中翔國際集團有限公司

China International Holdings Limited

ANNUAL REPORT 2013

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DEAR SHAREHOLDERS,

It is with much pleasure that I present to you our annual report for Financial Year ended 31 December 2013 ("FY2013").

The Group recorded a gross profit of RMB56 million in FY2013, representing an increase of 59.6% as compared to RMB35 million in FY2012 mainly due to the contribution from a newly acquired subsidiary in September 2013, Yichang Xinshougang Property Development Company Limited ("XSG") and improvement performance in our water plant development operations. Both XSG and water plant development operations contributed 76% and 24% of Group's gross profit respectively.

The Group recorded after tax profit of RMB20 million for FY2013 as compared to RMB19 million for FY2012.

OPERATIONS REVIEW

I am pleased to report that we remain a strong company with a capable management team and a growing business with steady progress in each of these significant areas.

Chairman's Statement

The acquisition of XSG was a significant addition to our real estate development business segment, and we expect it to continue to improve our profit and cash flows in future years. With this acquisition, property development has become the predominant part of our core businesses.

We continued to strengthen our other core business in water plant development and operations, and made further investments in our energy and natural resources business. Our water business in Tianjin has for the first financial year sold over 10 million tonnes of water in 2013 and completed the latest expansion of pipelines with a total length of approximately 250km. The Liuhe Gold Project is expected to come into operation in the second half of 2014 after delays. Our oil and gas exploration project in Papua New Guinea ("PNG") has undertaken a field geological study in 2013 and the analysis of the samples collected during the study is still in progress.

The Board has recommended an annual dividend of 0.35 Singapore cents per ordinary share for shareholders' approval in the upcoming annual general meeting.

LOOKING AHEAD

Despite the uncertainties in our operating environment, we are confident that we have made adequate strategic plans for each of our business segments. Nonetheless, we have many tasks and challenges ahead of us, especially as we work towards successfully integrating our newly acquired business in 2014. I believe we must remain focused and positive, despite an uncertain economic outlook. I am confident that we have the capability to create value for our shareholders.

ACKNOWLEDGEMENTS

Lastly, I would like to extend my deepest gratitude and appreciation to my fellow directors, diligent management team and staff for their contributions and trust over the year. I would also like to thank all the loyal shareholders, with all of your faith and support; we will continue to move forward with confidence.

Shan Chang
Chairman

Board of Directors

SHAN CHANG

Mr Shan is one of the founders and the Chairman of the Company. Mr Shan has over 20 years of experience in the construction industry in the PRC and Hong Kong and more than 10 years business and financial management experience in listed companies. Mr Shan is the Chairman of CIGIS (China) Ltd. Mr Shan holds an Executive Master of Business Administration degree from the Tsinghua University, a Master of Science degree in Engineering from the China Academy of Railway Science and a Bachelor of Science degree in Engineering from the Tong Ji University. Age 54.

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. Age 60.

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 26 April 2012. 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 51.

ZHU JUN

Mr Zhu joined the Company in April 2003 and was re-appointed as Executive Director of the Company on 25 April 2013. 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 14 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 4 years. Mr Zhu holds a Master and a Bachelor degree in Economics from the Peking University. Age 48.

Board of Directors

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 LLP. 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 Hanwell Holdings Limited, CSC Holdings Limited, Ramba Energy 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. 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 60.

SHEN XIA

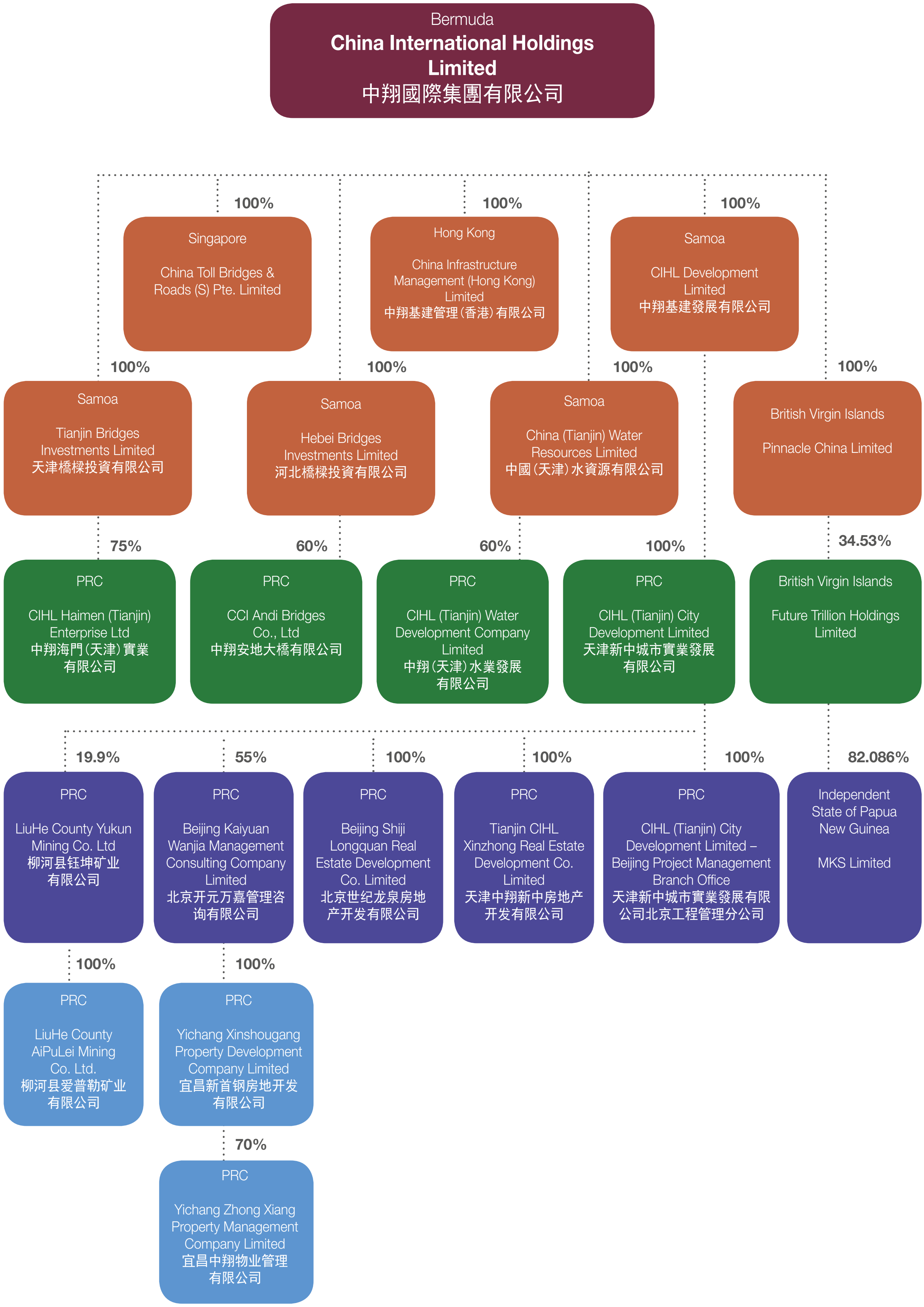
Mr Shen joined the Company in May 2010 and was re-appointed as Executive Director of the Company on 25 April 2013. Mr Shen is responsible for corporate finance and natural resources business operations of the Group. Prior to joining the Company, Mr Shen had more than 17 years of experience in investment 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 an executive director of Hong Kong Stock Exchange listed company Yueshou Environmental Holdings Limited. Age 51.

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 14 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 46.

Corporate Structure



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 SECRETARIES
Ms Yange Han
Ms Claudia Teo Kwee Yee

INDEPENDENT AUDITOR
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Philip Tan Jing Choon
(since financial year ended 31 December 2012)

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SHARE TRANSFER AGENT
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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.

This Report sets out the Company’s corporate governance processes with reference to the guidelines of the Code of Corporate Governance 2012 (the “2012 Code”). The Company confirms that it has adhered to the principles and guidelines as set out in the 2012 Code, where applicable.

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 of Directors (“Board”) oversees Management and ensures that long–term interests of shareholders’ are served.

The Board’s role is to:

- set the Group’s values and standards and provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets; and
- review Management performance.

The Board regularly reviews the business plans and the financial performance of the Group. The Board has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance. All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has identified a number of areas for which the Board has direct responsibility for decision-making. The Board’s approval is required in matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructurings, mergers and acquisitions, share issuances, dividend and major corporate policies on key areas of operation, the release of quarterly, half yearly and full year results and interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST) (each, an “IPT”) of a material nature.

The Board meets on regular basis and as and when necessary to address any specific significant matters that may arise. Ad hoc meetings will be convened to deliberate on urgent substantive matters when necessary. Attendance by means of telephone or conference via electronic communications at Board meetings is allowed under the Company’s Bye-laws.

To assist the Board in the discharge of its responsibilities, the Board has established four Board Committees, namely Nominating Committee (“NC”), Remuneration Committee (“RC”), Audit Committee (“AC”) and Risk Management Committee (“RMC”). These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis by the Board. The Board also constantly reviews the effectiveness of each Committee.

Directors are provided with regular updates, particularly on relevant new laws and regulations by the Company Secretaries.

The Directors also have access to the advice and services of the Company Secretaries and Management, and may in appropriate circumstances, seek independent professional advice concerning the Group’s affairs. Directors also have the opportunity to visit the Group’s subsidiaries and meet with Management to gain a better understanding of the Group’s business operations and governance practices.

Upon appointment of a new Director, the Company would issue a formal letter of appointment setting out the statutory and other duties and obligations of the Director. 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.

Statement of Corporate Governance

The number of Board meetings and Board committee meetings held during the financial year ended 31 December 2013 and the attendance of each Director where relevant are as follows:

Name of Director	Board Meetings	AC Meetings	NC Meetings	RC Meetings	RMC Meetings
Number of Meetings	9	4	1	1	2
Mr Shan Chang	9	3	1	1	2
Mr Fong Weng Khiang	8	4	1	1	–
Mr Zhang Rong Xiang	9	–	–	–	2
Mr Zhu Jun	9	–	–	–	–
Mr Chee Teck Kwong Patrick	9	4	1	1	–
Mr Shen Xia	9	–	–	–	2

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 and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently has six Directors, half of whom consists of independent directors and a non-executive director. Their collective experience and contributions are valuable to the Company. The Directors as at the date of this report are as follows:

Name of Directors	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 NC also reviews the independence of each Director for the financial year ended 31 December 2013 based on the 2012 Code's definition of what constitutes an Independent Director. 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 possesses the necessary core competencies for effective functioning and informed decision–making.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board and its Board Committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience and knowledge of the Group.

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, and monitor the reporting of performance.

The Independent Directors are encouraged to meet, without the presence of Management, and do so at least once a year, so as to be a more effective check on Management.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent 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 and re-appointment of directors to the Board.

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 holds at least one meeting per year.

The NC has written terms of reference that describe the responsibilities of its members. The NC is responsible for reviewing the Board's composition and effectiveness and determining whether Directors possess the requisite qualifications and expertise and whether the independence of Directors is compromised.

All appointments and re-appointments of Directors are first reviewed and considered by the NC and then recommended for approval by the Board. The NC has formalized this process and has adopted procedures for the selection, appointment and re-appointment of Directors, in order to increase transparency of the nominating process.

The NC will evaluate the balance of skills and competencies on the Board and in consultation with the Chairman of the Board and Management, determine the desired skill sets and qualities for a particular appointment.

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 has reviewed the independence of each Director for FY2013 in accordance with the Code's definition of independence and is of the opinion that Mr Fong Weng Khiang and Mr Chee Teck Kwong Patrick are independent.

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 2012
Mr Fong Weng Khiang	14 Jan 2006	26 April 2012
Mr Zhang Rong Xiang	15 Jan 1999	26 April 2012
Mr Zhu Jun	25 Jun 2003	25 April 2013
Mr Chee Teck Kwong Patrick	16 Jun 2008	27 April 2011
Mr Shen Xia	17 May 2010	25 April 2013

Mr Shan Chang has given his consent for re–election as Non-Executive Chairman of the Company. The NC has recommended that Mr Shan Chang who is retiring at this forthcoming AGM, for re-election as Non-Executive Chairman of the Company.

Mr. Chee Teck Kwong Patrick has given his consent for re-election as Independent Director of the Company. The NC has recommended that Mr. Chee Teck Kwong Patrick who is retiring at this forthcoming AGM for re-election as Independent Directors of the Company.

Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect of his re-nomination as a Director.

Key information of the Directors can be found on Page 4 and 5 of this Annual Report.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees 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. The findings are then collated and analysed, and thereafter present to the NC for discussion and the NC will make its recommendation to the Board.

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 so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 and the Company Secretaries on all matters whenever they deem necessary, and vice versa. They have been provided with sufficient background and explanatory information for the assessment of the matters to be brought before the Board.

At least one of the Company Secretaries attends all Board and Board Committee Meetings and prepares the minutes of meetings.

If necessary, the Company will, upon the request of Directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense to enable the Directors to discharge their duties.

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

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

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

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

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

The RC also has access to independent and professional advice on remuneration matters, if required.

The RC reviews the terms and conditions of service agreements of the Executive Directors before their execution.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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").

Statement of Corporate Governance

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 review of the remuneration package of Directors will be carried out by the RC to ensure that the remuneration of the Executive Directors and key senior management commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group.

