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中翔國際集團有限公司

China International Holdings Limited

ANNUAL REPORT 2011

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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 2011 ("FY2011").

In FY2011, we have 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 FY2011, the net profit of the Group decreased to RMB10.83 million, the profit attributable to the Company was RMB0.14 million.

The Year in Review

The Group recorded a turnover of RMB90.52 million in FY2011, representing an increase of 218% as compared to RMB28.49 million in FY2010. The increase was mainly due to the increase of turnover from Water Supply Services and Land Development Segments in FY2011 as compared to those of FY2010.

In line with the higher turnover, cost of services provided in FY2011 increased by RMB34.39 million or 325.4% to RMB44.96 million as compared to RMB10.57 million in FY2010.

Overall, the Group's gross profit in FY2011 increased by RMB27.64 million or 154.3% to RMB45.56 million as compared to RMB17.92 million in FY2010.

The non-recurring income is RMB1.40 million gain on fair value changes of investment properties. Impairment of prepayments, deposits and other receivables of RMB2.54 million in FY2011 represents the impairments on long outstanding receivables in which the recoverability of such balances were doubtful.

Other operating expenses in FY2011 increased by RMB4.24 million or 28% to RMB19.36 million as compared to RMB15.12 million in FY2010. The increase was mainly due to the increase in general and administrative expenses during the year.

Income tax expenses in FY2011 increased by RMB1.61 million or 24% to RMB8.31 million as compared to RMB6.70 million in FY2010 mainly due to the increase in taxable profits from operating segments of the Group during the year.

Net cash used in operating activities in FY2011 was RMB24.77 million mainly due to the increase in properties for development in the amount of RMB24.98 million.

Net cash used in investing activities in FY2011 was RMB65.73 million primarily due to capital investments in associates and acquisition of administrative offices during the year.

Net cash used in financing activities in FY2011 was RMB64.37 million primarily due to loans made to associates and dividends payment.

Cash and bank balances as at 31 December 2011 was RMB300.14 million. Compared to FY2010, the cash position of the Group has decreased.

The Group has on 18 July 2011 announced that it has completed an Acquisition and Debt Assumption Agreement with Suzhou Resources & Capital Associate Innovation Limited Liability Partnership (the "Seller") for the acquisition of 20% of the equity interest in Liuhe County YuKun Mining Co. Ltd ("Liuhe JV") at the total acquisition price of RMB32,000,000 and the assumption of the pro rata share of Liuhe's existing debts to the Seller in the amount of RMB6,862,700. Liuhe owns 100% interest in a gold exploration and mining project in Ji Lin Province, China. In 2011, the project company undertook 6,200 meters of drilling, 4,000 meters of trenching. In 2012, the project company plans to further explore at depth to complete the feasibility study for the first phase of mine development and relevant government permits, and to commence the construction of phase one development.

Upon the completion of the first equity investment in Future Trillion Holdings Limited ("Future Trillion") in the amount of US$6,000,000 in October 2010, the Board of Directors of China International Holdings Limited approved its wholly owned subsidiary Pinnacle China Limited two Loan Agreements with Future Trillion Holdings Limited on 27 May 2011 and 23 August 2011 and also approved Pinnacle China Limited to enter into a Second Investment Agreement with Future Trillion, Mega Sino Investments Limited and MKS Limited ("MKS") on 16 December 2011 for the subscription of additional 388 new ordinary shares in Future Trillion, representing increased shareholding in Future Trillion from 667 shares to 1055 shares (25% to 34.53%) of the enlarged issued and paid capital of Future Trillion at the total subscription price of US$3,500,000, it is further agreed that MKS shall issue and allot to Future Trillion 757,000 new shares in MKS. Subsequent to the closing of this transaction, the total equity investment in Future Trillion will amount to US$9,500,000.

MKS completed its seismic data acquisition exercises and the field work for the first stage of the Project in 2011 and its contractors are currently conducting the analysis of the seismic data acquired. Preliminary results of 2-D seismic data acquisition program from Honghua International, the contractor for MKS, have identified large geological structures that may hold substantial quantities of hydrocarbon in the form of oil or natural gas.

Looking ahead

While the global economy remains challenging in year 2012, 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 thanks

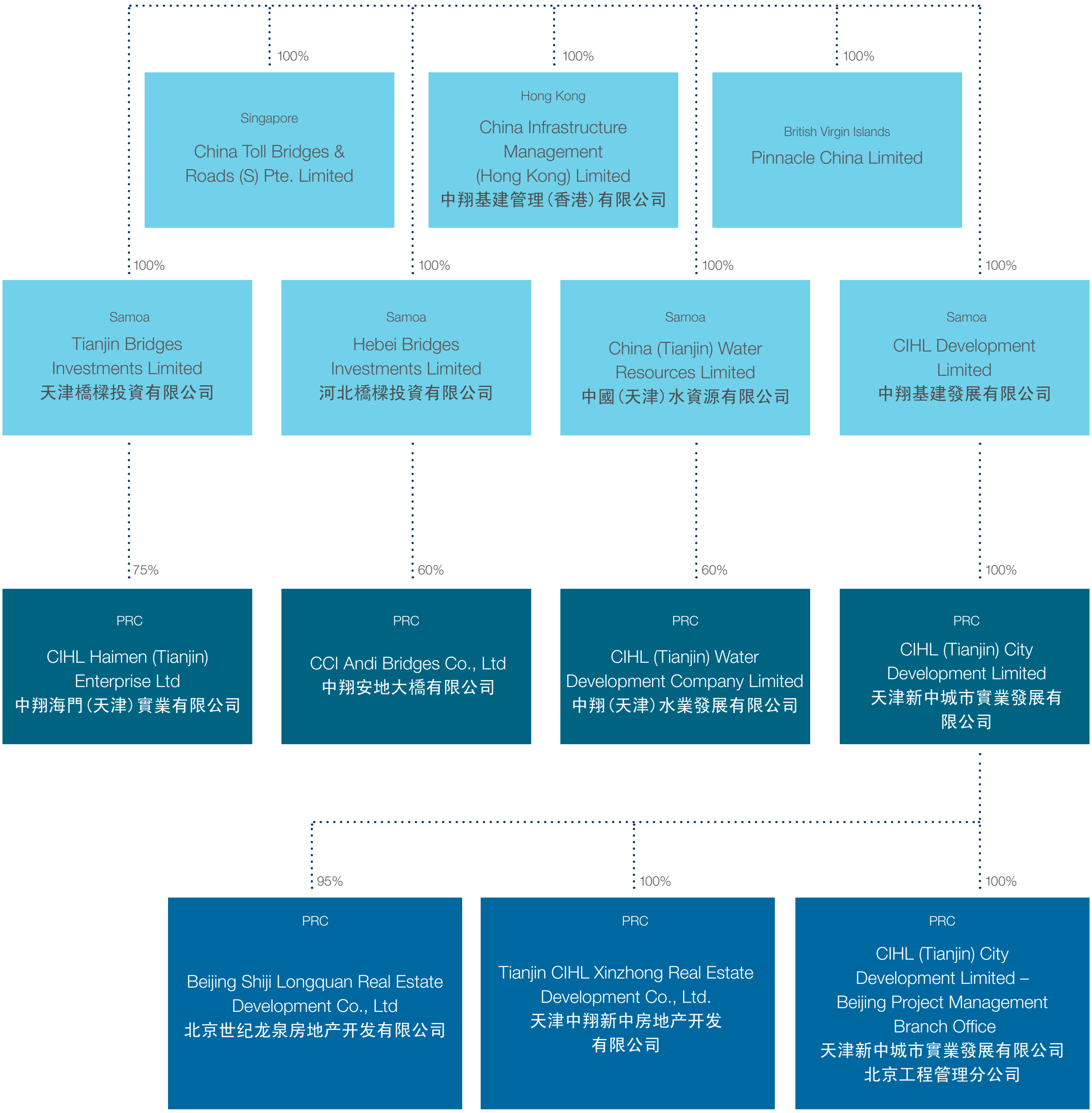
I would like to express my deepest gratitude to the Board members for providing strategic guidance to the Group throughout the year.

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

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



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 52.

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 58.

Zhang Rong Xiang

Mr Zhang is one of the founders of the Company. Mr Zhang was re-appointed as Managing Director of the Company on 28 April 2006. 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 49.

Board of Directors

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 46.

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 Limited, 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 League. 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 58.

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 Environmental Holdings Limited. Age 49.

Key Management

Yange Han

Ms Han was appointed Chief Financial Officer and 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 44.

Lai Kin Ming, Kenny

Mr Lai has joined us as Group Chief Accountant since February 2001. He is responsible for the accounting functions of our Group. Mr Lai has more than 30 years experience in auditing, accounting, finance and managerial functions of which, eight years in a multi-national corporation and four years experience involved in businessdevelopment in South America. Mr Lai holds a Bachelor Degree of Commerce from the University of Canberra and a Postgraduate Diploma in Financial Management from the University of London. He is also a fellow member of CPA Australia. Age 54.

