51
14	Phillip Securities Pte Ltd	3,161,000	0.36
15	Hee Lee Set	3,000,000	0.34
16	Quah Wee Lai	2,800,000	0.32
17	Tan Koo Chuan	2,631,000	0.30
18	Teoh Gaik Liew	2,550,000	0.29
19	Kim Eng Securities Pte. Ltd.	2,438,562	0.28
20	Tan Brian Roy (Chen Brian Roy)	2,250,000	0.26
	Total :	**681,034,906**	**77.86**

Shareholding Statistics

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 - 999	4	0.04	1,974	0.00
1,000 - 10,000	7,405	76.50	24,362,001	2.78
10,001 - 1,000,000	2,239	23.13	149,269,869	17.07
1,000,001 and above	32	0.33	700,969,906	80.15
Total :	**9,680**	**100.00**	**874,603,750**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 22 March 2011

	Direct Interest	%	Deemed Interest	%
China Construction Group Inc	220,025,125	25.16	–	–
Wellful Holdings Limited	210,556,570	24.07	–	–
Century Investment Co., Limited	80,828,055	9.24	–	–

According to the Company's record as at 22 March 2011, there was 40.72% 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 of SGX-ST.

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 Concorde Hotel Singapore, Concorde 1 Level 3, 100 Orchard Road Singapore 238840 on Wednesday, 27 April 2011 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the year ended 31 December 2010 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 0.35 Singapore cent per share for the year ended 31 December 2010. (2009: 0.35 Singapore cent per share) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Bye-Laws 104 and 107 (B) of the Bye-Laws of the Company:

Mr Zhu Jun	[Retiring under Bye-Law 104]	**(Resolution 3)**
Mr Chee Teck Kwong Patrick	[Retiring under Bye-Law 104]	**(Resolution 4)**
Mr Shen Xia	[Retiring under Bye-Law 107 (B)]	**(Resolution 5)**

Mr Chee Teck Kwong Patrick will, upon re-election as a Director of the Company, remain as Chairman of the Nominating and Remuneration Committee, and a member of the Audit Committee and will be considered Independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

4. To approve the payment of Directors' fees of RMB1,800,000 for the year ending 31 December 2011. (2010: RMB1,800,000) **(Resolution 6)**

5. To re-appoint Messrs RSM Nelson Wheeler as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

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 to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual of the SGX-ST

That pursuant to Rule 806 of the 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) 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 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) 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 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (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-paragraph (1) 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;

(3) 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

(4) 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.

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

8. **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 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 shall not exceed 15% of the total number of issued shares (excluding treasury 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 (ii)] **(Resolution 9)**

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

That the Directors of the Company be authorised and empowered to offer and grant awards 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 vesting of awards 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 shall not exceed 15% of the total number of issued shares (excluding treasury 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 10)**

Notice of Annual General Meeting

10. **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 10% of the total number of issued shares (excluding treasury 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 the Paragraph 3 of the Company's Letter to Shareholders dated 12 April 2011 (the "Letter"), in accordance with the Terms of the Share Buyback 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 (iv)] **(Resolution 11)**

By Order of the Board

Yange Han
Chew Kok Liang
Company Secretaries
Singapore, 12 April 2011

Explanatory Notes:

(i) Resolution 8, if passed, will empower the Directors of the Company from the date of this Annual General 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 total number of issued shares (excluding treasury 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 total number of issued shares (excluding treasury shares) in the capital of the Company at the time this 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 Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) Resolution 9, if passed, will empower the Directors of the Company, from the date of this Annual General 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 up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iii) Resolution 10, if passed, will empower the Directors of the Company, from the date of this Annual General 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 vesting of awards under the Plan up to a number not exceeding in total (for the entire duration of the Plan) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) Resolution 11, if passed, will empower the Directors of the Company from the date of this Annual General 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 earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury 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 2010 are set out in greater detail in the Letter.

Notes:

1. If a member of the Company, being a Depositor (as defined in the Bye-Laws of the Company) whose name appears in the Depository Register (as defined in the Bye-Laws of the Company) wishes to attend and vote at the Annual General Meeting, then he/she/it should complete the proxy form and deposit the duly completed proxy form at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 at least 48 hours before the time of the Annual General Meeting.

2. If a Depositor wishes to appoint a proxy/proxies, then the proxy form must be deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 at least 48 hours before the time of the Annual General Meeting. Delivery of the proxy form shall not preclude him from attending and voting in person at the Annual General Meeting and in such event, the proxy form shall be deemed to be revoked.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of China International Holdings Limited (the "Company") will be closed on 10 May 2011 for the purpose of determining the entitlements of the Company's shareholders ("Shareholders") for the preparation of dividend warrants.

For the avoidance of doubt, in the case where the registered Shareholder is the Central Depository (Pte) Limited ("CDP") the dividend warrants shall be issued to the CDP and credited to the depositors' securities accounts with the CDP in proportion to the number of shares of the Company standing to the credit of each depositor's securities account with the CDP as at 5.00 pm (Singapore time) on 9 May 2011.

Duly completed registrable transfers received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 9 May 2011 will be registered to determine entitlements to the said dividend.

Payment of the dividend, if approved by the Shareholders at the Annual General Meeting to be held on 27 April 2011 will be made on 26 May 2011.

By Order of the Board

Yange Han
Chew Kok Liang
Company Secretaries
Singapore, 12 April 2011

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