The performance of the Managing Director (together with other key senior executives) will be reviewed periodically by the RC and the Board.

The Company has established the CIHL Employee Share Option Scheme (the "ESOS") in 2010 as a long-term incentive scheme for directors and employees of the Group. The RC is tasked to review the grant of options under the ESOS. The Company has to-date, has granted a total of 98,500,000 Share options.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, 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 management personnel, 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 2013 disclosed in the respective bands are set out below.

	Fee	Salary	Allowance	Bonus	Total
	%	%	%	%	%
Directors					
Below S$250,000					
Mr Shan Chang	100	–	–	–	100
Mr Fong Weng Khiang	84	–	16	–	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	21	61	13	5	100
Key Executive					
Below S$250,000					
Ms Yange Han	–	100	–	–	100

The Board is of the view that given the confidentiality and commercial sensitivity attached to remuneration matters, the aggregate remuneration for each director and for the only key executive would not be disclosed.

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$50,000 during the financial year ended 31 December 2013.

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.

The Company had adopted the CIHL Share Option Scheme (the "SOS") on 8 March 2010. The SOS is administered by the RC. No options were granted in FY2013. Details of the SOS can be found on page 21 of the Annual 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.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management. In this regard, the Board:

- ensures that Management maintains a sound systems of risk management to safeguard shareholders' interests and the Group's assets;
- determines the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;
- determines the Company's levels of risk tolerance and risk policies;
- oversees Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and
- reviews annually the adequacy and effectiveness of the risk management and internal control systems.

The AC has met with the management, internal and external auditors once during the financial year to review the internal and external auditors' audit plans. During the financial year, the Group's internal auditors had conducted an annual review of the effectiveness of the Group's internal controls. The review was conducted based on the plan approved by the AC. The external auditors, during the conduct of their normal audit procedures, may also report on matters relating to internal controls. Any material non-compliance and recommendation for improvement will be reported to the AC.

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 has assisted the Board to conduct periodic reviews on the adequacy of the system of internal controls of the Group, which reviews the areas of financial, operational and compliance risks.

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.

For FY2013, the Board has received assurance from the Managing Director and Chief Financial Officer of the Company (by way of representation letter) that:

- the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

- the system of risk management and internal control in place within the Group (including financial, operational, compliance and information technology controls) is adequate and effective in addressing the material risks in the Group in its current business environment.

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, and reviews by the management and the Management representation letters, 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.

The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

The Board had established the Risk Management Committee comprising three Directors. The RMC members are:

Mr Shan Chang (Chairman)
Mr Zhang Rong Xiang
Mr Shen Xia

The RMC holds at least two meetings a year. The RMC assists the Board in fulfilling its oversight responsibilities on risk management. The key functions of the Risk Management Committee under terms of Reference are, inter alia:

(a) to review the overall risk management system and process and make recommendations on changes as and when considered appropriate;

(b) to review the Group's risk policies, guideline and limits; and

(c) to review periodically the Group's material risk exposures and evaluate the adequacy and effectiveness of the mitigating measures implemented by management.

Audit Committee

Principle 12: 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 under 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 AC is authorised to investigate any matter within its terms of reference and has full access to Management and resources, which are necessary to enable it to discharge its functions properly.

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. For FY2013, the amount of audit fees paid to the external auditors was RMB919,503.00 and non-audit fees was RMB595,184.00.

The AC, with the concurrence of the Board, has recommended the re-appointment of Nexia TS Public Accounting Corporation as auditor at the forthcoming Annual General Meeting of the Company. The Company confirms that Rules 712 and 716 of the Listing Manual of the SGX-ST has been complied with, specifically, the Board and the Audit Committee are satisfied that the appointment of different auditing firms for the Group companies would not compromise the standard and effectiveness of the audit of the Company.

Internal Audit

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

The Group has outsourced its internal audit function to Crowe Horwath First Trust Risk Advisory Pte Ltd. during the financial year. The objective of the internal audit function is to determine whether the Group's key controls and governance processes is adequate and functioning in the required manner. The internal audit function performed its review in accordance to the audit plan reviewed and approved by the AC. Procedures are in place for internal auditors to report independently their findings to the AC on internal audit matters, and to the Management on administrative matters. Management will update the AC on the status of the remedial action plans.

The internal auditor reports to the Chairman of the AC at least annually.

The AC reviews the internal audit reports and activities periodically and the effectiveness of the Company's internal audit function. 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.

The internal auditors have conducted an annual review in accordance with their audit plan, of the effectiveness of the Company's material internal controls. Material non-compliance or failures in internal controls and recommendations for improvements (if any) will be reported to the Audit Committee.

The AC has also reviewed the effectiveness and adequacy of the IA function and the AC is satisfied that the IA function is adequately resourced and has appropriate standing within the Group.

Statement of Corporate Governance

Shareholders' Rights and Responsibilities, Communication With Shareholders and Conduct of Shareholders' Meeting

Principle 14: Companies should treat all shareholders fairly and equitable, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: 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 believes in timely, fair and adequate disclosure of relevant information to the Shareholders and investors so that they will be apprised of developments that may have a material impact on the price or value of Company's securities. The Company does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects in its announcements, including quarterly, half-year and full-year results and reports to regulators, if any, all of which are released through SGX-ST's website at SGXNet (www.sgx.com). The Company also strives to be as descriptive, detailed and forthcoming as possible. The Company has a policy that where there is inadvertent disclosure made to a selected group, the Company will ensure that the information is disclosed publicly to all others as soon as practicable.

All Shareholders will receive the annual report and notice of AGM. At general meetings of shareholders, the Shareholders will be given the opportunity to voice their views and ask Directors or Management questions regarding the Company's affairs. The Chairpersons of the AC, NC, RC and RMC attend the AGM of the Company to address any queries from the shareholders. 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. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure.

To ensure that the Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company has since 2008 been conducted by poll. The Chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders to familiarise them with the detailed procedures involved in conducting a poll. An announcement of the detailed results of the poll showing the number of votes cast for and against each resolution and the respective percentages will be announced after the general meeting via SGXNet. Having considered the cost and benefit, the Company has decided not to conduct poll by means of electronic polling at this juncture.

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management.

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.

The Company does not have a policy on payment of dividends. Where dividends are not paid, the Company discloses the reasons at the general meetings.

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, officers 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.

The Directors and key officers are also expected to observe insider-trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST.

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.

There were no interested person transactions entered into during the financial year ended as at 31 December 2013.

Material Contracts

There were 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 2013.

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 on page 48 to 53.

Directors' Report

for the financial year ended 31 December 2013

The directors present their report to the members together with the audited consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2013 and the statement of financial position of the Company as at 31 December 2013.

Directors

The directors of the Company in office at the date of this report are as follow:

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 and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" of this report.

Directors' interests in shares or debentures

According to the register of director's shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At 31.12.2013	**At 1.1.2013**
Company		
(No. of ordinary shares)		
Mr Zhang Rong Xiang	2,566,000	2,566,000
Mr Fong Weng Khiang	4,500,000	4,500,000

The directors' interests in the ordinary shares of the Company as at 21 January 2014 were the same as those as at 31 December 2013.

Directors' contractual benefits

Since the end of the previous financial year, 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 the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

(a) The Group adopted a CIHL Share Option Scheme (the "2004 Scheme") on 10 May 2004. Since the commencement of the 2004 Scheme, the Company had granted 76,000,000 options under the 2004 Scheme to the directors. Total of 4,500,000 options were exercised since commencement of the 2004 Scheme. The 2004 Scheme was terminated on 2 August 2009 and the remaining outstanding share options of 4,500,000 granted under the 2004 Scheme expired on 5 August 2013.

(b) 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:

	No. of unissued ordinary shares of the Company under option			
Name of director	**Granted in financial year ended 31.12.2013**	**Aggregate granted since commencement of scheme to 31.12.2013**	**Aggregate exercised since commencement of scheme to 31.12.2013**	**Aggregate outstanding as at 31.12.2013**
Mr Shan Chang	–	10,000,000	–	10,000,000
Mr Fong Weng Khiang	–	4,000,000	–	4,000,000
Mr Zhang Rong Xiang	–	8,000,000	–	8,000,000
Mr Zhu Jun	–	8,000,000	–	8,000,000
Mr Chee Teck Kwong Patrick	–	4,000,000	–	4,000,000
Mr Shen Xia	–	7,000,000	–	7,000,000
	–	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 share options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The expiry dates of the share 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 share options is 50% after the first anniversary of the grant and 50% after the second anniversary of the grant. The expiry date of the share options is on 1 June 2016.

Since the commencement of the 2010 Scheme to the end of the financial year ended 31 December 2013, save as disclosed above:

(i) no share options were granted to directors of the Company or its subsidiaries;

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

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

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

No shares were issue during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year and date of this report were as follows:

Mr Fong Weng Khiang (Chairman and independent director)
Mr Shan Chang
Mr Chee Teck Kwong Patrick (Independent director)

All members of the AC were non-executive directors.

The AC carries out its functions as set out its terms of reference. In performing those functions, the AC:

- monitors the changes in accounting policies;
- reviews internal audit appraisals and adequacy of the Group's internal controls;
- reviews interested person transactions;
- 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;
- reviews together with the independent auditor, the audit plan, audit issues, audit report and management's response; and
- reviews the co-operation and assistance given by the Company's management to the external auditors.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the AC.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Shan Chang
Chairman

Zhang Rong Xiang
Managing Director

31 March 2014

Statement by Directors

for the financial year ended 31 December 2013

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 25 to 100 are drawn up in accordance 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 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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

31 March 2014

Independent Auditor's Report

To the members of China International Holdings Limited
(Incorporated in Bermuda with Limited Liability)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 25 to 100, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2013, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and for such internal control as management determines 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. We conducted our audit in accordance with International Standards on Auditing. 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 management, 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 accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Philip Tan Jing Choon
Appointed since financial year ended 31 December 2012

Singapore

31 March 2014

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Continuing operations			
Revenue	5	155,514	57,899
Cost of services provided		(99,174)	(22,603)
Gross profit		56,340	35,296
Other income - net	6	29,359	21,537
Administrative expenses		(13,847)	(14,277)
Other operating expenses		(23,494)	(17,652)
Selling and marketing expenses		(3,129)	–
Gain on bargain purchase	39(b)	8,328	–
Operating profit		53,557	24,904
Finance costs	7	(8,615)	(724)
Share of losses of associated companies		(2,081)	(913)
Profit before income tax		42,861	23,267
Income tax expense	10	(12,869)	(5,237)
Profit for the financial year from continuing operations		29,992	18,030
Discontinued operations			
(Loss)/profit for the financial year from discontinued operations	11(d)	(9,891)	992
Profit for the financial year		20,101	19,022
Other comprehensive (loss)/income:			
Item that may be subsequently reclassified to profit or loss:			
Currency translation (losses)/gains on translating foreign operations		(1,875)	209
Other comprehensive (loss)/income for the financial year, net of tax		(1,875)	209
Total comprehensive income for the financial year		18,226	19,231
Profit for the financial year attributable to:			
Owners of the parent		14,439	8,088
Non-controlling interests		5,662	10,934
		20,101	19,022
Total comprehensive income for the financial year attributable to:			
Owners of the parent		12,564	8,297
Non-controlling interests		5,662	10,934
		18,226	19,231
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations		18,004	7,702
Discontinued operations	11(d)	(5,440)	595
		12,564	8,297
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the financial year (RMB (Fen) per share)			
Basic and diluted earnings/(loss) per share			
From continuing operations	12	2.27	0.86
From discontinued operations	12	(0.62)	0.07

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

as at 31 December 2013

	Note	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	210,637	87,755	–	–
Intangible assets	14	122	122	–	–
Investment properties	15	33,100	27,500	–	–
Goodwill arising on consolidation	16	20,303	20,303	–	–
Investment in subsidiaries	17	–	–	220,049	220,049
Investment in associated companies	18(a)	97,040	100,996	–	–
Deferred income tax assets	19	705	606	–	–
Long-term loan receivable	20	150,000	150,000	–	–
		511,907	387,282	220,049	220,049
CURRENT ASSETS					
Properties for development	21	1,298,474	240,334	–	–
Inventories	22	1,671	2,131	–	–
Gross amounts due from customers for contract work	23	15,634	20,650	–	–
Due from associated companies	18(b)	59,115	52,295	–	–
Due from related party	24	–	837	–	–
Due from non-controlling shareholders of subsidiaries	24	10,093	671	–	–
Due from subsidiaries	17	–	–	517,693	413,632
Prepayments, deposits and other receivables	25	136,697	101,105	298	376
Trade receivables	26	50,945	5,004	–	–
Refundable deposits	27	–	122,235	–	122,235
Cash and cash equivalents	28	47,734	74,567	*	*
		1,620,363	619,829	517,991	536,243
Assets of disposal group classified as held for sale	11(b)	8,411	21,913	–	–
		1,628,774	641,742	517,991	536,243
CURRENT LIABILITIES					
Borrowing	29	35,297	–	–	–
Other payables and accruals	30	151,515	9,720	2,588	2,358
Trade payables	31	41,329	18,318	–	–
Current income tax liabilities		27,355	9,514	–	–
Due to subsidiaries	17	–	–	157,317	166,637
Due to non-controlling shareholders of subsidiaries	24	334,788	38,011	–	–
Receipts in advance	32	20,770	16,621	–	–
Gross amounts due to customers for contract work	23	2,912	5,499	–	–
		613,966	97,683	159,905	168,995
Liabilities of disposal group classified as held for sale	11(c)	446	4,607	–	–
		614,412	102,290	159,905	168,995
NET CURRENT ASSETS		1,014,362	539,452	358,086	367,248
TOTAL ASSETS LESS CURRENT LIABILITIES		1,526,269	926,734	578,135	587,297