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

Company Secretary
Ms Yange Han

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)

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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.CIHGRP.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 are chaired by an Independent Director and consist of a majority of independent or non–executive Directors.

The Company Secretary will attend all meetings of the Board and Board committee meetings of the Company to ensure that Board procedures are followed and applicable rules and regulations are complied with.

The Company will conduct briefings for new Directors to orientate them on the Group's operations and furnish them with information and updates on the Group's corporate governance practices.

The number of Board meetings and Board committee meetings held during the financial year ended 31 December 2011 and the attendance of each Director where relevant are as follows:

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

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 an annual basis. The Board is of the view that the current board size is appropriate for the Company's 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 the Management are constructively challenged, fully discussed and examined, and take into account the long term interests of the Shareholders, as well as 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 strategies, business operations and practices of the Group and review the performance of management in meeting agreed goals and objectives.

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, as 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 a substantial shareholder of the Company and is not associated in any way with the substantial shareholders of the Company.

The NC has written terms of reference that describe 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 determines how the Board's performance may be evaluated, and proposes 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, a 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 the identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability before recommending 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 first 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	27 April 2011
Mr Chee Teck Kwong Patrick	16 Jun 2008	27 April 2011
Mr Shen Xia	17 May 2010	27 April 2011

Mr Shan Chang, Mr Zhang Rong Xiang and Mr Fong Weng Khiang have given their consent for re–election as directors of the Company. The NC has recommended that Mr Shan Chang, Mr Zhang Rong Xiang and Mr Fong Weng Khiang who will be retiring by rotation and/or re-election at the forthcoming AGM to be re–elected as directors of the Company.

Key information of the directors can be found on Page 5 and 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, efficiency and effectiveness of Board processes and accountability, as well as directors' standards of conduct.

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

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

Access to Information

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

Directors receive a regular supply of detailed information from management concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's executive management, so that they are equipped to play a full part as far 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 separate and independent 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 matters to be brought before the Board.

The Company Secretary attends all Board Meetings and prepares the minutes of meetings. The appointment and removal of the Company Secretary are subjected 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 twice a 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 (other than share options granted) to each of the Directors and key executives of the Company for the financial year ended 31 December 2011 are set out below.

	Fee	Salary	Allowance	Bonus	Total
	%	%	%	%	%
Directors					
Below S$250,000					
Mr Shan Chang	100	–	–	–	100
Mr Fong Weng Khiang	90	–	10	–	100
Mr Zhang Rong Xiang	22	72	–	6	100
Mr Zhu Jun	30	41	24	5	100
Mr Chee Teck Kwong Patrick	85	–	15	–	100
Mr Shen Xia	20	57	18	5	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.

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 2011.

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. Details of the share option scheme are found under the Directors' Report.

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 a periodic basis and to 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 together with the external auditor, the 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 with the external auditor's independence and objectivity. No non-audit service was provided by the external auditor during FY2011.

The AC has recommended to the Board that RSM Nelson Wheeler be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company, provided that the Company appoints new auditors that will satisfy the requirements under the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") by 31 July 2012.

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.

Relying on the reports from the internal and external auditors and management representation letters, the AC carries out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

The Directors have received and considered the representation letters from the Managing Director in relation to the financial information for the year.

Material associates and joint ventures which the Company does not control, are not dealt with for the purposes of this statement.

Based on the various management controls put in place and the reports from the internal and external auditors, reviews by the management and the Management representation letters and in the absence of any evidence to the contrary, the Board with the concurrence of the AC is of the opinion that the system of internal controls addressing financial, operational and compliance risks are adequate in meeting the needs of the Group and provide reasonable assurance against material financial misstatements or material loss and to safeguard the Group's assets.

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 Crowe Horwath First Trust Risk 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 auditor reports to the Chairman of the AC at least annually.

The internal auditor reports directly to the AC on internal audit matters, and to the 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 Listing Manual of SGX-ST, the Company makes disclosures through announcements via SGXNET.

In addition, the Board views the 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 the AGM in person or by proxy. The Company's external auditors are also invited to assist in addressing any queries by shareholders relating to the conduct of audit and the preparation and content of their auditors' report.

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

Dealings in Securities

The Group has adopted internal policies that are consistent with Rule 1207(19) 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 financial year ended as at 31 December 2011 by the Group were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RMB'000
北京东方华翔建筑设计咨询有限公司 Consultancy service fee paid to a related company	1,300	Not Applicable

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 2011.

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 exchange 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 2011

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 (collectively known as the "Group") for the financial year ended 31 December 2011 ("FY2011").

The Board of Directors

The directors of the Company in office during FY2011 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

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 FY2011, 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 FY2011, 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 FY2011, had an interest in the shares of the Company as stated below:

The interests of the directors who held office at the end of the financial year in the shares or convertible securities of the Company or related corporations, according to the register kept by the Company were as follows:

Name of Director	Direct Interest as at 31 December 2011	Deemed Interest as at 31 December 2011
Mr Zhang Rong Xiang	2,566,000	–
Mr Fong Weng Khiang	4,500,000	–

Except as disclosed above, no other director who held office at 31 December 2011 had any interest in any shares or convertible securities of the Company or its related corporations at the end of the financial year.

There were no changes in the above-mentioned directors' interest in the Company between the financial year end and 21 January 2012.

Share Options

As at 31 December 2011, details of share options granted by the Company to the directors pursuant to the CIHL Share Option Scheme adopted on 10 May 2004 (the "2004 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

2004 Scheme was terminated on 10 May 2009. 4,500,000 options granted to directors 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 2011.

2004 Scheme was 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 (the "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 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	4,000,000	10,000,000	–	10,000,000
Mr Fong Weng Khiang	2,500,000	4,000,000	–	4,000,000
Mr Zhang Rong Xiang	4,000,000	8,000,000	–	8,000,000
Mr Zhu Jun	4,000,000	8,000,000	–	8,000,000
Mr Chee Teck Kwong Patrick	2,500,000	4,000,000	–	4,000,000
Mr. Shen Xia	4,000,000	7,000,000	–	7,000,000
	21,000,000	41,000,000	–	41,000,000

Pursuant to the 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, and 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% after the first anniversary of the grant and 50% after the second anniversary of the grant. The expiry dates of the options are on 7 March 2015 and 16 May 2015 respectively.

There were 21,000,000 share options granted to the above directors of the Company on 2 June 2011 at the exercise price of S$0.052. The vesting schedule of the options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The expiry date of the options is on 1 June 2016.

Since the commencement of the 2010 Scheme to the end of the financial year ended 31 December 2011, save as disclosed above:

(a) no share options were granted to directors of the Company or its subsidiaries,

(b) no employees of the Company or its subsidiaries have received 5% or more of the total share options available under the 2010 Scheme,

(c) no share options were granted to the controlling shareholders of the Company and their associates, and

(d) no share options were granted at a discount.

The 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 FY2011 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 FY2011, 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. Save for the interested person transaction disclosed under the "Statement of Corporate Governance" section, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of the executive officers, directors or its controlling shareholders, which are either still subsisting at the end of FY2011, or if not then subsisting, entered into since the end of the previous financial year.

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.

Non-Audit Fees

No non–audit fee was paid to the external auditor during FY2011.

Independent Auditor

The independent auditors, RSM Nelson Wheeler, have expressed their willingness to accept re-appointment at the forthcoming AGM, subject to the appointment of new auditors by the Company after the AGM. The Company will convene a Special General Meeting to appoint a new auditing firm that will satisfy the criteria set out under the Listing Manual of the SGX-ST by 31 July 2012.

The Board of Directors and Audit Committee will ensure that the Company will comply with Rules 712 and 715 or 716 of the Listing Manual of the SGX-ST upon the appointment of new auditors.

On behalf of the Directors

Shan Chang Chairman	Zhang Rong Xiang Managing Director

28 March 2012

Statement by Directors

Year ended 31 December 2011

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 statements 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 2011 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 2012

Independent Auditor's Report

To the Shareholders of China International 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 24 to 75, which comprise the consolidated and Company statements of financial position as at 31 December 2011, 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 2011, 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 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Turnover	6	90,519	28,486
Cost of services provided		(44,959)	(10,568)
Gross profit		45,560	17,918
Other income	7	6,943	7,055
Gain on fair value changes of investment properties	18	1,400	7,853
Over provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities		–	1,340
Gain on bargain purchase of a subsidiary		–	782
Gain on disposal of subsidiaries		–	3,911
Gain on acquisition of a subsidiary		–	20,307
Impairment of prepayments, deposits and other receivables		(2,538)	–
Administrative expenses		(11,499)	(13,014)
Other operating expenses		(19,362)	(15,116)
Profit from operations		20,504	31,036
Finance costs	9	(671)	(35)
Share of losses of associates	21(a)	(701)	(80)
Share of profits of a jointly controlled entity		–	5,861
Profit before tax		19,132	36,782
Income tax expense	11(a)	(8,306)	(6,697)
Profit for the year	12	10,826	30,085
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		(2,495)	–
Other comprehensive income for the year, net of tax		(2,495)	–
Total comprehensive income for the year		8,331	30,085
Profit for the year attributable to:			
Owners of the Company		135	26,122
Non-controlling interests		10,691	3,963
		10,826	30,085
Total comprehensive income for the year attributable to:			
Owners of the Company		(2,360)	26,122
Non-controlling interests		10,691	3,963
		8,331	30,085
Earnings per share		**RMB(Fen)**	**RMB(Fen)**
Basic	15	0.02	2.99
Diluted	15	0.02	2.99

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	80,757	68,635
Intangible assets	17	19,285	20,881
Investment properties	18	22,900	21,500
Goodwill	19	20,303	20,303
Investments in associates	21(a)	97,025	39,944
Deferred tax assets	11(b)	519	271
		240,789	171,534
CURRENT ASSETS			
Properties for development	22	235,207	210,142
Refundable deposits	23	10,000	10,000
Prepayments, deposits and other receivables	24	7,180	7,192
Inventories	25	939	1,172
Trade receivables	26	6,974	2,280
Gross amounts due from customers for contract work	27	15,341	501
Due from associates	21(b)	45,175	427
Due from related companies	34(a)	517	268
Due from non-controlling shareholders	28	589	7,783
Restricted bank balances	29	8,463	143
Cash and bank balances	29	300,140	455,002
		630,525	694,910
CURRENT LIABILITIES			
Trade payables	30	11,980	2,816
Other payables and accruals	31	19,737	15,555
Receipts in advance		18,440	11,328
Gross amounts due to customers for contract work	27	4,678	16,003
Due to an associate	21(b)	5,469	–
Current tax liabilities		12,509	9,950
Due to non-controlling shareholders	28	38,188	46,003
		111,001	101,655
NET CURRENT ASSETS		519,524	593,255
TOTAL ASSETS LESS CURRENT LIABILITIES		760,313	764,789
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11(b)	6,926	3,172
		6,926	3,172
NET ASSETS		753,387	761,617
CAPITAL AND RESERVES			
Share capital	32(a)	219,943	219,943
Reserves	33(a)	462,344	477,946
Equity attributable to owners of the Company		682,287	697,889
Non-controlling interests		71,100	63,728
TOTAL EQUITY		753,387	761,617

Approved by the Board of Directors on 28 March 2012

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

Consolidated Statement of Cash Flows
For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
Cash flows from operating activities		
Profit before tax	19,132	36,782
Adjustments for:		
Amortisation of intangible assets	1,596	1,648
Depreciation of property, plant and equipment	5,202	2,355
Interest income	(8,146)	(6,113)
Share options granted to employees and directors	2,516	2,369
(Gain) / loss on disposal of property, plant and equipment	(33)	39
Gain on bargain purchase of a subsidiary	–	(782)
Gain on acquisition of a subsidiary	–	(20,307)
Gain on disposal of subsidiaries	–	(3,911)
Gain on fair value changes of investment properties	(1,400)	(7,853)
Share of losses of associates	701	80
Share of profits of a jointly controlled entity	–	(5,861)
Over provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities	–	(1,340)
Impairment of prepayments, deposits and other receivables	2,538	–
Operating profit / (loss) before working capital changes	22,106	(2,894)
(Increase) / decrease in trade receivables	(4,694)	354
Increase in prepayments, deposits and other receivables	(769)	(609)
Increase in gross amounts due from customers for contract work	(14,840)	(501)
Decrease in inventories	233	1,811
Increase in properties for development	(24,978)	(210,138)
Increase in due from related companies	(249)	(195)
Increase in due from non-controlling shareholders	(89)	–
Increase / (decrease) in due to non-controlling shareholders	8	(498)
Increase / (decrease) in receipts in advance	7,112	(4,154)
(Decrease) / increase in gross amounts due to customers for contract work	(11,325)	388
Decrease in other payables and accruals	(4,210)	(5,164)
Increase / (decrease) in trade payables	9,164	(1,161)
Cash used in operations	(22,531)	(222,761)
PRC income tax paid	(2,241)	(3,908)
Net cash used in operating activities	(24,772)	(226,669)
Cash flows from investing activities		
Increase in restricted bank balances	(8,320)	–
Interests received	4,353	12,855
Payments for structured bank deposits	(290,000)	–
Proceeds on settlement of structured bank deposits	292,036	–
Payments of property, plant and equipment	(9,019)	(1,950)
Proceeds on disposal of operating rights of a toll bridge and its ancillary facilities	–	140,000
Proceeds on disposal of property, plant and equipment	33	23
Payments for acquisition of associates	(32,000)	(40,024)
Capital contributions to associates	(22,808)	–
Proceeds on refund of refundable deposits	–	150,000
Proceeds on acquisition of subsidiaries, net	–	42,444
Proceeds on disposal of subsidiaries, net	–	3,858
Net cash (used in) / generated from investing activities	(65,725)	307,206

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 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		(540)	(1,450)
Settlement of loans and receivables due from third parties		–	191,899
Loans repaid to a jointly controlled entity		–	(1,324)
Loans advanced by related companies		–	13,537
Loans advanced to associates		(44,748)	(427)
Loans repaid to related companies		–	(13,537)
Loans advanced to a related company		–	(1,000)
Loans repaid from related companies		–	12,960
Settlement of cash received on behalf of a related company		–	(1,000)
Cash received on behalf of a non-controlling shareholder			20,000
Loans advanced by a director		–	1,752
Loans repaid to a director			(1,752)
Dividends paid to owners of the Company		(15,758)	(14,834)
Dividends paid to non-controlling shareholders		(3,319)	(2,601)
Net cash (used in) / generated from financing activities		(64,365)	203,346
Net (decrease) / increase in cash and cash equivalents		(154,862)	283,883
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		455,002	171,119
CASH AND CASH EQUIVALENTS AT END OF YEAR		300,140	455,002
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	300,140	455,002

Statement of Financial Position

As at 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	20	220,049	220,049
CURRENT ASSETS			
Due from subsidiaries	20	504,193	526,742
Prepayments and deposits	24	293	312
Cash and bank balances	29	1	1
		504,487	527,055
CURRENT LIABILITIES			
Other payables and accruals	31	2,140	2,293
Due to subsidiaries	20	128,712	129,026
		130,852	131,319
NET CURRENT ASSETS		373,635	395,736
NET ASSETS		593,684	615,785
CAPITAL AND RESERVES			
Share capital	32(a)	219,943	219,943
Reserves	33(b)	373,741	395,842
TOTAL EQUITY		593,684	615,785

Approved by the Board of Directors on 28 March 2012

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	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 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	–	–	–	809	–	–	–	–	3,862	–	4,671	(4,671)	–
Recognition of share–based payments	–	–	–	–	–	–	–	2,369	–	–	2,369	–	2,369
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	27,010	27,010
2010 proposed final dividend	–	–	–	–	–	–	–	–	(15,758)	15,758	–	–	–
At 31 December 2010 and 1 January 2011	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
Total comprehensive income for the year	–	–	–	–	–	–	(2,495)	–	135	–	(2,360)	10,691	8,331
Payment of dividends	–	–	–	–	–	–	–	–	–	(15,758)	(15,758)	(3,319)	(19,077)
Transfer	–	–	–	–	2,104	–	–	–	(2,104)	–	–	–	–
Recognition of share–based payments	–	–	–	–	–	–	–	2,516	–	–	2,516	–	2,516
At 31 December 2011	219,943	45,312	565,589	7,764	16,836	8,324	(2,503)	5,406	(184,384)	–	682,287	71,100	753,387

* As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (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 2011

1. CORPORATE INFORMATION

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 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 2011. 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 policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

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 results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the IFRSs and the applicable disclosures required by the Listing Manual of the SGX-ST.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (cont'd)

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.

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 profit or loss 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 profit or loss. 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 profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Investments in associates are 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.

The Group's share of associates' post-acquisition profits or losses is recognised in consolidated profit or loss, 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 related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and 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 profit or loss.

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 profit or loss 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 profit or loss during the period in which they are incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

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
Land and buildings	20 years
Plant and machinery	10 years
Leasehold improvements	4 to 5 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 Zuowei bridge and its ancillary facilities (the "Toll bridges and its ancillary facilities") for a period of 25 years from the date of commencement of its operation in February 1999. 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 are capitalised as an additional cost of service concession arrangements when the recognition criteria are satisfied. Other subsequent expenditures such as repair and maintenance are charged to consolidated profit or loss in the period in which they are incurred.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment properties

Investment properties are land and / or buildings held to earn rentals and / or for capital appreciation. 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 based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in consolidated profit or loss for the period in which they arise.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost less accumulated impairment losses.