** Less than RMB1,000*

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

as at 31 December 2013

	Note	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
NON-CURRENT LIABILITIES					
Borrowing	29	148,076	–	–	–
Long-term loan payables	33	145,445	148,436	–	–
Deferred income tax liabilities	19	175,760	5,454	–	–
		469,281	153,890	–	–
NET ASSETS		1,056,988	772,844	578,135	587,297
EQUITY					
Equity attributable to owners of the parent					
Share capital	34(a)	219,943	219,943	219,943	219,943
Reserves	35	650,878	650,860	626,312	627,159
Accumulated losses		(165,326)	(178,170)	(268,120)	(259,805)
		705,495	692,633	578,135	587,297
Non-controlling interests		351,493	80,211	–	–
TOTAL EQUITY		1,056,988	772,844	578,135	587,297

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Profit before income tax including discontinued operations		31,501	24,552
Adjustments for:			
- Amortisation of intangible assets	14	–	1,593
- Depreciation of property, plant and equipment	9	6,645	5,876
- Impairment loss of property, plant and equipment	6	592	–
- Interest expenses	7	11,606	2,420
- Interest income		(24,105)	(15,519)
- Employee share option expense		298	2,049
- Gain on disposal of property, plant and equipment		(13)	(41)
- Gain on bargain purchase	39(b)	(8,328)	–
- Fair value gain on investment properties	6	(5,600)	(4,600)
- Share of losses of associated companies		2,081	913
- Impairment loss on assets of disposal group held for sale		9,324	–
- Unrealised currency translation gain		(1,996)	–
		22,005	17,243
Changes in working capital, net of effects from acquisition of subsidiaries			
- Properties for development		53,510	(5,003)
- Inventories		460	(1,192)
- Gross amounts due from customers for contract work		5,016	(5,309)
- Due from related party		837	(320)
- Due from non-controlling shareholders		586	(82)
- Prepayments, deposits and other receivables		(26,311)	(1,046)
- Trade receivables		(39,852)	1,970
- Refundable deposits		–	10,000
- Other payables and accruals		(5,302)	1,378
- Trade payables		22,184	6,338
- Receipts in advance		(9,436)	(1,797)
- Due to non-controlling shareholders		(13,000)	(177)
- Gross amount due to customers for contract work		(2,587)	821
Cash generated from operations		8,110	22,824
PRC income tax paid		(10,638)	(8,615)
Net cash (used in)/generated from operating activities		(2,528)	14,209

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	39(c)	(147,254)	–
Payments for acquisition of non-controlling interests	36	(500)	–
(Increase)/decrease of restricted bank balances pledged		(2,127)	8,320
Interest received		14,271	12,481
Payments for structured bank deposits		–	(20,000)
Proceeds on settlement of structured bank deposits		–	20,000
Payments for deposit of acquisition of subsidiaries	39(c)	–	(122,235)
Purchases of property, plant and equipment		(45,209)	(21,378)
Proceeds from disposal of property, plant and equipment		13	41
Capital contributions to associated companies		–	(10,144)
Loans to non-related parties		(14,000)	(240,000)
Loans to associated companies		(7,611)	(7,120)
Purchases of intangible assets		–	(122)
Net cash used in investing activities		(202,417)	(380,157)
Cash flows from financing activities			
Interest and other finance costs paid		(11,313)	(2,319)
Loans from non-related parties		–	148,436
Proceeds from borrowing		200,000	–
Repayment of borrowing		(16,627)	–
Dividends paid to non-controlling shareholders		–	(1,823)
Net cash generated from financing activities		172,060	144,294
Net decrease in cash and cash equivalents		(32,885)	(221,654)
Cash and cash equivalents			
Beginning of financial year		78,486	300,140
Exchange losses on cash and cash equivalents		(101)	–
End of financial year	28	45,500	78,486

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2013

	Attributable to owners of the parent											
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Statutory reserves* RMB'000	Capital redemption reserve RMB'000	Currency translation reserve RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
2013												
Beginning of financial year	219,943	45,312	565,589	7,764	18,710	8,324	(2,294)	7,455	(178,170)	692,633	80,211	772,844
Total comprehensive income/ (loss) for the financial year	–	–	–	–	–	–	(1,875)	–	14,439	12,564	5,662	18,226
Share option lapsed/forfeited during the financial year	–	–	–	–	–	–	–	(1,145)	1,145	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	266,120	266,120
Acquisition of additional interests from non-controlling interests	–	–	–	–	–	–	–	–	–	–	(500)	(500)
Transfer	–	–	–	–	2,740	–	–	–	(2,740)	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	298	–	298	–	298
End of financial year	219,943	45,312	565,589	7,764	21,450	8,324	(4,169)	6,608	(165,326)	705,495	351,493	1,056,988
2012												
Beginning of financial year	219,943	45,312	565,589	7,764	16,836	8,324	(2,503)	5,406	(184,384)	682,287	71,100	753,387
Total comprehensive income for the financial year	–	–	–	–	–	–	209	–	8,088	8,297	10,934	19,231
Payment of dividends	–	–	–	–	–	–	–	–	–	–	(1,823)	(1,823)
Transfer	–	–	–	–	1,874	–	–	–	(1,874)	–	–	–
Recognition of share-based payments	–	–	–	–	–	–	–	2,049	–	2,049	–	2,049
End of financial year	219,943	45,312	565,589	7,764	18,710	8,324	(2,294)	7,455	(178,170)	692,633	80,211	772,844

* As stipulated by the relevant laws and regulations for foreign investment enterprises in PRC, the PRC subsidiaries of the Group are required to provide for statutory surplus reserve fund and voluntary contribution of enterprise expansion fund. Appropriations to such reserve funds are made out of a total of 10.5% 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 to convert 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.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

China International Holdings Limited (the "Company") is listed on the main board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company is an exempted company incorporated in Bermuda with limited liability under the Companies Act of Bermuda.

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

The principal activities of the Company are those of investment holding company. The principal activities of its subsidiaries and associated companies are disclosed in Note 17 and Note 18 respectively to the financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRIC") applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties at fair value.

The financial statements are presented in Renminbi ("RMB") and all values in the tables are rounded to the nearest thousand (RMB'000) as indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

On 1 January 2013, the Group adopted the new or amended IFRS and IFRIC interpretations that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC interpretations.

The adoption of these new or amended IFRS and IFRIC interpretations did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

An additional statement of financial position and related notes at the beginning of the earliest comparative period is not presented as there is no impact on the statement of financial position.

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Changes in accounting policy and disclosures (Cont'd)

(a) New and amended standards adopted by the Group (Cont'd)

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This amendment does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures in Note 3(f) to the financial statements.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the Group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Summary of significant accounting policies (Cont'd)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.7(a)). If the total of consideration transferred, non-controlling interest recognised and eviously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Summary of significant accounting policies (Cont'd)

2.2 Consolidation (Cont'd)

(c) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associated companies' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(e) *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 of 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

2. Summary of significant accounting policies (Cont'd)

2.2 Consolidation (Cont'd)

(e) Related parties (Cont'd)

(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).

2.3 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who is responsible for allocating resources and assessing performance of the operating segments.

2.5 Foreign currency translation

(a) 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 Group's presentation currency and the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income/(losses)– net'.

2. Summary of significant accounting policies (Cont'd)

2.5 Foreign currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) 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;

(ii) income and expenses for each profit or loss 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 rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

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. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives
Leasehold land & buildings	20 years
Water plant and its ancillary facilities	20 years
Plant and machinery	10 years
Office equipment	5 years
Motor vehicles	5 years

2. Summary of significant accounting policies (Cont'd)

2.6 Property, plant and equipment (Cont'd)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income/(losses) – net' in profit or loss.

2.7 Intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating-units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Operating and toll collection rights of toll bridges and its ancillary facilities under the service concession arrangements*

Service concession arrangements represent the rights by which the local government grants a contract for the respective operating and toll collection rights for Zouwei bridge and its 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 repairs and maintenance are charged to 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.

2. Summary of significant accounting policies (Cont'd)

2.7 Intangible assets (Cont'd)

(c) Development of software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

(i) It is technically feasible to complete the software product so that it will be available for use;

(ii) Management intends to complete the software product and use or sell it;

(iii) There is an ability to use or sell the software product;

(iv) It can be demonstrated how the software product will generate probable future economic benefits;

(v) Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

2.8 Investment properties

Investment properties are land and/or buildings that are held for long term rentals yields and/or for capital appreciation.

Investment properties are initially recognised at cost including all direct costs attributable to the property and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair value are recognised in profit or loss.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2. Summary of significant accounting policies (Cont'd)

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

2.10 Properties for development

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus a portion of attributable profit (where appropriate), and estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

2.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.12 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'gross amounts due from customers for contract work', 'due from associated companies', 'due from related party', 'due from non-controlling shareholders', 'due from subsidiaries', 'prepayments, deposits and other receivables' (excluding prepayments), 'trade receivables', 'refundable deposits' and 'cash and cash equivalents' in the statement of financial position.

2. Summary of significant accounting policies (Cont'd)

2.12 Financial assets (Cont'd)

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.15 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.

2. Summary of significant accounting policies (Cont'd)

2.16 Construction contracts

A construction contract is defined by IAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an assets.

When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity 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 revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method', to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings, the balance is presented as "Gross amounts due from customers for contract work"; a contract represents a liability where the opposite is the case, the balance is presented as "Gross amounts due to customers for contract work".

2.17 Operating leases

(i) *Where the Group is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(ii) *Where the Group is the lessor*

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.18 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. Summary of significant accounting policies (Cont'd)

2.19 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, less cash subject to restriction.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of significant accounting policies (Cont'd)

2.24 Current and deferred income tax (Cont'd)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only were there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes, and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Land development construction contracts*

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

(ii) *Water supply income*

Water supply income is recognised based on water supplied during the financial year.

2. Summary of significant accounting policies (Cont'd)

2.26 Revenue recognition (Cont'd)

(iii) Construction of water pipeline

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) Revenue on sale of development properties held for sale

Revenue from sale of development properties held for sale in respect of sale and purchase agreements entered into prior to completion of construction is recognised when the properties are delivered to the buyers, such transfer generally occurs when the property units are completed and delivered to the purchasers. Revenue is recognised upon completion of construction.

(v) Revenue from real estate management

Revenue from real estate management is recognised when the services are rendered.

(vi) Toll income

Toll income is recognised on a cash receipt basis, net of any applicable revenue taxes and surcharges.

(vii) Interest income

Interest income is recognised using the effective interest method.

(viii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(ix) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.27 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. Costs incurred before the Group has obtained the legal right to explore an area are recognised in profit or loss.

2. Summary of significant accounting policies (Cont'd)

2.27 Exploration and evaluation assets (Cont'd)

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

(a) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

(b) 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 the economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

When an area of interest is abandoned or decided by the directors that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of a financial period and its accumulated costs are written off to the extent that they will not be recoverable. Each potential or recognised area of interest is evaluated as and when management deems there are indications of significant change in the mineral reserves.

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

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).

2.28 Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group is required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

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 profit or loss as and when incurred.

The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as employee benefit expense in the period in which the related services are performed. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Summary of significant accounting policies (Cont'd)

2.28 Employee benefits (Cont'd)

(ii) *Bonus plans*

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

(iii) *Share-based payments*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

(a) including any market performance conditions (for example, an entity's share price);

(b) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(c) including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(iv) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Summary of significant accounting policies (Cont'd)

2.29 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.30 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.31 Events after the reporting date

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

2.32 Financial guarantee

A subsidiary of the Company has issued corporate guarantees to banks for borrowings of certain buyers for purchases of properties for development. These guarantees are financial guarantees as they require the said subsidiary to reimburse the banks if the buyers fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Group's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the buyers' borrowings, unless it is probable that the said subsidiary will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Group's statement of financial position.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and capital 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.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Asia with dominant operations in PRC. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are principally denominated in the Hong Kong dollar ("HKD") and the United States dollar ("USD"). The Group does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will closely monitor its foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

At 31 December 2013, if the HKD had weakened/strengthened by 5% (2012: 10%) against the RMB with all other variables held constant, profit for the financial year would have been RMB15,130,000 (2012: RMB15,499,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated long-term borrowings and amount due to a non-controlling shareholder of subsidiaries.

At 31 December 2013, if the USD had weakened/strengthened by 5% (2012: 10%) against the RMB with all other variables held constant, profit for the financial year would have been RMB2,922,000 (2012: RMB4,434,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated loans to an associated company.

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

3. Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risk (Cont'd)

The following table sets out the carrying amounts as at 31 December, by maturity or re-pricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
2013			
Financial assets			
Fixed rate			
Bank deposits	7,492	–	7,492
Other receivables	104,000	–	104,000
Loans to associated companies	59,115	–	59,115
Long-term loan receivable	–	150,000	150,000
	170,607	150,000	320,607
Floating rate			
Bank deposits	40,114	–	40,114
Financial liabilities			
Fixed rate			
Loan-term loan payables	–	145,445	145,445
Borrowing	35,297	148,076	183,373
	35,297	293,521	328,818
2012			
Financial assets			
Fixed rate			
Bank deposits	18,387	–	18,387
Other receivables	90,000	–	90,000
Loans to associated companies	52,295	–	52,295
Long-term loan receivable	–	150,000	150,000
	160,682	150,000	310,682
Floating rate			
Bank deposits	55,957	–	55,957
Financial liabilities			
Fixed rate			
Loan-term loan payables	–	148,436	148,436

The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities, and the impact of the exposure to interest rate risk from financial assets at variable rate is not significant.