Exploration and evaluation assets represent costs of acquiring exploration rights and the expenditures in the search for mineral resources on an area of interest basis. Costs incurred before the Group has obtained the legal right to explore an area are recognised in the consolidated profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability;
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalised expenditure is not expected to be recovered, it is charged to the consolidated profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrated, any previously recognised exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets (included in property, plant and equipment).

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.

Revenue and profits are recognised on the completion of the sale of the completed units.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, deferred tax assets, inventories 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 profit or loss, 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 amounts 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 amounts 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".

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss.

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 profit or loss.

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 profit or loss.

Impairment losses are reversed in subsequent periods and recognised in the consolidated profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Borrowings

Borrowings are recognised initially at their 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 their 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 profit or loss 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 associates, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

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 profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of 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 profit or loss as and when incurred.

Contributions to a defined contribution retirement scheme, being obligatory retirement benefits in the PRC, are charged to the consolidated profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits (cont'd)

(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.

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 period

Events after the reporting period 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 period 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 United States dollar. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

At 31 December 2011, if the United States dollar had weakened 10 per cent against the Renminbi with all other variables held constant, consolidated profit after tax for the year would have been approximately RMB3,285,000 (2010: Nil) lower, arising mainly as a result of the foreign exchange loss on due from associates denominated in United States dollar. If the United States dollar had strengthened 10 per cent against the Renminbi with all other variables held constant, consolidated profit after tax for the year would have been approximately RMB3,285,000 (2010: Nil) higher, arising mainly as a result of the foreign exchange gain on due from associates denominated in United States dollar.

(b) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits and due from associates. Bank balances of approximately RMB62,488,000 (2010: RMB62,073,000) bear interest at variable rates varied with the then prevailing market condition while bank balances of approximately RMB245,993,000 (2010: RMB393,014,000) and due from associates of approximately RMB44,748,000 (2010: 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.

(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, non-controlling shareholders and associates

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

(ii) Trade receivables

It has policies in place to ensure that sales are made to customers with an appropriate credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

(iii) Refundable deposits

As set out in note 23 to the financial statements, the Group exposed 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 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 is minimal and was mitigated by the contractual arrangement as the balance is refundable in nature and the maximum exposure to the credit risk is the maximum balance of the refundable deposits of RMB10,000,000 (2010: RMB10,000,000). Subsequent to the year end, the deposits were refunded to the Group.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

The operations are self-financed by the toll income and water supply services income. The management 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 equivalents, deemed adequate by management for working capital purposes so as to mitigate the effectiveness of cash flows.

The Group's financial liabilities are all maturing within one year.

(e) Categories of financial instrument at 31 December:

	2011 RMB'000	2010 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	375,294	479,826
Financial liabilities:		
Financial liabilities at amortised costs	85,953	68,644

(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

Key sources of estimation uncertainty

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 intangible assets as at 31 December 2011 was approximately RMB19,285,000 (2010: RMB20,881,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty (cont'd)

(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 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. In assessing the projected total traffic volume of the toll bridge, 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 intangible assets for the year ended 31 December 2011 was approximately RMB1,596,000 (2010: RMB1,648,000).

(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 investment properties as at 31 December 2011 was approximately RMB22,900,000 (2010: RMB21,500,000).

(d) Taxation

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

(e) Impairment assessment for bad and doubtful debts on trade and other receivables

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 doubtful debt expenses in the period in which such estimate has been changed.

The impairment of prepayments, deposits and other receivables for the year ended 31 December 2011 was approximately RMB2,538,000 (2010: Nil).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty (cont'd)

(f) 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 2011 was approximately RMB20,303,000 (2010: RMB20,303,000).

(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 interests in associates

The Group tests annually whether interests in associates have suffered any impairment based on both quantitative and qualitative criteria. Such assessments include various estimates and assumptions, the financial health, cashflow projection and future prospects of the respective associates. In assessing the recoverable amount of investments in associates, the entire carrying amount of the investment including goodwill is tested as a single asset.

At the end of each reporting period, the net carrying amount of interests in respective associates, comprising the net of the equity investments in associates, interest receivables from associates and due from / (to) associates, are as follows:-

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Interests in Future Trillion Holdings Limited ("Future Trillion") and its subsidiary (collectively known as "Future Trillion Group")	93,230	40,371
Interests in LiuHe County YuKun Mining Co. Ltd. ("Liuhe JV") and its subsidiary (collectively known as "Liuhe JV Group")	44,728	–
	137,958	40,371

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty (cont'd)

(i) Impairment of interests in associates (cont'd)

As at 31 December 2011, the recoverable amount of the Group's interests in Future Trillion Group of approximately RMB93,230,000 (2010: RMB40,371,000) is determined by reference to exploration and evaluation assets held by Future Trillion Group. In determining whether there is an impairment of the exploration and evaluation assets of Future Trillion Group in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the directors assessed whether any key impairment indicators which indicates that there is impairment on its exploration and evaluation assets including:

(i) The period for which Future Trillion Group has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;

(ii) Substantive expenditure on further exploration for and evaluation of natural gas resources in the specific area is neither budgeted nor planned;

(iii) Exploration for and evaluation of natural gas resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and Future Trillion Group has decided to discontinue such activities in the specific area;

(vi) Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

As set out in note 21(a)(i) to the financial statements, the Group has not identified any of these impairment indicators of the exploration and evaluation assets held by Future Trillion Group. Up to the date of this report, the exploration and evaluation assets in connection to the natural gas exploration project of Future Trillion Group was at an early stage and further exploration and study will be needed to ensure the said area exist economically viable resources. The directors do not consider that it is appropriate to test for impairment in accordance with relevant accounting standards.

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, are dealt with below.

(a) Ownership of land use rights directly associated with water plant and its ancillary facilities

In March 2006, CIHL (Tianjin) Water Development Company Limited ("Water Development JV") obtained approval from the PRC venturer of Water Development JV, which is also a local government agency, to authorise the use of the parcel of land directly associated with water plant and its ancillary facilities for the purpose of supplying gray water for a period of 50 years. As at 31 December 2011, 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 rights, the directors consider that the Group 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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Critical judgements in applying Group's accounting policies (cont'd)

(b) Legal titles of certain land and buildings

The Group has not obtained the relevant title deeds of certain land and buildings as set out in note 16 to the financial statements as at 31 December 2011. The Group entered into contractual arrangements to acquire these land and buildings from a third party during the year but the relevant title deeds of such were not transferred to the Group as at 31 December 2011. Notwithstanding the fact that the Group has not obtained the relevant title deeds, the directors determine the land and buildings were acquired through contractual arrangements on the grounds that they expect the transfer of title deeds in future should have no major difficulties.

The carrying amount of the relevant land and buildings as at 31 December 2011 was approximately RMB10,467,000 (2010: Nil).

(c) Renewal of mining right license of an associate

As set out in note 21(a)(ii) to the financial statements, the Group holds 20% equity interest of Liuhe JV Group which is principally engaged in gold mining and exploration in the PRC. Liuhe JV Group holds a mining right license expiring in April 2012. The existing gold mining operation was suspended in 2008 following the drill out of high-graded mineral reserves. During the year, Liuhe JV Group completed several geological and technical studies to justify the existence of proved and probable mine reserve estimates of the surrounding area of the existing mining right license and has applied for the renewal of existing mining right license for the official resumption of its gold mining operation with enlarged mining scale. As at 31 December 2011, principle approval for resumption of gold mining operation with enlarged scale was obtained from relevant local authorities and the management expects the renewal of existing mining right license would be available in 2012.

As at 31 December 2011, the recoverable amount of the Group's investment in Liuhe JV Group is largely dependent on the successful application of the required license and the official resumption of gold mining operation with enlarged mining scale. Notwithstanding the fact that the mining right license has not yet been renewed up to the date of this report, the directors consider the investment in Liuhe JV Group is recoverable on the grounds that principle approval had been obtained from relevant local authorities for resumption of gold mining operation with enlarged scale and the completion of application of the renewal of the existing mining right license should have no major difficulties.

The carrying amount of the relevant investment in associates as at 31 December 2011 was approximately RMB37,619,000 (2010: Nil).

6. TURNOVER

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

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Toll income	14,499	18,312
Revenue from land development construction contracts	14,950	391
Revenue from construction of water pipeline and supply of gray water	63,994	11,394
	93,443	30,097
Less: PRC business tax and value added tax	(2,924)	(1,611)
	90,519	28,486

7. OTHER INCOME

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Interest income		
- Interest income on structured bank deposits	2,036	–
- Others	6,110	6,113
	8,146	6,113
Rental income, net	994	1,211
Gain / (loss) on disposal of property, plant and equipment	33	(39)
Loss on exchange, net	(2,648)	(621)
Refund of PRC business tax	–	418
Other income / (loss)	418	(27)
	6,943	7,055

8. SEGMENT INFORMATION

The Group has four reportable segments as follows:

Toll collection	-	Toll income of toll bridges
Water supply services	-	Construction of water pipeline and supply of gray water
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.