3. Financial risk management (Cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group conducts credit evaluations on borrowers and establishes an allowance for doubtful accounts based on estimates, factors surrounding the credit risks of specific borrower and any other relevant information.

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

(i) *Cash and cash equivalents*

Bank deposits are placed with banks with high credit-ratings.

(ii) *Due from related parties, non-controlling shareholders of subsidiaries and associated companies*

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

(iii) *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. See Note 26 for further disclosure on credit risk.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Financial guarantees		
Guarantees in respect of mortgage facilities for certain buyers	125,318	–

For properties that are still under construction, a subsidiary of the Company provides guarantees to local government authority and certain financial institutions in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the financial institutions holding the mortgage may demand the said subsidiary to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the said subsidiary is able to retain the customer's deposit and sell the property to recover any amounts paid by the said subsidiary to the financial institutions. Unless the selling price drops more than 30%, which is remote, the said subsidiary would not be in a loss position in selling those properties out. In this regard, the management considers that the credit risk is significantly reduced.

The buyers have not defaulted in the payment of mortgage in the financial year ended 31 December 2013. As at the end of the reporting period, no claims on the financial guarantees are expected. Detailed disclosure of these guarantees is made in Note 41 to the financial statements.

3. Financial risk management (Cont'd)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient funds to enable it to meet its contractual and financial obligations. At the end of the reporting period, assets held by the Group and the Company for maintaining liquidity risk included cash and cash equivalents as disclosed in Note 28 to the financial statements.

To manage liquidity risk, the Group and the Company 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 table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Total RMB'000
Group			
2013			
Trade and other payables	527,632	–	527,632
Long-term loan payables	3,340	149,458	152,798
Borrowing	49,971	173,655	223,626
Financial guarantees	125,318	–	125,318
	706,261	323,113	1,029,374
2012			
Trade and other payables	66,049	–	66,049
Long-term loan payables	3,340	152,682	156,022
	69,389	152,682	222,071
Company			
2013			
Other payables	159,905	–	159,905
2012			
Other payables	168,995	–	168,995

(d) Capital risk

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.

Management monitors capital based on the return on shareholders' fund. The return on shareholders' fund was 2.05% for the current financial year ended 31 December 2013 (2012: 1.17%).

3. Financial risk management (Cont'd)

(d) Capital risk (Cont'd)

The return on shareholders' fund is calculated as net profit attributable to owners of the parent divided by shareholders' equity.

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.

(e) Fair values estimation

The carrying amounts of the Group's and the Company's financial assets and financial liabilities as reflected in the consolidated statement of financial position and statement of financial position approximate their respective fair values. See Note 11 for disclosures of the disposal group classified as held for sale that are measured at fair value and Note 15 for disclosures of the investment properties that are measured at fair value. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values.

(f) Offsetting financial assets and financial liabilities

	Gross amounts of recognised financial assets/ (liabilities)	Gross amounts of recognised financial liabilities/ (assets) set off in the statement of financial position	Net amounts of financial assets/(liabilities) presented in the statement of financial position
	RMB'000	RMB'000	RMB'000
Group			
As at 31 December 2013			
Due from non-controlling shareholders of the subsidiaries	13,093	(3,000)	10,093
Due to non-controlling shareholders of the subsidiaries	(337,788)	3,000	(334,788)
Company			
As at 31 December 2013			
Due from subsidiaries	914,006	(396,313)	517,693
Due to subsidiaries	(553,630)	396,313	(157,317)
As at 31 December 2012			
Due from subsidiaries	769,477	(355,845)	413,632
Due to subsidiaries	(522,482)	355,845	(166,637)

3. Financial risk management (Cont'd)

(g) Financial instruments by category

The aggregate carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Assets as per statement of financial position				
Long-term loan receivable	150,000	150,000	–	–
Trade and other receivables (1)	260,664	298,494	517,991	536,243
Cash and cash equivalents	47,734	74,567	*	*
Loans and receivables	458,398	523,061	517,991	536,243
Liabilities as per statement of financial position				
Long-term loan payables	145,445	148,436	–	–
Borrowing	183,373	–	–	–
Trade and other payables excluding non-financial liabilities (2)	527,632	66,049	159,905	168,995
Financial liabilities at amortised cost	856,450	214,485	159,905	168,995

* *Less than RMB1,000*

(1) *Excluding prepayments*

(2) *Excluding receipts in advance and gross amounts due to customers for contract work*

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In the process of applying the accounting policies, management has 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) 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 management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions.

The carrying amount of the relevant investment properties as at 31 December 2013 was approximately RMB33,100,000 (2012: RMB27,500,000).

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4. Critical accounting estimates and judgements (Cont'd)

(b) Impairment assessment for trade and other receivables and refundable deposits

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of trade and other receivables and refundable deposits, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of uncollectible debts requires the use of judgment 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 allowance for impairment charge in the period in which such estimate has been changed.

If the net present values of estimated cash flows decrease by 10% from management's estimates for all past due but not impaired loans and receivables, the Group's allowance for impairment will increase by RMB3,443,900 (2012: RMB432,000).

The impairment of prepayments, deposits and other receivables as at 31 December 2013 was approximately RMB2,538,000 (2012: RMB2,538,000).

(c) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, cash-generating-units ("CGUs"), have been based on value-in-use calculations. These calculations require the use of estimates (Note 16).

If the management's estimated growth rate used in the value-in-use calculation for this CGU has been lowered by 1%, or estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 1%, the value-in-use calculation at 31 December 2013 would have decreased by RMB6,083,000 and RMB3,843,000 (2012: RMB3,942,000 and RMB2,098,000) respectively. This decrease in the value-in-use would have no impact to the carrying amount of goodwill amounting to RMB20,303,000 (2012: RMB20,303,000).

(d) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the management evaluates by relying on past experience.

If the total contract costs of uncompleted contracts had been higher/lower by 10% from management's estimates, the Group's revenue and profit would have been lower/higher by approximately RMB697,000 and RMB729,000 (2012: RMB2,004,000 and RMB1,666,000) respectively.

4. Critical accounting estimates and judgements (Cont'd)

(e) Impairment of investment in associated companies

The Group tests annually whether interests in associated companies 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 associated companies. In assessing the recoverable amount of investments in associated companies, 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 associated companies, comprising the net of the equity investments in associated companies, interest receivables from associated companies and due from associated companies, are as follows:

	2013 RMB'000	2012 RMB'000
Interests in Future Trillion Holdings Limited ("Future Trillion") and its subsidiary (the "Future Trillion Group")	113,637	106,563
Interests in LiuHe County YuKun Mining Co. Ltd. ("Liuhe") and its subsidiary (the "Liuhe Group")	49,009	49,288
	162,646	155,851

As at 31 December 2013, the recoverable amounts of the Group's interests in Future Trillion Group and Liuhe Group are approximately RMB113,637,000 and RMB49,009,000 (2012: RMB106,563,000 and RMB49,288,000) respectively, are determined by reference to the exploration and evaluation assets held by the associated companies. In determining whether there is an impairment of the exploration and evaluation assets in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the management assessed whether any key impairment indicators which indicates that there is impairment on its exploration and evaluation assets including:

(i) The period for which the associated companies has the right to explore in the specific area has expired during the financial 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 oil and gas resources in the specific area is neither budgeted nor planned;

(iii) Exploration for and evaluation of oil and gas and gold resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the associated companies have decided to discontinue such activities in the specific area;

(iv) 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 Note18(a) to the financial statements, the Group has not identified any of these impairment indicators of the exploration and evaluation assets held by the associated companies.

(f) Fair value of assets of disposal group classified as held for sale

The carrying amount of the assets of disposal group classified as held for sales as at 31 December 2013 amounting to RMB17,735,000 (2012: RMB21,913,000). The management performed the valuation of the assets of disposal group held for sale based on the discussion with local government authority to assess the likelihood of compensation, with reference to the guidelines issued by the Department of Transportation of PRC. As such, this is a valuation technique within Level 3 of the fair value hierarchy, using unobservable inputs. The assessed fair value of the compensation is lower than the carrying amount. Therefore, management is of the view that there is indication of impairment and hence an impairment loss of RMB9,324,000 (2012: Nil) was recognised on the re-measurement of the assets of disposal group classified as held for sale.

5. Revenue

	Group 2013 RMB'000	Group 2012 RMB'000
Revenue from land development construction contracts	–	30
Revenue from supply of gray water	19,240	13,325
Revenue from construction of water pipeline	43,354	44,544
Revenue from development properties	92,609	–
Revenue from real estate management	311	–
	155,514	57,899

6. Other income - net

	Group 2013 RMB'000	Group 2012 RMB'000
Currency translation loss, net	(1,001)	(295)
Fair value gains on investment properties	5,600	4,600
Gain on disposals of property, plant and equipment	13	35
Interest income from:		
- banks	849	1,941
- loans to non-related parties	18,502	11,447
- loans to associated companies	4,754	2,045
Impairment loss of property, plant and equipment (Note 13)	(592)	–
Rental income from investment properties, net (Note 15)	1,245	996
Other	(11)	768
	29,359	21,537

7. Finance costs

	Group 2013 RMB'000	Group 2012 RMB'000
Interest expenses on:		
- bank borrowing	8,308	–
- loans from non-related parties	3,298	2,420
Currency translation gain	(2,991)	(1,696)
	8,615	724

8. Employee benefit expense

	Group	
	2013	2012
	RMB'000	RMB'000
Salaries, allowances and bonuses	12,765	10,596
Pension costs of defined contribution plans	2,833	2,764
Employee share option expense	298	2,049
Other staff welfare	45	28
	15,941	15,437

Employee benefit expense of RMB1,577,000 (2012: Nil) was included in properties for development.

9. Profit before income tax

The Group's profit before income tax is arrived at after charging the following:

	Group	
	2013	2012
	RMB'000	RMB'000
Advertising expenses	1,647	–
Fees on audit services paid/payable to:		
- auditor of the Company	869	878
- other auditors	51	358
Fees on non-audit services paid/payable to:		
- auditor of the Company	392	–
- other auditors	203	–
Cost of inventories consumed (1)	5,515	3,796
Cost of land development services rendered (1)	205	180
Cost of property development activities (1)	79,330	–
Depreciation of property, plant and equipment (2)	6,645	5,876
Employee benefit expense (3) (Note 8)	14,364	15,437
Legal and professional fees	5,233	6,504
Marketing agent fees	1,204	–
Operating lease rental payments	1,034	1,012
Travelling costs	1,967	1,178
Utility costs (4)	1,368	893
Water pipeline installation and construction costs (1)	7,300	12,464

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

(2) The amounts of approximately RMB3,983,000 and RMB43,000 (2012: RMB3,413,000 and Nil) were included in cost of services provided and selling and marketing expenses respectively.

(3) The amounts of approximately RMB1,160,000 and RMB90,000 (2012: RMB1,075,000 and Nil) were included in cost of services provided and selling and marketing expenses respectively.

(4) The amount of approximately RMB1,133,000 (2012: RMB841,000) was included in cost of services provided.

10. Income tax expense

Tax expense attributable to profit is made up of:

	Group 2013 RMB'000	Group 2012 RMB'000
From continuing operations		
Profit for the financial year		
Current income tax – PRC enterprise income tax	16,031	5,990
Deferred income tax	(4,625)	2,264
	11,406	8,254
Under/(over) provision in prior financial years		
Current income tax – PRC enterprise income tax	2,369	(342)
Deferred income tax	(906)	(2,675)
	12,869	5,237
From discontinued operations		
Profit for the financial year		
Current income tax – PRC enterprise income tax	–	77
Deferred income tax	–	244
	–	321
Over provision in prior financial years		
Current income tax – PRC enterprise income tax	(77)	(28)
Deferred income tax	(1,392)	–
	(1,469)	293
Total income tax expense attributable to continuing and discontinued operations	11,400	5,530

Pursuant to relevant laws and regulations in PRC, CIHL (Tianjin) Water Development Co., Ltd. ("Water Development") is exempted from PRC enterprise income tax for two years from its first profit-making year and thereafter is entitled to a 50% relief from PRC enterprise income tax for the following three years. Water Development was in its fifth profit-making year for the financial year ended 31 December 2012 and was therefore entitled to a 50% relief from PRC enterprise income tax up to financial year ended 31 December 2012. The tax rate applicable to Water Development for the financial year ended 31 December 2013 is 25% (2012: 12.5%).

Pursuant to relevant laws and regulations in PRC, other subsidiaries in PRC are required to pay PRC enterprise income tax at a standard rate of 25% (2012: 25%).

No provision for income tax of Hong Kong entities since there is no assessable profit for the financial 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.