8. SEGMENT INFORMATION (CONT'D)

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 bargain purchase of a subsidiary
- Gains on acquisition / disposal of subsidiaries
- Impairment of prepayments, deposits and other receivables
- Share of profits of a jointly controlled entity
- Share of losses of associates
- Finance costs
- Income tax expense

Segment assets do not include the following items:

- Property, plant and equipment for corporate use
- Investment properties
- Investments in associates
- Deferred tax assets
- Prepayments, deposits and other receivables for corporate use
- Due from related companies / associates / non-controlling shareholders
- Restricted bank balances and cash and bank balances for corporate use

Segment liabilities do not include the following items:

- Other payables and accruals for corporate use
- Due to an associate / 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
- Investments in associates
- Deferred tax assets

8. SEGMENT INFORMATION (CONT'D)

	Toll collection RMB'000	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	Consolidated RMB'000
Year ended 31 December 2011					
Revenue from external customers	13,705	61,920	14,894	–	90,519
Segment profits	7,869	31,923	5,547	–	45,339
Interest income					8,146
Other income (excluding interest income)					(1,203)
Corporate administrative expenses					(11,499)
Corporate other operating expenses					(19,141)
Gain on fair value changes of investment properties					1,400
Impairment of prepayments, deposits and other receivables					(2,538)
Finance costs					(671)
Share of losses of associates					(701)
Income tax expense					(8,306)
Profit for the year					10,826
Depreciation and amortisation	1,871	3,178	–	–	6,798
Share options expenses	–	–	–	–	2,516
As at 31 December 2011					
Segment assets	21,270	86,885	27,163	235,207	370,525
Property, plant and equipment for corporate use					21,705
Investment properties					22,900
Investments in associates					97,025
Deferred tax assets					519
Prepayments, deposits and other receivables for corporate use					3,899
Due from associates					45,175
Due from related companies					517
Due from non-controlling shareholders					589
Restricted bank balances for corporate use					8,320
Cash and bank balances for corporate use					300,140
Total assets					871,314
Additions to non-current assets	–	4,495	–	–	17,411
Segment liabilities	3,521	32,077	3,616	120	39,334
Other payables and accruals for corporate use					15,678
Due to an associate					5,469
Due to non-controlling shareholders for corporate use					38,011
Current tax liabilities					12,509
Deferred tax liabilities					6,926
Total liabilities					117,927

8. SEGMENT INFORMATION (CONT'D)

	Toll collection RMB'000	Water supply services 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 bargain 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 associates					(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
Investments in associates					39,944
Deferred tax assets					271
Prepayments, deposits and other receivables for corporate use					4,492
Due from associates					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

8. SEGMENT INFORMATION (CONT'D)

Geographical information	Revenue 2011 RMB'000	Revenue 2010 RMB'000	Non-current assets 2011 RMB'000	Non-current assets 2010 RMB'000
Hong Kong	–	–	27	46
The PRC except Hong Kong	90,519	28,486	180,837	131,273
Overseas	–	–	59,406	39,944
	90,519	28,486	240,270	171,263

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

Revenue from major customers:

For the year ended 31 December 2011, revenue from two major customers contributed to the Group's turnover of approximately RMB28,189,000 and RMB14,950,000 were included in Water supply services segment and Land development segment respectively.

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.

9. FINANCE COSTS

	Group 2011 RMB'000	Group 2010 RMB'000
Bank charges	671	35

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

	Note	Group 2011 RMB'000	Group 2010 RMB'000
Wages and salaries		12,054	8,092
Other staff welfare		3,486	1,849
Share-based payments to directors and employees		2,516	2,369
Pension costs of defined contribution plans	(a)	1,087	483
Over provision of staff compensation upon disposal of operating rights of a toll bridge and its ancillary facilities		–	(1,340)
		19,143	11,453

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

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 subsidiaries 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 these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

(b) Directors' remuneration

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Directors' fees	1,800	1,800
Salaries and other short term benefits	2,262	1,873
Share-based payments	2,296	1,990
	6,358	5,663

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

	2011	**2010**
Below S$250,000		
(Equivalent to below RMB1,213,000 (2010: below RMB1,281,000))	4	5
Between S$250,001 to S$500,000		
(Equivalent to between RMB1,213,001 to RMB2,426,000 (2010: between RMB1,281,001 to RMB2,562,000))	2	1
	6	6

Directors' remuneration included equity-settled share-based payments of approximately RMB2,296,000 (2010: RMB1,990,000) in respect of share options granted on 6 August 2008, 8 March 2010, 17 May 2010 and 2 June 2011 (2010: 6 August 2008, 8 March 2010 and 17 May 2010). Details of the share options are set out in note 32(b) to the financial statements.

11. INCOME TAX EXPENSE

(a) Income tax expense

The amount of taxation charged to the consolidated profit or loss represents:

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Current tax - PRC enterprise income tax		
- Provision for the year	4,692	5,620
- Under provision in prior years	108	505
	4,800	6,125
Deferred tax (note (b))	3,506	572
	8,306	6,697

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 24% in 2011 (2010: 22%).

Pursuant to relevant laws and regulations in the PRC, the subsidiary CIHL Haimen (Tianjin) Enterprise Ltd. ("Haimen JV") is entitled to a reduction from PRC enterprise income tax. The tax rate applicable to Haimen JV, after the reduction, is 24% in 2011 (2010: 22%).

Pursuant to relevant laws and regulations in the PRC, 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 fourth profit-making year for the financial year ended 31 December 2011 and were therefore entitled to a 50% relief from PRC enterprise income tax for the year ended 31 December 2011. The tax rate applicable to Water Development JV for the year ended 31 December 2011 is 12.5% (2010: 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% (2010: 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.

11. INCOME TAX EXPENSE (CONT'D)

(a) Income tax expense (cont'd)

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	
	2011	**2010**
	RMB'000	**RMB'000**
Profit before tax	19,132	36,782
Tax charged at domestic income tax rate of 24% (2010: 22%)	4,592	8,092
Effect of different tax rates of subsidiaries	(737)	(643)
Tax effect on non-taxable income	(210)	(5,316)
Tax effect on non-deductible expenses	4,555	4,322
Under provision of income tax in prior years	108	505
Tax effect of tax losses not recognised due to uncertainty on future profits streams	73	1,009
Tax effect of utilisation of tax losses not previously recognised	(247)	–
Tax effect of share of profits of a jointly controlled entity	–	(1,290)
Tax effect of share of losses of associates	172	18
Income tax expense	8,306	6,697

(b) Deferred taxation

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

	Accelerated tax depreciation	**Fair value gain on investment properties**	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 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 profit or loss for the year	(56)	1,932	(1,304)	572
At 31 December 2010 and 1 January 2011	257	1,933	711	2,901
Charged to consolidated profit or loss for the year	928	350	2,228	3,506
At 31 December 2011	1,185	2,283	2,939	6,407

11. INCOME TAX EXPENSE (CONT'D)

(b) Deferred taxation (cont'd)

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

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Deferred tax assets	519	271
Deferred tax liabilities	6,926	3,172

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging / (crediting) the following:

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Amortisation of intangible assets[1]	1,596	1,648
Auditors' remuneration		
- Audit services	915	892
- Non-audit services	139	90
	1,054	982
Cost of inventories consumed[1]	4,654	1,046
Depreciation of property, plant and equipment[2]	5,202	2,355
(Gain) / loss on disposal of property, plant and equipment	(33)	39
Operating lease rental payments	783	939
Other staff costs (excluding directors' remuneration)[3]	12,785	5,790

Note:

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

(2) The amount of approximately RMB3,178,000 (2010: RMB795,000) was included in cost of services provided.

(3) The amount of approximately RMB4,390,000 (2010: RMB3,474,000) was included in cost of services provided.

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

The profit for the year attributable to owners of the Company included a loss of approximately RMB8,859,000 (2010: profit of RMB675,000) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2011.

A final dividend of 0.35 Singapore cents per ordinary share was declared for the year ended 31 December 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 RMB135,000 (2010: RMB26,122,000) and the weighted average number of ordinary shares of 874,603,750 (2010: 873,173,613 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 RMB135,000 (2010: RMB26,122,000) and the weighted average number of ordinary shares of 874,603,750 (2010: 873,193,698 ordinary shares), being the weighted average number of ordinary shares of 874,603,750 (2010: 873,173,613 ordinary shares) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

For the year ended 31 December 2011, the share options outstanding had no dilutive effect.