10. Income tax expense (Cont'd)

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

	Group	
	2013	2012
	RMB'000	RMB'000
Profit/(loss) before income tax from		
- continuing operations	42,861	23,267
- discontinued operations	(11,360)	1,285
	31,501	24,552
Tax calculated at PRC income tax rate of 25% (2012: 25%)	7,875	6,138
Tax effects of:		
- Associated companies results reported net of tax	520	228
- Income not subject to tax	(3,473)	(1,203)
- Expenses not deductible for tax purposes	7,843	6,692
- Over provision of income tax in prior years	(6)	(3,045)
- Tax losses for which no deferred income tax asset was recognised	165	598
- Tax relief	–	(3,878)
- Tax incentives	(1,810)	–
- Other	286	–
Income tax expense	11,400	5,530

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB165,000 (2012: RMB598,000) in respect of losses amounting to RMB660,000 (2012: RMB2,684,000) that can be carried forward against future taxable income. The tax losses can be carried forward up to a period of 5 years.

11. Discontinued operations and disposal group classified as held for sale

CCI Andi Bridges Co., Ltd ("Zuowei"), a 60% equity-owned subsidiary of the Company has been granted 25 years of concession rights on toll collection on 25 December 1998. The Group is only entitled to 55% of the profit or loss due to a profit sharing agreement with the non-controlling shareholder.

On 2 January 2013, the Company announced that Zuowei has been notified by Hebei Provincial Government to cease its toll charging operations effective from 31 December 2012.

As such, the assets and liabilities related to Zuowei except for the property, plant and equipment, which are not associated with the toll charging operations, are classified as disposal group held for sale on the statement of financial position, and the entire results from Zuowei are presented separately on the statement of comprehensive income as "Discontinued operations".

Assets and liabilities of Zuowei that relates to the toll charging operations continue to be classified as disposal group held for sale. The local government authority has yet to finalise the compensation quantum as at the end of the reporting period. Management has assessed and is of the view that the delay is caused by events beyond the entity's control and there is no change in plan to sell the toll charging operations.

11. Discontinued operations and disposal group classified as held for sale (Cont'd)

(a) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Operating cash (outflows)/inflows	(4,026)	4,387
Financing cash outflows	–	(1,824)
Total cash (outflows)/inflows	(4,026)	2,563

(b) Details of the assets directly associated with discontinued operations are as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Intangible assets	8,368	17,692
Prepayments, deposits and other receivables	7	159
Cash and bank balances (Note 28)	36	4,062
	8,411	21,913

(c) Details of the liabilities directly associated with discontinued operations are as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Other payables and accruals	446	3,116
Advance income	–	22
Current income tax liabilities	–	77
Deferred income tax liabilities	–	1,392
	446	4,607

11. Discontinued operations and disposal group classified as held for sale (Cont'd)

(d) The results of the discontinued operations and the re-measurement of disposal group held for sale are as follows:

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Revenue	–	11,157
Cost of services provided	–	(5,258)
	–	5,899
Other income	3	116
Less:		
Other operating expenses	(2,039)	(4,719)
Finance costs	–	(11)
(Loss)/profit before income tax	(2,036)	1,285
Income tax credit/(expense)	1,469	(293)
(Loss)/profit after tax	(567)	992
Pre-tax impairment recognised on the re-measurement of assets of disposal group held for sale	(9,324)	–
Income tax expense	–	–
Post-tax impairment recognised on the re-measurement of assets of disposal group held for sale	(9,324)	–
(Loss)/profit for the financial year from discontinued operations	(9,891)	992
Total comprehensive (loss)/income attributable to equity shareholders	(5,440)	595

Valuation of assets of disposal group held for sale

Assets of disposal group held for sale were written down to their fair value less costs to sell of RMB8,411,000. This is a non-recurring fair value which has been measured using unobservable inputs, being the maximum compensation for the discontinued operations. The fair value has been measured with reference to the guidelines issued by the Department of Transportation of PRC, and is therefore within the Level 3 of the fair value hierarchy.

Valuation processes of the Group

The finance team of the Group performs the valuations of the assets of disposal group held for sale based on the discussion with local government authority to assess the likelihood of compensation, with reference to the guidelines issued by the Department of Transportation of PRC, and reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the finance team at the end of the reporting period.

12. Earnings per share

Basic

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

Diluted

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

The share options of 44,500,000 (2012: 52,000,000) are not dilutive ordinary shares since the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the financial years ended 31 December 2013 and 2012.

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	2013	**2012**
Profit/(loss) attributable to owners of the parent (RMB'000)		
- continuing operations	19,879	7,493
- discontinued operations	(5,440)	595
	14,439	8,088
Weighted average number of ordinary shares in issue ('000)	874,604	874,604
Basic and diluted earnings/(loss) per share (RMB (Fen))		
- continuing operations	2.27	0.86
- discontinued operations	(0.62)	0.07
	1.65	0.93

13. Property, plant and equipment

	Leasehold land and buildings RMB'000	Water plant and its ancillary facilities RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Group							
2013							
Cost							
Beginning of financial year	26,438	57,430	185	2,364	6,315	14,514	107,246
Transfer	–	37,164	–	–	–	(37,164)	–
Acquisition of subsidiaries (Note 39(b))	7,465	–	–	872	3,923	73,000	85,260
Additions	2,821	–	80	412	308	41,588	45,209
Disposals	–	–	–	–	(42)	–	(42)
End of financial year	36,724	94,594	265	3,648	10,504	91,938	237,673
Accumulated depreciation and impairment losses							
Beginning of financial year	6,251	7,434	125	1,663	4,018	–	19,491
Depreciation charge	1,540	3,952	29	330	1,144	–	6,995
Impairment loss (Note 6)	548	–	–	44	–	–	592
Disposals	–	–	–	–	(42)	–	(42)
End of financial year	8,339	11,386	154	2,037	5,120	–	27,036
Net book value							
End of financial year	28,385	83,208	111	1,611	5,384	91,938	210,637
2012							
Cost							
Beginning of financial year	23,947	57,370	162	3,584	5,861	3,562	94,486
Reclassification	1,411	–	–	(1,411)	–	–	–
Additions	1,080	60	23	191	692	10,952	12,998
Disposals	–	–	–	–	(238)	–	(238)
End of financial year	26,438	57,430	185	2,364	6,315	14,514	107,246
Accumulated depreciation							
Beginning of financial year	5,236	3,934	94	1,288	3,177	–	13,729
Depreciation charge	1,015	3,500	31	375	1,079	–	6,000
Disposals	–	–	–	–	(238)	–	(238)
End of financial year	6,251	7,434	125	1,663	4,018	–	19,491
Net book value							
End of financial year	20,187	49,996	60	701	2,297	14,514	87,755

Depreciation charge of RMB350,000 (2012: RMB124,000) has been capitalised and included in the properties for development.

The Group's leasehold land and buildings are located in PRC.

13. Property, plant and equipment (Cont'd)

In March 2006, CIHL (Tianjin) Water Development Company Limited ("Water Development") obtained approval from the 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 2013, the legal title for the use of the above mentioned parcel of land was not transferred to Water Development. Notwithstanding the fact that the Group has not obtained the relevant legal title of the land use rights, management considers that the Group obtained the right to use through contractual arrangement with the local government agency, hence they expect the transfer of legal titles in future should have no major difficulties.

Construction in progress as at 31 December 2013 represents construction of convention center under Yichang Xinshougang Property Development Company Limited.

An impairment loss of RMB548,000 and RMB44,000 (2012: Nil) was recognised on the Group's leasehold land and buildings and office equipment related to the discontinued operations (Note 11). This was due to the recoverable amounts of the leasehold land and buildings and office equipment were lower than their carrying amounts as at 31 December 2013. The recoverable amounts were determined by management based on the estimated fair value less costs to sell.

Bank borrowing is secured on leasehold lands and buildings of the Group and ancillary facilities of the water supply services of the Group with carrying amounts of RMB17,244,000 and RMB48,114,000 (2012: Nil) respectively (Note 29).

14. Intangible assets

	Service concession arrangements RMB'000	Computer software RMB'000	Total RMB'000
Group			
2013			
Cost			
Beginning and end of financial year	–	122	122
Accumulated amortisation			
Beginning and end of financial year	–	–	–
Net book value			
End of financial year	–	122	122
2012			
Cost			
Beginning of financial year	36,650	–	36,650
Additions	–	122	122
Transferred to discontinued operations	(36,650)	–	(36,650)
End of financial year	–	122	122
Accumulated amortisation			
Beginning of financial year	17,365	–	17,365
Amortisation charge	1,593	–	1,593
Transferred to discontinued operations	(18,958)	–	(18,958)
End of financial year	–	–	–
Net book value			
End of financial year	–	122	122

14. Intangible assets (Cont'd)

Pursuant to the service concession arrangement signed with local government, the Group is allowed to operate and generate toll income 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 respective concession period, the Zuowei bridge and its ancillary facilities shall be transferred to the local government without compensation.

On 2 January 2013, the Company announced that it has been notified by Hebei Provincial Government to cease its toll charging operations effective from 31 December 2012. The service concession arrangement has therefore been transferred to discontinued operations in accordance to IFRS 5 (Note 11).

15. Investment properties

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Beginning of financial year	27,500	22,900
Fair value gains recognised in profit or loss	5,600	4,600
End of financial year	33,100	27,500

The Group's investment properties are located in Beijing, PRC and are held as office building to generate rental income.

Investment properties are leased to a non-related party under operating leases (Note 43(b)).

Investment properties are mortgaged to secure bank borrowing (Note 29).

The following amounts are recognised in profit or loss:

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Rental income, net (Note 6)	1,245	996
Direct operating expenses (including repairs and maintenance)	190	254

At the end of the reporting period, the details of the Group's investment properties are as follows:

Location	**Description**	**Existing use**	**Tenure**	**Unexpired term of lease**
Webok-times Center, No.17 Zhongguancun South Main Street, Haidian District, Beijing, PRC	23-storey office building	Office	Leasehold	58 years

15. Investment properties (Cont'd)

Fair value hierarchy

	Fair value measurement at 31 December 2013 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties:			
- Office buildings - PRC	–	33,100	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the market value approach, by making reference to sales evidence as available in the market and where appropriate on the basis of capitalisation of the net rental income. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

Investment properties are carried at fair value which has been determined based on valuations performed at the end of the reporting period. The valuations are based on the properties' highest-and-best-use, performed by Roma Appraisals Limited, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

16. Goodwill arising on consolidation

	Group	
	2013 RMB'000	2012 RMB'000
Cost and carrying amount		
Beginning and end of financial year	20,303	20,303

Goodwill arising from business combination is allocated to water supply service cash-generating-unit ("CGU") comprising CIHL (Tianjin) Water Development Co., Ltd. ("Water Development") in PRC at acquisition. This CGU is expected to benefit from that business combination.

The recoverable amount of the CGU is determined based on 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 revenue during the period. The management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operates. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The finance team prepares cash flow forecasts derived from the most recent financial budgets approved by the management covering a ten-year period with a growth rate of 28% (2012: 43%). Discount rate of approximately 23.8% (2012: 28.9%) was used for the cash flow forecasts as at 31 December 2013.

16. Goodwill arising on consolidation (Cont'd)

Management is of the opinion that a ten-year period is appropriate as the rights to use the parcel of land associated with water plant and its ancillary facilities for supplying of gray water are more than ten years and the nature of the business of this CGU is considered fairly stable.

If the management's estimated growth rate used in the value-in-use calculation for this CGU has been lowered by 1%, or estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 1%, the value-in-use calculation at 31 December 2013 would have decreased by RMB6,083,000 and RMB3,843,000 (2012: RMB3,942,000 and RMB2,098,000) respectively. This decrease in the value-in-use would have no impact to the carrying amount of goodwill amounting to RMB20,303,000 (2012: RMB20,303,000).

17. Investment in subsidiaries

	Company	
	2013	2012
	RMB'000	RMB'000
Unlisted investments, at cost	264,060	264,060
Less: Impairment losses	(44,011)	(44,011)
	220,049	220,049
Due from subsidiaries	533,072	429,011
Less: Impairment losses	(15,379)	(15,379)
	517,693	413,632
Due to subsidiaries	157,317	166,637

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

Name of companies	Principal activities	Place of incorporation/ establishment	Issued and paid-up capital	Equity holding 2013	Equity holding 2012
				%	%
Held by the Company					
(a)(b) Hebei Bridges Investments Limited ("HBIL")	Investment holding	Samoa	US$2,891,567	100	100
(a)(b) Tianjin Bridges Investments Limited ("TBIL")	Investment holding	Samoa	US$28,915,663	100	100
(a)(c) China Toll Bridges & Roads (S) Pte. Limited	Dormant	Singapore	US$9,780	100	100
(a)(d) China Infrastructure Management (Hong Kong) Limited ("CIMHK")	Provision of management services to the Group	Hong Kong	HK$10,000	100	100

17. Investment in subsidiaries (Cont'd)

Name of companies		Principal activities	Place of incorporation/ establishment	Issued and paid-up capital	Equity holding 2013	Equity holding 2012
					%	%
Held by the Company (Cont'd)						
(a)(b)	China (Tianjin) Water Resources Limited ("CTWRL")	Investment holding	Samoa	US$1	100	100
(a)(b)	CIHL Development Limited ("CHIL Dev")	Investment holding	Samoa	US$1	100	100
(a)(b)	Pinnacle China Ltd ("PCL")	Investment holding	British Virgin Islands	US$1	100	100
Held by HBIL						
(a)(e)	CCI Andi Bridges Co., Ltd ("Zuowei")	Toll bridge operations and management	PRC	US$2,410,000	60	60
Held by TBIL						
(a)(f)	CIH Haimen (Tianjin) Enterprise Limited ("Haimen")	Dormant	PRC	RMB48,000,000	75	75
Held by CTWRL						
(a)(g)	CIHL (Tianjin) Water Development Co., Ltd. ("Water Development")	Construction of water pipeline and supply of gray water	PRC	RMB60,000,000	60	60
Held by CHIL Dev						
(a)(h)	CIHL (Tianjin) City Development Limited ("XZCID")	Investment holding and property investment	PRC	RMB50,000,000	100	100
(a)(i) (m)	Beijing Kaiyuanwanjia Management Consulting Limited ("KYWJ')	Investment holding	PRC	RMB4,444,445	55	–
Held by XZCID						
(a)(j)	Tianjin CIHL Xinzhong Real Estate Development Co., Limited. ("XZPD")	Property development	PRC	RMB30,000,000	100	100

17. Investment in subsidiaries (Cont'd)

Name of companies		Principal activities	Place of incorporation/ establishment	Issued and paid-up capital	Equity holding 2013	Equity holding 2012
					%	%
Held by XZCID (Cont'd)						
(a)(k)	Beijing Shiji Longquan Real Estate Development Co., Limited ("SJLQ")	Provision of engineering and land leveling service for preliminary land development projects	PRC	RMB10,000,000	100	95
Held by KYWJ						
(a)(l) (m)	Yichang Xinshougang Property Development Company Limited ("XSG")	Property development and asset management	PRC	RMB120,000,000	55	–
Held by XSG						
(a)(b) (m)	Yichang Zhong Xiang Property Management Company Limited ("ZX")	Real estate management	PRC	RMB500,000	38.5	–

(a) *Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.*

(b) *Not required to be audited under the laws of country of incorporation.*

(c) *Audited by Robert Tan & Co., Singapore.*

(d) *Not required to be audited under the laws of country of incorporation. However, the Group has appointed Andrew K.C. Lai & Company, Hong Kong as auditor of CIMHK.*

(e) *Audited by Zhangjiakou Zhangyuan Certified Public Accountants Co., Ltd., PRC. The Group is only entitled to 55% of the profit or loss due to a profit sharing agreement with the non-controlling shareholder.*

(f) *Audited by CHW CPA Limited Liability Partnership, PRC.*

(g) *Audited by BDO Zhonglian Mindu Shu Lun Pan Certified Public Accountants Co., Ltd., PRC.*

(h) *Audited by Beijing Zhong Sheng Jia Hua Certified Public Accountants Co., Ltd., PRC. 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.*

(i) *Formerly known as Shoukong (Beijing) Management Consulting Company Limited. Audited by Beijing XingHua Certified Public Accountants, PRC.*

(j) *Audited by Tianjin ChengTai Certified Public Accountants Co. Ltd., PRC.*

(k) *Audited by Beijing ZhongYanTong Certified Public Accountant Co., Ltd., PRC. On 4 January 2013, CIHL Dev acquired the remaining 5% equity interest of SJLQ from existing non-controlling shareholder for a purchase consideration of RMB500,000, thereby making it a wholly-owned subsidiary. (Note 36)*

(l) *Audited by Hubei HuaShen Certified Public Accountants Co., Ltd., PRC.*

(m) *Being subsidiaries acquired during the financial year ended 31 December 2013. (Note 39)*

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

17. Investment in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests

The total non-controlling interest for the period is RMB351,493,000, of which RMB269,312,000 is for KYWJ and its subsidiaries ("KYWJ Group") and RMB56,981,000 is attributed to Water Development. The non-controlling interests in respect of Zuowei and Haimen are not material.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	Water Development 2013 RMB'000	Water Development 2012 RMB'000	KYWJ Group 2013 RMB'000
As at 31 December			
Current			
Assets	261,675	90,934	1,129,616
Liabilities	(64,381)	(40,347)	(465,277)
Total current net assets	197,294	50,587	664,339
Non-current			
Assets	93,539	72,266	104,077
Liabilities	(148,371)	–	(169,813)
Total non-current net assets	(54,832)	72,266	(65,736)
Net assets	142,462	122,853	598,603

Summarised statement of comprehensive income

	Water Development For financial year ended 2013 RMB'000	Water Development For financial year ended 2012 RMB'000	KYWJ Group For the period from 17 September 2013 (date of acquisition) to 31 December 2013 RMB'000
Revenue	62,594	57,869	92,920
Profit before income tax	28,575	31,021	7,693
Income tax expense	(8,967)	(4,473)	(532)
Profit for the financial year	19,608	26,548	7,161
Profit for the financial year allocated to non-controlling interests	7,843	10,619	3,201

17. Investment in subsidiaries (Cont'd)

Summarised cash flows

	Water Development For financial year ended 2013 RMB'000	Water Development For financial year ended 2012 RMB'000	KYWJ Group For the period from 17 September 2013 (date of acquisition) to 31 December 2013 RMB'000
Cash flows from operating activities			
Cash generated from operations	34,139	32,185	24,140
PRC income tax paid	(9,449)	(5,480)	–
Net cash generated from operating activities	24,690	26,705	24,140
Net cash used in investing activities	(212,128)	(49,707)	(19,606)
Net cash generated from financing activities	175,360	–	–
Net (decrease)/increase in cash and cash equivalents	(12,078)	(23,002)	4,534
Cash and cash equivalents			
Beginning of financial year	32,598	55,600	10,347
End of financial year	20,520	32,598	14,881

The information above is the amount before inter-company eliminations.

18. Investment in associated companies

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Unlisted investment in associated companies	(a)	97,040	100,996
Due from associated companies	(b)	59,115	52,295
Interest receivables (included in prepayments, deposits and other receivables)		6,491	2,560
		162,646	155,851

There are no contingent liabilities relating to the Group's interests in the associated companies.

18. Investment in associated companies (Cont'd)

(a) Investment in associated companies

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Investment in Future Trillion Group	(i)	55,190	58,867
Investment in Liuhe Group	(ii)	41,850	42,129
		97,040	100,996

(i) Investment in Future Trillion Group

	Group 2013 RMB'000	Group 2012 RMB'000
Unlisted investments		
Share of net assets	14,984	19,256
Goodwill	40,206	39,611
	55,190	58,867

Details of Future Trillion Group are as follows:

Name of companies	Principal activities	Place of incorporation /registration	Issued and paid up capital	Equity holding 2013 %	Equity holding 2012 %
(a)(b)(d) Future Trillion Holdings Limited ("FT")	Investment holding	British Virgin Islands	US$3,055	34.53	34.53
Held by FT					
(a)(c) MKS Limited ("MKS")	Provision for oil and gas exploration	Independent State of Papua New Guinea	Kina7,257,000	28.35	28.35

(a) Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.

(b) Not required to be audited under the laws of country of incorporation.

(c) Audited by A & A Registered Public Accountant., Papua New Guinea.

(d) In 2011, the Group entered into a contractual arrangement to subscribe for 388 ordinary shares of Future Trillion at a consideration of approximately RMB22,277,000 (equivalent to US$3,500,000). Following the completion of the 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, the Group has fulfilled its investment obligation of approximately RMB16,808,000 in 2011 and approximately RMB5,469,000 in 2012.

18. Investment in associated companies (Cont'd)

(a) Investment in associated companies (Cont'd)

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

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

Summarised statement of financial position

	2013 RMB'000	2012 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	1,111	177
Other current assets (excluding cash)	58	68
Total current assets	1,169	245
Financial liabilities (excluding trade payables)	61,869	68,253
Non-current		
Assets	109,623	130,971
Net assets	48,923	62,963
Less: Non-controlling interests	(5,529)	(7,199)
Net assets attributable to owners of Future Trillion Group	43,394	55,764

Summarised statement of comprehensive income

For the financial year ended 31 December		
Revenue	–	–
Depreciation and amortisation	–	–
Interest income	–	–
Interest expense	(4,032)	–
Loss for the financial year	(5,477)	(2,306)
Loss for the financial year allocated to non-controlling interests	(259)	(137)
Share of loss of associated company	(1,802)	(749)

The information above reflects the amounts presented in the financial statements of the associated companies (and not Group's share of those amounts) adjusted for differences in accounting policies between the Group and Future Trillion Group.

18. Investment in associated companies (Cont'd)

(a) Investment in associated companies (Cont'd)

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

Reconciliation of the summarised financial information presented to the carrying amount of Group's interest in Future Trillion Group is set out as below:

	2013 RMB'000	2012 RMB'000
Summarised financial information		
Opening net assets		
1 January	62,963	62,597
Loss for the financial year	(5,477)	(2,306)
Other comprehensive (loss)/income	(8,563)	2,672
Closing net assets	48,923	62,963
Less: Non-controlling interests	(5,529)	(7,199)
Closing net assets attributable to owners of Future Trillion Group	43,394	55,764
Interest in associates (34.53%)	14,984	19,256
Goodwill	40,206	39,611
Carrying value	55,190	58,867

Future Trillion Group obtained an exploration right license of an oil and gas 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 5,200 km^2	June 2014

Future Trillion Group performed different exploration and geological studies for the exploration project for the previous financial year ended 31 December 2012. Based on integration of the updated surface geology data, the re-processing and re-interpretation of seismic data, and the construction of balanced structural cross sections, a re-evaluation of the Tumuli structure area has resulted in a 3D subsurface model that provides a more confident interpretation of the structure's prospectivity. As a result, the Tumuli prospect is considered to be more reliable, the level of geological risk has been reduced.

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

18. Investment in associated companies (Cont'd)

(a) Investment in associated companies (Cont'd)

(ii) Investment in Liuhe Group

	Group 2013 RMB'000	Group 2012 RMB'000
Unlisted investments		
Share of net assets	24,806	25,085
Goodwill	17,044	17,044
	41,850	42,129

Details of Liuhe Group are as follows:

Name of companies	Principal activities	Place of incorporation /registration	Issued and paid up capital	Equity holding 2013	Equity holding 2012
			RMB'000	%	%
(a)(b)(c) LiuHe County YuKun Mining Co. Ltd. ("Liuhe") ("柳河县钰坤矿业有限公司")	Provision for gold exploration	PRC	64,000	19.9	19.9
Held by Liuhe					
(a)(b)(d) LiuHe County AiPuLei Mining Co. Ltd. ("Aipulei") ("柳河县爱普勒矿业有限公司")	Provision for gold exploration	PRC	500	19.9	19.9

(a) Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.

(b) Not required to be audited under the laws of country of incorporation.

(c) The registered capital was increased from RMB40,000,000 to RMB64,000,000 for the financial year ended 31 December 2012. As at 31 December 2012, the Group has fully fulfilled its investment obligation based on the relative proportion of equity interest in Liuhe.

(d) On 13 September 2013, Aipulei has obtained approval for deregistration from Liuhe Industrial and Commercial Administrative office. The deregistration process was completed on 24 January 2014.

The shares in Liuhe held by the Group were pledged to a bank during the financial year ended 31 December 2013 to secure a bank borrowing in Liuhe.

18. Investment in associated companies (Cont'd)

(a) Investment in associated companies (Cont'd)

(ii) Investment in Liuhe Group (Cont'd)

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

Summarised statement of financial position

	2013 RMB'000	2012 RMB'000
As at 31 December		
Current		
Cash and cash equivalents	423	3,911
Other current assets (excluding cash)	2,490	1,199
Total current assets	2,913	5,110
Financial liabilities (excluding trade payables)	58,450	37,267
Total current liabilities	58,450	37,267
Non-current		
Assets	226,189	180,212
Financial liabilities	24,000	–
Other liabilities	22,000	22,000
Total non-current liabilities	46,000	22,000
Net assets	124,652	126,055

Summarised statement of comprehensive income

	2013 RMB'000	2012 RMB'000
For the financial year ended 31 December		
Revenue	–	–
Depreciation	73	73
Interest income	6	343
Interest expense (1)	–	–
Loss for the financial year	(1,403)	(819)
Share of loss of associated company	(279)	(164)
Dilution loss in investment	–	(62)

(1) Borrowing costs of RMB5,068,000 (2012: RMB2,745,000) was capitalised for financial year ended 31 December 2013. Capitalisation rate range from 12%-15% (2012: 10%-12%) were used, representing the borrowing costs of the loans used to finance the operations.

The information above reflects the amounts presented in the financial statements of the associated companies (and not Group's share of those amounts) adjusted for differences in accounting policies between the Group and Liuhe Group.

18. Investment in associated companies (Cont'd)

(a) Investment in associated companies (Cont'd)

(ii) Investment in Liuhe Group (Cont'd)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Liuhe Group is set out as below:

	2013 RMB'000	2012 RMB'000
Summarised financial information		
Opening net assets		
1 January	126,055	102,874
Proceeds from increase in share capital	–	24,000
Loss for the financial year	(1,403)	(819)
Closing net assets	124,652	126,055
Interest in associates (19.9%)	24,806	25,085
Goodwill	17,044	17,044
Carrying value	41,850	42,129

Liuhe Group holds a mining right license and an exploration right license in the surrounding area associated with the mining right expiring in November 2017 and exploration right expiring in December 2014 respectively. During the financial year, Liuhe Group completed several geological and technical studies to establish the existence of proved and probable mine reserve estimates of the surrounding area of the existing mining license and has constructed production facilities at the mining site.