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

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	135	26,122
Number of shares (in Thousands)		
Issued ordinary shares at 1 January	874,604	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	874,604	873,174
Effect of dilutive potential ordinary shares arising from share options outstanding	–	20
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	874,604	873,194

16. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RMB'000	Water plant and its ancillary facilities RMB'000	Plant and machinery RMB'000	Office equipment and leasehold improvements RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 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
Disposal	–	–	–	(48)	(89)	–	(137)
At 31 December 2010 and 1 January 2011	13,480	50,318	157	1,803	5,193	6,124	77,075
Additions	10,467	–	5	1,781	668	4,490	17,411
Transfer	–	7,052	–	–	–	(7,052)	–
At 31 December 2011	23,947	57,370	162	3,584	5,861	3,562	94,486
Accumulated depreciation							
At 1 January 2010	3,941	–	55	733	1,426	–	6,155
Charge for the year	579	787	8	242	744	–	2,360
Disposal	–	–	–	(13)	(62)	–	(75)
At 31 December 2010 and 1 January 2011	4,520	787	63	962	2,108	–	8,440
Charge for the year	716	3,147	31	326	1,069	–	5,289
At 31 December 2011	5,236	3,934	94	1,288	3,177	–	13,729
Carrying amount							
At 31 December 2011	18,711	53,436	68	2,296	2,684	3,562	80,757
At 31 December 2010	8,960	49,531	94	841	3,085	6,124	68,635

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

Water Development JV obtained approval from the PRC venturer of Water Development JV, which is also a local government agency, to authorise the use of the parcel of land directly associated with water plant and its ancillary facilities for the purpose of supplying gray water for a period of 50 years. No official land use rights certificate has been issued for the use of the relevant land.

Included in land and buildings of approximately RMB10,467,000 (2010: Nil) was acquired by the Group during the year in respect of which the Group did not have the relevant title deeds as at 31 December 2011. The Group entered into contractual arrangements with a third party to acquire these land and buildings so that the Group is entitled to all the controls and economic benefits of such land and buildings under this contractual arrangement.

17. INTANGIBLE ASSETS

Group	Service concession arrangements RMB'000
Cost	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	36,650
Accumulated amortisation	
At 1 January 2010	14,121
Charge for the year	1,648
At 31 December 2010 and 1 January 2011	15,769
Charge for the year	1,596
At 31 December 2011	17,365
Carrying amount	
At 31 December 2011	19,285
At 31 December 2010	20,881

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

18. INVESTMENT PROPERTIES

	Group 2011 RMB'000	Group 2010 RMB'000
At 1 January	21,500	24,770
Gain on fair value changes	1,400	7,853
Disposal of subsidiaries	–	(11,123)
At 31 December	22,900	21,500

All the Group's investment properties are located in the PRC and are held to earn rentals.

At the end of each reporting period, investment properties were revalued 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, of approximately RMB253,000 (2010: RMB230,000) arising investment properties that generated rental income.

19. GOODWILL

	Group RMB'000
Cost and carrying amount	
At 1 January 2010	–
Arising from acquisition of a subsidiary	20,303
At 31 December 2011, 1 January 2011 and 31 December 2011	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 management 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% (2010: 18.87%) was used for the cash flow forecasts as at 31 December 2011.

20. INTERESTS IN SUBSIDIARIES

	Company	
	2011 RMB'000	2010 RMB'000
Unlisted investments, at cost	264,060	264,060
Less: Impairment losses	(44,011)	(44,011)
	220,049	220,049
Due from subsidiaries	519,572	542,121
Less: Impairment losses	(15,379)	(15,379)
	504,193	526,742
Due to subsidiaries	128,712	129,026

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

20. INTERESTS IN SUBSIDIARIES (CONT'D)

The particulars of the subsidiaries as at 31 December 2011 are as follows:

	Name of company	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing 2011	2010	Principal activities
	Directly held:					
+&	Hebei Bridges Investments Limited ("HBIL")	Samoa	US$2,891,567	100%	100%	Investment holding
+&	Tianjin Bridges Investments Limited ("TBIL")w	Samoa	US$28,915,663	100%	100%	Investment holding
+δ	China Toll Bridges & Roads (S) Pte. Limited	Singapore	US$9,780	100%	100%	Dormant
%	China Infrastructure Management (Hong Kong) Limited	Hong Kong	HK$10,000	100%	100%	Provision of management services to the Group
+&	China (Tianjin) Water Resources Limited ("CTWRL")	Samoa	US$1	100%	100%	Investment holding
+&	CIHL Development Limited	Samoa	US$1	100%	100%	Investment holding
+&	Pinnacle China Limited ("PCL")	British Virgin Islands	US$1	100%	100%	Investment holding
	Indirectly held:					
+@	CCI Andi Bridges Co., Ltd. ("Zuowei JV")	PRC	US$2,410,000	60%*	60%	Toll bridge operations and management
+¢	CIHL Haimen (Tianjin) Enterprise Ltd. ("Haimen JV")	PRC	RMB48,000,000	75%	75%	Property holding
+µ	CIHL (Tianjin) Water Development Company Limited ("Water Development JV")	PRC	RMB60,000,000	60%	60%	Property holding and construction of water pipeline and supply of gray water
+!ϕγ	CIHL (Tianjin) City Development Limited ("XZCID")	PRC	RMB7,851,050	100%	100%	Investment holding and property investment
+#/	Tianjin CIHL Xinzhong Real Estate Development Co., Limited ("XZPD")	PRC	RMB30,000,000	100%	100%	Property development
+§	Beijing Shiji Longquan Real Estate Development Co., Limited ("SJLQ")	PRC	RMB10,000,000	95%	95%	Provision of engineering and land leveling service for preliminary land development projects

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 2010 were audited by Robert Tan & Co.; statutory financial statements for the year ended 31 December 2011 have not yet been issued by the local auditor.

% Statutory financial statements for the years ended 31 December 2010 and 2011 have not yet been issued by the local auditor.

@ Statutory financial statements for the year ended 31 December 2010 were audited by Zhangjiakou Zhangyuan Certified Public Accountants Co. Ltd; statutory financial statements for the year ended 31 December 2011 have not yet been issued by the local auditor.

¢ Statutory financial statements for the year ended 31 December 2010 were audited by HLB (Tianjin) Certified Public Accountants; statutory financial statements for the year ended 31 December 2011 have not yet been issued by the local auditor.

µ Statutory financial statements for the year ended 31 December 2010 were audited by BDO Zhonglian Mindu Shu Lun Pan Certified Public Accountants Co., Ltd; statutory financial statements for the year ended 31 December 2011 have not yet been issued by the local auditor.

! Statutory financial statements for the year ended 31 December 2010 were audited by Zhongrui Yuehua Certified Public Accountants TianJin Branch; statutory financial statements for the year ended 31 December 2011 have not yet been issued by the local auditor.

ϕ XZCID operates a 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 ("XZCID Beijing Branch") with statutory registration in Beijing, PRC.

γ The registered capital of XZCID was RMB50,000,000. As at 31 December 2011, the Group has fulfilled its investment obligation to the extent of RMB7,851,050.

The registered capital of XZPD was increased from RMB20,000,000 to RMB30,000,000 for the year ended 31 December 2011. As at 31 December 2011, the Group has fully fulfilled its investment obligation.

/ Statutory financial statements for the period ended from 30 August 2010 (date of incorporation) to 31 December 2010 were audited by Tianjin Hongyuan Certified Public Accountants Co., Ltd; statutory financial statements for the year ended 31 December 2011 have not been issued by the local auditor.

§ Statutory financial statements for the years ended 31 December 2010 and 2011 were audited by Beijing ZhongYanTong Accountant Office Co., Ltd.

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

21. INTERESTS IN ASSOCIATES

		Group	
	Note	2011 RMB'000	2010 RMB'000
Unlisted investments in associates	a)	97,025	39,944
Due from associates	b)	45,175	427
Due to an associate	b)	(5,469)	–
Interest receivables (included in prepayments, deposits and other receivables)		1,227	–
		137,958	40,371

21. INTERESTS IN ASSOCIATES (CONT'D)

Note:

a) Investments in associates

	Note	Group 2011 RMB'000	Group 2010 RMB'000
Investment in Future Trillion Group	(i)	59,406	39,944
Investment in Liuhe JV Group	(ii)	37,619	–
		97,025	39,944

Note:

(i) Investment in Future Trillion Group

	2011 RMB'000	2010 RMB'000
Unlisted investments		
Share of net assets	19,386	12,291
Goodwill	40,020	27,653
	59,406	39,944

Details of Future Trillion Group as at 31 December 2011 are as follows:

	Name of Compay	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing 2011	2010	Principal activities
+δ@	Future Trillion Holdings Limited ("Future Trilion")	British Virgin Islands	US$3,055	34.53%	25%	Investment holding
+#	MKS Limited ("MKS")	Independent State of Papua New Guinea	Kina7,257,000	28.35%	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; statutory financial statements for the year ended 31 December 2011 have not yet been issued by the local auditor.

@ In 2011, the Group entered into a contractual arrangement to subscribe 388 ordinary shares of Future Trillion at a consideration of approximately RMB22,277,000 (equivalent to US$3,500,000). Following the completion of such subscription, the Group's investment in Future Trillion and MKS increased from 25% to 34.53% and from 20% to 28.35% respectively. The subscription was completed on 16 December 2011 and as at 31 December 2011, the Group has fulfilled its investment obligation of approximately RMB16,808,000 and the remaining balance of approximately RMB5,469,000 was recognsied as "Due to an associate" and expects to be settled in 2012.