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	99,000 ton / year	$1.28km^2$	November 2017
Exploration right license ("矿产资源勘查许可证") (License number: T22120101202043010)	PRC	N/A	$26.81km^2$	December 2014

(b) Due from associated companies

(i) Due from Future Trillion of approximately RMB52,252,000 (2012: RMB45,432,000) is denominated in United Stated Dollars, and is secured by equity interests in Future Trillion Group held by its controlling shareholder and corporate guarantee executed by the controlling shareholder of Future Trillion, interest bearing at 6% (2012: 6%) per annum and is repayable in 2014; and

(ii) Due from Liuhe Group of approximately RMB6,863,000 (2012: RMB6,863,000) is denominated in Renminbi, and is unsecured, interest bearing at 12% (2012: 12%) per annum and is repayable in 2014.

The fair values of the amounts due from associated companies approximate their carrying amounts.

19. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group 2013 RMB'000	Group 2012 RMB'000
Deferred tax assets:		
To be recovered within 12 months	705	606
Deferred tax liabilities:		
To be settled within 12 months	(32,971)	(5,454)
To be settled after more than 12 months	(142,789)	–
	(175,760)	(5,454)
Deferred tax liabilities - net	(175,055)	(4,848)

The gross movement on the deferred income tax account is as follows:

	Group 2013 RMB'000	Group 2012 RMB'000
Beginning of financial year	4,848	6,407
Acquisition of subsidiaries (Note 39(b))	175,738	–
Credited to profit or loss	(5,531)	(167)
Reclassified to discontinued operations (Note 11(c))	–	(1,392)
End of financial year	175,055	4,848

The movement in deferred income tax assets and liabilities during the financial year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	**Accelerated tax depreciation RMB'000**	**Fair value gains on investment properties RMB'000**	**Fair value gains on development properties RMB'000**	**Other RMB'000**	**Total RMB'000**
Group					
2013					
Beginning of financial year	1,670	3,433	–	351	5,454
Acquisition of subsidiaries (Note 39(b))	–	–	175,738	–	175,738
(Credited)/charged to profit or loss	(907)	1,400	(5,925)	–	(5,432)
End of financial year	763	4,833	169,813	351	175,760
2012					
Beginning of financial year	1,704	2,283	–	2,939	6,926
Charged/(credited) to profit or loss	1,358	1,150	–	(2,588)	(80)
Reclassified to discontinued operations (Note 11(c))	(1,392)	–	–	–	(1,392)
End of financial year	1,670	3,433	–	351	5,454

19. Deferred income tax (Cont'd)

Deferred tax assets	Accelerated tax depreciation RMB'000
Group	
2013	
Beginning of financial year	(606)
Credited to profit or loss	(99)
End of financial year	(705)
2012	
Beginning of financial year	(519)
Credited to profit or loss	(87)
End of financial year	(606)

As at 31 December 2013, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subjected to withholding taxes of the Group's subsidiaries (established in PRC) as the Group is in a position to control the timing of the remittance of earning and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The deferred tax liabilities not recognised is approximately RMB10,018,000 (2012: RMB5,462,000).

20. Long-term loan receivable

	Group	
	2013 RMB'000	2012 RMB'000
Loan to a non-related party	150,000	150,000

On 9 April 2012, the Group entered into loan arrangements with a non-related party to extend a loan of RMB150,000,000. This loan is unsecured, interest-bearing at 9.25% (2012: 9.25%) per annum and will be repayable in full on 9 April 2015.

The carrying amounts and fair values of the long-term loan receivable are as follows:

	Group 2013		Group 2012	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Loan to a non-related party	150,000	149,580	150,000	154,661

The fair values are determined from the cash flow analysis, discounted at annual market borrowing rate of 6.15% (2012: 6.15%) of an equivalent instrument at the end of the reporting period which management expects to be available to the Group. The fair values are within Level 2 of the fair value hierarchy.

21. Properties for development

	Group 2013 RMB'000	Group 2012 RMB'000
Properties held for sale	266,622	–
Properties under development	1,031,852	240,334
	1,298,474	240,334

As at 31 December 2013, the development properties held by the Group are as follows:

Location	Description	Tenure	Stage of completion	Expected date of completion	Approximate site area (sq. m)	Gross floor area (sq. m)	Main usage	Group's effective interest in the property
Meiziya Village, Xiaoxita, Yiling District, Yichang City, Hubei Province, PRC	The property is subjected to a right to use of land till	Leasehold	16.4%	Before 2017	530,722	666,744	Residential and commercial	55%
	(i) 28 December 2046 for commercial, tourism and convention purpose and;				23,060	48,575	Hotel	
	(ii) 28 December 2076 for residential purpose							
					553,782	715,259		
Tianjin City, PRC	The property is subjected to a right to use of land till 14 December 2080	Leasehold	Note (a)	Before June 2017	121,778.90	Note (a)	Residential	100%

(a) 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 2013, 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.

22. Inventories

	Group 2013 RMB'000	Group 2012 RMB'000
Raw materials for construction of water pipeline	1,671	2,131

The cost of inventories recognised as an expense and included in water pipeline installation and construction costs in cost of services provided amounted to RMB3,282,220 (2012: RMB6,073,791).

23. Gross amounts due from/(to) customers for contract work

	Group 2013 RMB'000	Group 2012 RMB'000
The aggregate costs incurred and recognised profits (less recognised losses) to date	33,929	40,731
Less: Progress billings	(21,207)	(25,580)
	12,722	15,151
Gross amount due from customers for contract work	15,634	20,650
Gross amount due to customers for contract work	(2,912)	(5,499)
	12,722	15,151

Advances received in respect of construction contracts of approximately RMB5,885,000 as at 31 December 2013 (2012: RMB9,889,000) is included in receipts in advance (Note 32).

24. Due from/(to) related parties and non-controlling shareholders of subsidiaries

The amounts due from/(to) related parties and non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand. As at the end of the reporting period, these amounts are denominated in Renminbi, except for an amount of RMB157,860,000 (2012: Nil) due to a non-controlling shareholder of subsidiaries denominated in Hong Kong Dollar.

25. Prepayments, deposits and other receivables

		Group		Company	
		2013	2012	2013	2012
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	(a)	11,820	4,303	246	324
Deposits	(b)	1,873	377	52	52
Other receivables	(c)	125,542	98,963	–	–
		139,235	103,643	298	376
Less: Impairment loss on other receivables		(2,538)	(2,538)	–	–
		136,697	101,105	298	376

The prepayments, deposits and other receivables are mainly denominated in Renminbi.

25. Prepayments, deposits and other receivables (Cont'd)

Note

(a) The Group's prepayments as at 31 December 2013 include the prepaid relocation costs of RMB3,200,000 (2012: RMB3,200,000) in relation to the agreement as disclosed in Note (c) below.

(b) The Group's deposits as at 31 December 2013 include the cash deposited in local government authority of RMB1,040,000 (2012: Nil) as guarantee deposits for the mortgage loan facilities granted by local government authority to the buyers of the Group's properties under development for sale. Such guarantee will only be released after the loan has been settled or issuance of the real estate ownership certificate to the buyers, whichever is earlier.

(c) The Group's other receivables as at 31 December 2013 include balance due from a local government agency of approximately RMB2,338,000 (2012: 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 has been recognised previously.

The Group's other receivables as at 31 December 2013 include an amount of RMB104,000,000 (2012: RMB90,000,000) receivable from a local government agency in relation to an agreement entered into on 31 July 2012, on a cost-plus project management fee and the cost of project financing basis. The Re-development Centre is a PRC governmental agency under the District Government of Men Tou Gou, Beijing, and is responsible for the residential relocation development projects in Men Tou Gou District. The project is situated in an area approximately 32,300 square meters in Men Tou Gou District. The Group is responsible for the provision of project financing, site preparation and the construction of 119,500 square meters of relocation housing on the site. The project is funded entirely from internal sources of the Group. This amount is unsecured, interest bearing at 6.15% (2012: 6.15%) per annum and is receivable in 2014. The fair value of this amount approximates its carrying amounts.

26. Trade receivables

	Note	Group 2013 RMB'000	Group 2012 RMB'000
Trade receivables	(a)	34,845	5,004
Bills receivables	(b)	16,100	–
		50,945	5,004

(a) Trade receivables

The Group offers 0 to 30 days (2012: 0 to 30 days) credit terms to customers for water supply service and for sale of properties for development. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

The trade receivables of the Group mainly comprise of outstanding balance due from financial institutions in relation to the release of customers' borrowing of mortgage loans.

The trade receivables of the Group comprise 7 debtors (2012: 2 debtors) that individually represent 5% - 22% (2012: 28% - 43%) of trade receivables.

There were no allowance for impairment of trade receivables during the financial years ended 31 December 2013 and 31 December 2012.

26. Trade receivables (Cont'd)

(a) Trade receivables (Cont'd)

The aging analysis of trade receivables are as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
0 to 30 days	406	682
More than 30 days	34,439	4,322
	34,845	5,004

As at 31 December 2013, trade receivables of RMB34,439,000 (2012: RMB4,322,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Management believes that the amounts that are past due are collectible, based on historic payment behaviour and credit-worthiness of the customers.

The aging analysis of trade receivables that were past due but not impaired are as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
0 to 30 days	23,070	365
More than 30 days	11,369	3,957
	34,439	4,322

Receivables subject to offsetting arrangement

Certain development properties were sold to customers who are also sub-contractors of the Group. Both parties have an arrangement to settle the net amount due to or from each other upon the finalisation of the sub-contractor accounts. At financial year ended 31 December 2013, trade receivables from customers with rights to offset against construction payables, amount to RMB8,675,000 (2012: Nil).

(b) Bills receivable

Bills receivable have a maturity period of 90 - 180 days and are negotiable at their nominal value or may be converted into cash at the option of the bearer at a discounted rate against their nominal value of approximately 3% to 5.8% per annum. The Group has no intention to convert into cash for these bills receivable as at the end of the reporting period.

Trade receivables and bills receivable are denominated in Renminbi.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. The development properties sold to customers were held as security until settlement of the outstanding trade receivables from the customers, amounted to RMB28,267,000 (2012: Nil).

27. Refundable deposits

	Group 2013 RMB'000	Group 2012 RMB'000
Beginning of financial year	122,235	10,000
Additions	–	122,235
Reclassified to costs of investment in subsidiaries	(122,235)	–
Refunded during the financial year	–	(10,000)
End of financial year	–	122,235

(a) 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 was paid as a compensation to the holders of land use rights to tender for a possible land development project located in PRC. Pursuant to the contractual arrangement, the acquisition of land use rights will be completed when the holders of the land use rights commence the pre-construction work and approval for the land development project is obtained from the local government. RMB10,000,000 was paid upon the inception of the contractual arrangement and the remaining RMB240,000,000 is due for payment 30 days after the holders of the land use rights commenced the pre-construction work and approval for the land development project is obtained from the local government.

Subsequent to the contractual agreement, the deposit was refunded to the Group in 2012 as the tender was unsuccessful.

(b) On 15 September 2012, the Group had entered into a conditional share transfer agreement ("Agreement") with a company ("Vendor") listed on Hong Kong Exchanges and Clearing Limited in relation to the acquisition of 55% equity interest in a property development company in Yichang, PRC. A refundable deposit of HK$150,000,000 was paid to the Vendor.

Pursuant to the share transfer agreement, the deposit is refundable if any conditions precedent under the agreement is not fulfilled or if the Group exercises its right to terminate under the terms of the agreement. The refundable deposit was reclassified to costs of investment in subsidiaries in CIHL Dev upon completion of the acquisition on 16 September 2013. Details on business combination are disclosed in Note 39 to the financial statements.

28. Cash and cash equivalents

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Cash at bank and on hand	45,464	74,424	*	*
Restricted bank balances	2,270	143	–	–
	47,734	74,567	*	*

* Less than RMB1,000

28. Cash and cash equivalents (Cont'd)

Details of restricted bank balances are as follow:

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Restricted bank balances from sale of properties under development for sale [(a)]	2,117	–
Restricted bank balances for purchases of construction material	10	–
Restricted bank balances for a land development project [(b)]	143	143
	2,270	143

(a) Amounts represent cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the buyers of the Group's properties under development for sale. Such guarantee will only be released after the loan has been settled or issuance of the real estate ownership certificate to the buyers, whichever is earlier.

(b) Restricted bank balances of approximately RMB143,000 was placed for securing the performance and fund utilisation for a land development project of the Group.

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Renminbi	46,956	69,874	–	–
Hong Kong Dollar	757	4,677	–	–
United States Dollar	4	4	–	–
Singapore Dollar	17	12	*	*
	47,734	74,567	*	*

* *Less than RMB1,000*

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in 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.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Cash and bank balances (as above)	47,734	74,567
Less: Restricted bank balances	(2,270)	(143)
Cash held by discontinued operations (Note 11(b))	36	4,062
Cash and cash equivalents per consolidated statement of cash flows	45,500	78,486

29. Borrowing

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Secured borrowing		
Current	35,297	–
Non-current	148,076	–
Total borrowing	183,373	–

During the financial year ended 31 December 2013, the Group entered into a series of transactions with several parties, which involved a bank, a trust company and a finance lease company. Under this arrangement, the ancillary facilities of the water supply services of the Group and its entire pipeline network ("water plant assets") are sold and leaseback from the finance lease company. The sales proceeds amounted to approximately RMB200,000,000 and the lease rental and period are as follows:

Quarterly rental	:	RMB12,320,000
Lease period	:	27 June 2013 to 28 June 2018
Effective interest rate	:	8.3%

However, the sales proceeds are financed by a bank, through the finance lease company. The lease payments to the finance lease Company will be paid to the bank via the trust company. Water plant assets are pledged to the trust company.