21. INTERESTS IN ASSOCIATES (CONT'D)

a) Investments in associates (cont'd)

(i) Investment in Future Trillion Group (cont'd)

Summarised financial information in respect of Future Trillion Group is set out as below:

	2011 RMB'000	2010 RMB'000
As at 31 December		
Total assets	116,575	64,013
Total liabilities	(53,978)	(12,535)
Net assets	62,597	51,478
Group's share of associates' net assets	19,386	12,291
Year ended 31 December		
Total turnover	–	–
Loss for the year	(1,280)	(320)
Share of losses of associates	(320)	(80)

Future Trillion Group obtained an exploration right license of a natural gas natural exploration project in June 2008. Details of the exploration right license are as follows:-

Name of license	Location	Area of license	Expiration date
Petroleum Prospecting License (License number: 294)	Independent State of Papua New Guinea	Approximately 6,000 km^2	June 2014

Future Trillion Group performed different exploration and geological studies for the exploration project for the year ended 31 December 2011. Subsequent to year end, Future Trillion Group has also completed the preliminary 2-D seismic data acquisition program. Future Trillion Group is in the process of retaining independent technical consultants to process the data obtained in the 2-D seismic data acquisition, and to interpret the processed data. Once completed, Future Trillion Group will submit the relevant reports to the Department of Petroleum & Energy of the Independent State of Papua New Guinea and an exploration program for 2012 for the Minister's approval.

As at 31 December 2011, the future prospect of the Group's investment in Future Trillion Group is largely dependent of the discovery of existence of economic viable resources of the natural gas exploration project. Further exploration and study will be needed to ensure the said area exist economically viable resources. The project is still in exploration stage and such further exploration and study has not been completed subsequent to the end of the reporting period and up to the date of this report.

Notes to the Financial Statements

For the year ended 31 December 2011

21. INTERESTS IN ASSOCIATES (CONT'D)

a) Investments in associates (cont'd)

(ii) Investment in Liuhe JV Group

	2011 RMB'000	2010 RMB'000
Unlisted investments		
Share of net assets	20,575	–
Goodwill	17,044	–
	37,619	–

Details of Liuhe JV Group as at 31 December 2011 are as follows:

	Name of Company	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing 2011	2010	Principal activities
+δ#	LiuHe County YuKun Mining Co. Ltd. ("Liuhe JV") ("柳河县钰坤矿业有限公司")	PRC	RMB40,000,000	20%	–	Provision for gold exploration
+δ	LiuHe County AiPuLei Mining Co. Ltd. ("Aipulei JV") ("柳河县爱普勒矿业有限公司")	PRC	RMB500,000	20%	–	Provision for gold exploration

Note:

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

δ Statutory financial statements for the years ended 31 December 2010 and 2011 have not yet been issued by the local auditor.

\# The registered capital was increased from RMB10,000,000 to RMB40,000,000 for the year ended 31 December 2011. As at 31 December 2011, the Group has fully fulfilled its investment obligation based on the relative proportion of equity interest in Liuhe JV.

21. INTERESTS IN ASSOCIATES (CONT'D)

a) Investments in associates (cont'd)

(ii) Investment in Liuhe JV Group (cont'd)

Summarised financial information in respect of Liuhe JV Group is set out as below:

	2011 RMB'000	2010 RMB'000
As at 31 December		
Total assets	144,055	–
Total liabilities	(41,181)	–
Net assets	102,874	–
Group's share of associates' net assets	20,575	–
Year ended 31 December		
Total turnover	–	–
Loss for the year	(1,904)	–
Share of losses of associates	(381)	–

Liuhe JV Group holds a mining right license and an exploration right license in the surrounding area associated with the mining right expiring in April 2012 and December 2012 respectively. The existing gold mining operation was suspended in 2008 following the drill out of high-graded mineral reserves. During the year, Liuhe JV Group completed several geological and technical studies to justify the existence of proved and probable mine reserve estimates of the surrounding area of the existing mining right license and has applied for the renewal of existing mining right license for the official resumption of its gold mining operation with enlarged mining scale. Details of the exploration and mining right licenses are as follows:-

Name of license	Location	Mining capacity	Area of license	Expiration date
Mining right license ("采矿许可证") (License number: C2200002010124120089728)	PRC	2,500 ton / year	1.28km^2	April 2012
Exploration right license ("矿产资源勘查许可证") (License number: T22120101202043010)	PRC	N/A	26.85km^2	December 2012

As at 31 December 2011, principle approval for resumption of gold mine operation with enlarged scale was obtained from relevant local authorities and the management expects the renewal of existing mining right license would be available in 2012.

21. INTERESTS IN ASSOCIATES (CONT'D)

b) Due from / (to) associates

All amounts due are unsecured, interest free and have no fixed repayment terms except for the followings:-

– Due from Liuhe JV of approximately RMB6,863,000 (2010: Nil) is unsecured, interest bearing at 10% per annum and is repayable in 2012; and

– Due from Future Trillion of approximately RMB37,885,000 (2010: Nil) is secured by equity interests in Future Trillion held by its controlling shareholder and corporate guarantee executed by the controlling shareholder of Future Trillion, interest bearing at 6% per annum and is repayable in 2012.

22. PROPERTIES FOR DEVELOPMENT

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Amount comprises:		
Prepaid land lease payments	200,000	200,000
Other construction costs and capitalised expenditures	35,207	10,142
	235,207	210,142

In August 2010, the Group acquired the land use rights of a parcel of land located in Tianjin, PRC, for property development through public auction at a consideration of RMB200,000,000. As at 31 December 2011, the property development project was under preliminary design stage and no substantial construction works have been commenced subsequent to the end of the reporting period and up to the date of this report. Other details of the property development project are as follows:-

Gross site areas	:	121,778.90m^2
Expected completion date	:	Before August 2015
Effective Group interest	:	100%

23. REFUNDABLE DEPOSITS

	Group	
	2011	**2010**
	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 (2010: RMB10,000,000) was paid as 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 a 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 agreement, the deposit is refundable to the Group if the tender was unsuccessful. Subsequent to the year end, the deposits were refunded to the Group.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Group		Company	
	Note	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Deposits		374	322	52	54
Prepayments	(a)	3,744	3,269	241	258
Other debtors	(b)	5,600	3,601	–	–
		9,718	7,192	293	312
Less: Impairment loss on other debtors	(b)	(2,538)	–	–	–
		7,180	7,192	293	312

Note:

(a) The Group's prepayments as at 31 December 2011 include prepayments paid to a related company of approximately RMB1,100,000 (2010: RMB1,100,000). The balances are unsecured, interest free and have no fixed repayment terms. Subsequent to the year end, the prepayments were refunded to the Group.

(b) The Group's other debtors as at 31 December 2011 include balance due from a local government agency of approximately RMB2,338,000 (2010: 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 has assessed the recoverability of the outstanding balance and full impairment on the outstanding balance was recognised for the year ended 31 December 2011.

25. INVENTORIES

	Group	
	2011 RMB'000	2010 RMB'000
Raw materials for construction of water pipeline	939	1,172

All inventories are carried at cost.

26. TRADE RECEIVABLES

The Group offers 0 to 30 days (2010: 0 to 30 days) credit terms to customers for water supply service. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

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

	Group	
	2011 RMB'000	2010 RMB'000
0 to 30 days	164	86
More than 30 days	6,810	2,194
	6,974	2,280

26. TRADE RECEIVABLES (CONT'D)

As at 31 December 2011, trade receivables of approximately RMB6,810,000 (2010: RMB2,194,000) 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	
	2011	2010
	RMB'000	RMB'000
0 to 30 days	116	18
More than 30 days	6,694	2,176
	6,810	2,194

All trade receivables are denominated in Renminbi.

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

	Group	
	2011	2010
	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	18,210	5,472
Less: Progress billings	(7,547)	(20,974)
	10,663	(15,502)
Gross amounts due from customers for contract work	15,341	501
Gross amounts due to customers for contract work	(4,678)	(16,003)
	10,663	(15,502)

Advances received in respect of construction contracts amounted to approximately RMB10,316,000 as at 31 December 2011 (2010: RMB4,874,000) and is included in receipts in advance.

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

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

29. RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	300,140	455,002	1	1
Restricted bank balances	8,463	143	–	–
	308,603	455,145	1	1

As at 31 December 2011, restricted bank balances of approximately RMB8,463,000 (2010: RMB143,000) was placed for securing the performance and fund utilisation for a land development project of the Group and purchases of property, plant and equipment (2010: securing the performance and fund utilisation for a land development project of the Group).

29. RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES (CONT'D)

The total cash and bank balances are denominated in the following currencies:

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Renminbi	308,065	450,769	–	–
Hong Kong dollar	518	3,177	–	–
United States dollar	3	4	–	–
Singapore dollar	17	1,195	1	1
	308,603	455,145	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 (2010: 0 to 30 days) and are denominated in Renminbi.

31. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Accruals	7,861	7,058	979	1,131
Other payables	11,876	8,497	1,161	1,162
	19,737	15,555	2,140	2,293

32. SHARE CAPITAL

(a) Shares

	Group and Company	
	2011 S$'000	2010 S$'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 2010	870,104	218,820
Issue of shares on share options exercised	4,500	1,123
At 31 December 2010, 1 January 2011 and 31 December 2011	874,604	219,943

32. SHARE CAPITAL (CONT'D)

(a) Shares (cont'd)

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 SGX-ST, 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.

(b) 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
25 March 2006	40% of 4,500,000 options to be vested on 25 March 2007	25 March 2007 to 24 March 2011	S$0.05
	30% of 4,500,000 options to be vested on 25 March 2008	25 March 2008 to 24 March 2011	S$0.05
	30% of 4,500,000 options to be vested on 25 March 2009	25 March 2009 to 24 March 2011	S$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	S$0.07
	30% of 4,500,000 options to be vested on 6 August 2010	6 August 2010 to 5 August 2013	S$0.07
	30% of 4,500,000 options to be vested on 6 August 2011	6 August 2011 to 5 August 2013	S$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.

32. SHARE CAPITAL (CONT'D)

(b) Share options (cont'd)

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
8 March 2010	50% of 20,000,000 options to be vested on 8 March 2011	8 March 2011 to 7 March 2015	S$0.075
	50% of 20,000,000 options to be vested on 8 March 2012	8 March 2012 to 7 March 2015	S$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	S$0.087
	50% of 3,000,000 options to be vested on 17 May 2012	17 May 2012 to 16 May 2015	S$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	S$0.079
	50% of 1,500,000 options to be vested on 19 July 2012	19 July 2012 to 18 July 2015	S$0.079
2 Jun 2011	50% of 24,500,000 options to be vested on 2 Jun 2012	2 Jun 2012 to 1 Jun 2016	S$0.052
	50% of 24,500,000 options to be vested on 2 Jun 2013	2 Jun 2013 to 1 Jun 2016	S$0.052

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.

	2011		2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	27,500,000	S$0.0741	9,000,000	S$0.0600
Granted during the year	24,500,000	S$0.0520	24,500,000	S$0.0767
Forfeited during the year	–	–	(1,500,000)	S$0.0750
Exercised during the year	–	–	(4,500,000)	S$0.0500
Outstanding at the end of the year	52,000,000	S$0.0645	27,500,000	S$0.0741
Exercisable at the end of the year	16,000,000	S$0.0749	3,150,000	S$0.0700

32. SHARE CAPITAL (CONT'D)

(b) Share options (cont'd)

At the end of the reporting period, the outstanding share options have a weighted average remaining contractual life of 3.7 years (2010: 4.0 years) and the exercise prices range from S$0.052 to S$0.087 (2010: S$0.070 to S$0.087). The share-based payments to directors and executives recognised in the consolidated profit or loss for the year ended 31 December 2011 was approximately RMB2,516,000 (2010: RMB2,369,000).

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

	2011	2010
Share price	S$0.052	S$0.075 to S$0.085
Exercise price	S$0.052	S$0.075 to S$0.087
Expected volatility	65.80%	69.79% to 70.26%
Expected life	5 years	5 years
Risk free rates	1.02%	0.75% to 1.50%
Expected dividend yield	4.22%	4.19%
Exercise multiple	2.2 to 2.8 times	2 times
Employee exit rate	0% to 13%	7.10%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years (2010: 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 behavioral considerations.

33. RESERVES

(a) Group

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

(b) Company

	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Proposed final dividend RMB'000	Total RMB'000
At 1 January 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 December 2010 and 1 January 2011	45,312	565,589	479	8,324	2,890	(242,510)	15,758	395,842
Total comprehensive income for the year	–	–	–	–	–	(8,859)	–	(8,859)
Payment of dividends	–	–	–	–	–	–	(15,758)	(15,758)
Recognition of share-based payments	–	–	–	–	2,516	–	–	2,516
At 31 December 2011	45,312	565,589	479	8,324	5,406	(251,369)	–	373,741

(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.

33. RESERVES (CONT'D)

(c) Nature and purpose of reserves (cont'd)

(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

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

(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:

	2011 RMB'000	2010 RMB'000
Cash received through related companies	49,479	44,153
Rental and other operating expenses reimbursed / reimbursable from a related company	256	265
Consultancy service fees paid to a related company	1,300	300
Interest income charged to associates	1,227	–
Key management personnel compensation	7,183	5,929
Acquisition of a subsidiary from a related company	–	9,500
Interest income received from a related company	–	781

35. CAPITAL COMMITMENTS

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

	2011 RMB'000	2010 RMB'000
Capital expenditure contracted but not provided for in the financial statements in respect of:		
- Additions of computer software	–	17
- Additions of construction in progress – water pipelines and its ancillary facilities	760	877

36. LEASE COMMITMENTS

The Group as lessee

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

	2011 RMB'000	2010 RMB'000
At 31 December		
Within one year	1,079	910
In the second to fifth years inclusive	1,019	–
	2,098	910

Operating lease payments represent rentals payable by the Group for certain of its administrative offices. Leases are negotiated for an average term approximately of 2 years (2010: 2 years) and rentals are fixed over the lease terms and do not include contingent rentals.

37. EVENT AFTER THE REPORTING PERIOD

In January 2012, the Group entered into a contractual arrangement with third parties to jointly tender a property development project located in the PRC. Out of total tender deposits of RMB130,000,000, the Group paid RMB50,000,000 and the remaining balance of RMB80,000,000 was paid by a third party. Pursuant to the contractual arrangement, the deposit should be refundable to the Group in April 2012 if the tender of such property development project is unsuccessful or the successful tender price has exceeded the agreed tender price as set out in the contractual arrangement. Up to the date of this report, the outcome of such tender of property development project is not yet available to the Group.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2012.

Shareholding Statistics

As at 23 March 2012

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 23 March 2012, 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	212,294,570	24.27
3	Raffles Nominees (Pte) Ltd	80,963,518	9.26
4	DBS Vickers Securities (S) Pte Ltd	54,679,000	6.25
5	OCBC Securities Private Ltd	28,333,000	3.24
6	United Overseas Bank Nominees Pte Ltd	17,755,000	2.03
7	Ye Tianyun	15,000,000	1.72
8	Chan Sin Mian	5,483,000	0.63
9	Lim Cher Heng	4,747,000	0.54
10	Fong Weng Khiang	4,500,000	0.51
11	Phillip Securities Pte Ltd	3,806,000	0.44
12	Maybank Kim Eng Securities Pte Ltd	3,723,562	0.43
13	Hee Lee Set	3,000,000	0.34
14	Leow Fan Siew	3,000,000	0.34
15	Quah Wee Lai	3,000,000	0.34
16	Tan Chong Hoe	3,000,000	0.34
17	Teoh Gaik Liew	2,550,000	0.29
18	Mak Chee Fong	2,274,000	0.26
19	Tan Brian Roy	2,250,000	0.26
20	Heng See Eng	2,222,000	0.25
	Total :	**675,613,906**	**77.24**

Shareholding Statistics
As at 23 March 2012

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	7,282	76.39	23,895,001	2.73
10,001 - 1,000,000	2,214	23.22	154,432,869	17.66
1,000,001 and above	33	0.35	696,273,906	79.61
Total :	**9,533**	**100.00**	**874,603,750**	**100.00**

SUBSTANTIAL SHAREHOLDERS
As shown in the Register of Substantial Shareholders as at 23 March 2012

	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 23 March 2012, 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 the 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 Thursday, 26 April 2012 at 2:30 p.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 2011 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Bye-Laws 104:

Mr Shan Chang	[Retiring under Bye-Law 104]	**(Resolution 2)**
Mr Fong Weng Khiang	[Retiring under Bye-Law 104]	**(Resolution 3)**
Mr Zhang Rong Xiang	[Retiring under Bye-Law 104]	**(Resolution 4)**

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

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

   Mr Zhang will, upon re-election as Director of the Company, be re-appointed to the office of Managing Director by the Board of Directors.

3. To approve the payment of Directors' fees of RMB1,800,000 for the year ending 31 December 2012. (2011: RMB1,800,000) **(Resolution 5)**

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

5. 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:

6. **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, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) 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 to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) 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 manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

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

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority 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 Bye-Laws of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution 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.

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

7. **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 2010 Scheme") and to allot and 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 2010 Scheme, provided always that the aggregate number of ordinary shares to be issued pursuant to the 2010 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.

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

Notice of Annual General Meeting

8. **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 allot and 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, provided always that the aggregate number of 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.

[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Yange Han
Company Secretary
Singapore, 11 April 2012

Explanatory Notes:

(i) Resolution 7, 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 8, 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 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 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.

Notice of Annual General Meeting

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, 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 appointed for holding 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.

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