The ancillary facilities of the water supply services are specialised in nature and it is unlikely that a third party would be able to use and operate the assets.

The Group still retains all the risks and rewards incident to ownership of the underlying assets and enjoys substantially the same rights to their uses as before the arrangement. A repurchase agreement is included in the arrangement for the Group to buy back the assets at nominal value at the end of the lease term.

Although the arrangement is in the legal form of a lease, management concluded that the arrangement is in substance a collateralised borrowing, because the assets of the arrangement are indispensable and the Group is bound to buy back the assets at the end of the lease term. Therefore, at inception of the arrangement, the Group recognised a liability at an amount equal to the fair value of the sales consideration, net of transactions costs and subsequently carried at amortised cost.

Certain land and buildings (Note 13) and investment properties of the Group (Note 15) are pledged as security for the borrowing.

The Group is not significantly exposed to interest rate risk for this borrowing.

At the end of the reporting period, the fair value of non-current borrowing approximates its carrying amount. The fair value is determined from the cash flow analysis, discounted at annual market borrowing rate of 8.32% (2012: Nil) of an equivalent instrument at the end of the reporting period which management expects to be available to the Group. The fair value is within Level 2 of the fair value hierarchy.

30. Other payables and accruals

	Note	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Accruals	(a)	69,771	5,971	1,427	1,197
Other payables	(b)	81,744	3,749	1,161	1,161
		151,515	9,720	2,588	2,358

The other payables and accruals are mainly denominated in Renminbi.

(a) Included in accruals is land appreciation tax of RMB33,743,000 (2012: Nil) arising from the property development segment.

(b) Other payables to non-related parties include a performance guarantee from one of the Group's major contractors for properties under development, and payable land use tax and refundable deposits received from buyers for purchases of properties under development of the Group amounting to RMB33,000,000 (2012: Nil), RMB13,224,000 (2012: Nil) and RMB23,520,000 (2012: Nil) respectively.

31. Trade payables

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

32. Receipts in advance

	Group 2013 RMB'000	Group 2012 RMB'000
Receipts in advance from:		
Supply of gray water	7,411	6,732
Construction of water pipeline (Note 23)	5,885	9,889
Development properties	7,474	–
	20,770	16,621

33. Long-term loan payables

	Group 2013 RMB'000	Group 2012 RMB'000
Loan from non-related parties	145,445	148,436

On 9 April 2012, the Group entered into loan arrangements with two non-related parties to secure loans for amounts of HK$159,400,000 and HK$25,199,000 respectively. These loans are unsecured, interest-bearing at 2.25% (2012: 2.25%) per annum and will be repayable in full on 9 April 2015.

33. Long-term loan payables (Cont'd)

The carrying amounts and fair values of the long-term loan payables are as follows:

	Group 2013		Group 2012	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Loan from non-related parties	145,445	135,856	148,436	131,143

The fair values are determined from the cash flow analysis, discounted at annual market borrowing rate of 5.00% (2012: 6.15%) of an equivalent instrument at the end of the reporting period which management expects to be available to the Group. The fair values are within Level 2 of the fair value hierarchy.

34. Share capital

(a) Ordinary shares

	Group and Company	
	2013 S$'000	2012 S$'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		
2013 and 2012		
Beginning and end of financial year	874,604	219,943

34. Share capital (Cont'd)

(b) Share options

The Group adopted a CIHL Share Option Scheme (the "2004 Scheme") on 10 May 2004. Since the commencement of the 2004 Scheme, the Company had granted 90,000,000 options under the 2004 Scheme to participants. Total of 4,500,000 options were exercised since commencement of the 2004 Scheme. The 2004 Scheme was terminated on 2 August 2009 and the remaining outstanding share options of 4,500,000 granted under the 2004 Scheme expired on 5 August 2013.

A new CIHL Share Option Scheme has been adopted on 8 March 2010 (the "2010 Scheme") and details of the specific categories of share options granted under the 2010 Scheme are as follows:

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

34. Share capital (Cont'd)

(b) Share options (Cont'd)

Under the 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 if the employee leaves the Group, unless the remuneration committee otherwise approved.

	2013		2012	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	'000	S$	'000	S$
Outstanding at the beginning of financial year	52,000	0.0645	52,000	0.0645
Forfeited during the financial year	(3,000)	0.0635	–	–
Expired during the financial year	(4,500)	0.0700	–	–
Outstanding at the end of financial year	44,500	0.0641	52,000	0.0645
Exercisable at the end of financial year	44,500	0.0641	39,750	0.0684

At the end of the reporting period, the outstanding share options have a weighted average remaining contractual life of 1.85 years (2012: 2.7 years) and the exercise prices range from S$0.052 to S$0.087 (2012: S$0.052 to S$0.087). The share-based payments to directors and executives recognised in profit or loss for the financial year ended 31 December 2013 was approximately RMB298,000 (2012: RMB2,049,000).

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

	8 March 2010	17 May 2010	19 July 2010	2 June 2011
Share price	S$0.0769	S$0.085	S$0.075	S$0.052
Exercise price	S$0.075	S$0.087	S$0.079	S$0.052
Expected volatility	70.26%	69.80%	69.79%	65.80%
Expected life	5 years	5 years	5 years	5 years
Risk free rates	1.50%	1.01%	0.75%	1.02%
Expected dividend yield	4.19%	4.19%	4.19%	4.22%
Exercise Multiple	2 times	2 times	2 times	2.2 and 2.8 times
Employee exit rate	7.10%	7.10%	7.10%	0% and 13%

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

35. Reserves

(a) Group

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

35. Reserves (Cont'd)

(b) Company

	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Total reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
2013								
Beginning of financial year	45,312	565,589	479	8,324	7,455	627,159	(259,805)	367,354
Total comprehensive loss for the financial year	–	–	–	–	–	–	(9,460)	(9,460)
Share option lapsed /forfeited during the financial year	–	–	–	–	(1,145)	(1,145)	1,145	–
Recognition of share-based payments	–	–	–	–	298	298	–	298
End of financial year	45,312	565,589	479	8,324	6,608	626,312	(268,120)	358,192
2012								
Beginning of financial year	45,312	565,589	479	8,324	5,406	625,110	(251,369)	373,741
Total comprehensive loss for the financial year	–	–	–	–	–	–	(8,436)	(8,436)
Recognition of share-based payments	–	–	–	–	2,049	2,049	–	2,049
End of financial year	45,312	565,589	479	8,324	7,455	627,159	(259,805)	367,354

(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 for unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premium payable on repurchase of shares.

(ii) Contributed surplus

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

(iii) Share options reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company and the Group recognised in accordance with the accounting policy adopted for share-based payments as set out in Note 2.28(iii) 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.

Contributed surplus, share option reserve and capital redemption reserve are non-distributable.

36. Transactions with non-controlling interests

On 4 January 2013, CIHL Dev acquired the remaining 5% equity interest of SJLQ from existing non-controlling shareholder for a purchase consideration of RMB500,000, thereby making it a wholly-owned subsidiary. The carrying amount of the non-controlling interests in SJLQ on the date of acquisition equals the purchase consideration of RMB500,000.

37. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions were carried out between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2013 RMB'000	2012 RMB'000
Related parties		
- Cash received on behalf of the Group	20,656	4,991
- Rental and other operating expenses reimbursed/reimbursable	188	316
- Architectural service fee paid/payable	6,932	–
Associated companies		
- Interest income received/receivable	4,754	2,045

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

(b) Key management compensation

Key management includes directors (executive and non-executive) and chief financial officer. The compensation paid/payable to key management is as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Directors' fees	1,800	1,800
Salaries, allowances and bonuses	2,838	2,909
Pension costs of defined contribution plans	11	11
Share option expense	287	1,925
	4,936	6,645

Included in the total key management compensation is directors' remuneration of the Company amounting to RMB4,323,000 (2012: RMB5,857,000).

38. Segment information

The Group has four reportable segments as follows:

Toll collection	-	Toll income of toll bridges (ceased operation since the beginning of the financial year)
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 2 to the financial statements.

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	All other segments RMB'000	Toll collection RMB'000	Total RMB'000
Financial year ended 31 December 2013						
Total segment revenue	62,594	–	92,609	705	–	155,908
Inter-segment revenue	–	–	–	(394)	–	(394)
Revenue from external parties	62,594	–	92,609	311	–	155,514
Segment results	43,410	(205)	13,279	(144)	–	56,340
Interest income	709	5,557	51	17,788	3	24,108
Rental income	–	–	–	1,245	–	1,245
Other (expense)/income	(21)	–	–	23	–	2
Administrative expenses	–	–	–	(13,847)	–	(13,847)
Other operating expenses	(7,215)	(3,266)	(2,531)	(10,842)	(2,039)	(25,533)
Selling and marketing expenses	–	–	(3,129)	–	–	(3,129)
Fair value gains on investment properties	–	–	–	5,600	–	5,600
Gain on bargain purchase	–	–	8,328	–	–	8,328
Impairment loss on assets of disposal group held for sale	–	–	–	–	(9,324)	(9,324)
Impairment loss of property, plant and equipment	–	–	–	(592)	–	(592)
Currency translation loss	–	–	–	(1,001)	–	(1,001)
Operating profit						42,197
Finance costs	(8,308)	–	–	(307)	–	(8,615)
Share of losses of associated companies	–	–	–	(2,081)	–	(2,081)
Income tax (expense)/credit	(8,967)	(521)	(525)	(2,856)	1,469	(11,400)
Profit for the financial year						20,101
Depreciation and amortisation	(4,675)	(53)	(214)	(1,703)	–	(6,645)
Share option expense	–	–	–	(298)	–	(298)

38. Segment information (Cont'd)

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	All other segments RMB'000	Toll collection RMB'000	Total RMB'000
As at 31 December 2013						
Total assets	143,516	132,206	1,474,672	381,876	8,411	2,140,681
Total assets includes:						
Property, plant and equipment	92,733	160	104,227	13,517	–	210,637
Intangible assets	122	–	–	–	8,368	8,490
Goodwill	20,303	–	–	–	–	20,303
Investment properties	–	–	–	33,100	–	33,100
Investment in associated companies	–	–	–	97,040	–	97,040
Long-term loan receivable	–	–	–	150,000	–	150,000
Deferred income tax assets	684	–	–	21	–	705
Inventories and properties for development	1,671	–	1,298,474	–	–	1,300,145
Gross amounts due from customers for contract work	267	15,367	–	–	–	15,634
Trade receivables	6,578	–	44,367	–	–	50,945
Prepayments, deposits and other receivables	628	11,958	11,274	8,837	7	32,704
Loan to others	–	104,000	–	–	–	104,000
Due from associated companies	–	–	–	59,115	–	59,115
Due from non-controlling shareholders of subsidiaries	–	–	–	10,093	–	10,093
Cash and cash equivalents	20,530	721	16,330	10,153	36	47,770
Total assets						2,140,681
Addition to non-current assets	25,849	20	19,267	73	–	45,209
Total liabilities	212,752	4,632	449,307	416,556	446	1,083,693
Total liabilities includes:						
Trade payables	9,406	3,441	28,438	44	–	41,329
Other payables and accruals	1,784	670	141,372	7,689	446	151,961
Gross amounts due to customers for contract work	2,912	–	–	–	–	2,912
Receipts in advance	13,296	–	7,339	135	–	20,770
Due to non-controlling shareholders of subsidiaries	–	–	85,820	248,968	–	334,788
Current income tax liabilities	1,981	521	16,525	8,328	–	27,355
Deferred income tax liabilities	–	–	169,813	5,947	–	175,760
Long-term loan payables	–	–	–	145,445	–	145,445
Borrowing	183,373	–	–	–	–	183,373
Total liabilities		–	–	–	–	1,083,693

38. Segment information (Cont'd)

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	All other segments RMB'000	Toll collection RMB'000	Total RMB'000
Financial year ended 31 December 2012						
Revenue	57,869	30	–	–	11,157	69,056
Segment results	35,446	(150)	–	–	5,899	41,195
Interest income	571	1,860	29	12,973	86	15,519
Rental income	–	–	–	1,017	–	1,017
Other income	29	35	–	718	30	812
Administrative expenses	–	–	–	(14,277)	–	(14,277)
Other operating expenses	(5,019)	(4,130)	–	(8,503)	(4,719)	(22,371)
Fair value gains on investment properties	–	–	–	4,600	–	4,600
Currency translation gain	–	–	–	1,401	–	1,401
Operating profit						27,896
Finance costs	(6)	–	–	(2,414)	(11)	(2,431)
Share of losses of associated companies	–	–	–	(913)	–	(913)
Income tax (expense)/credit	(4,473)	572	–	(1,336)	(293)	(5,530)
Profit for the financial year						19,022
Depreciation and amortisation	(3,968)	(235)	–	(1,673)	(1,593)	(7,469)
Share option expense	–	–	–	(2,049)	–	(2,049)

38. Segment information (Cont'd)

	Continuing operations				Discontinued operations	
	Water supply services RMB'000	Land development RMB'000	Property development RMB'000	All other segments RMB'000	Toll collection RMB'000	Total RMB'000
As at 31 December 2012						
Total assets	123,989	113,935	241,528	527,659	21,913	1,029,024
Total assets includes:						
Property, plant an equipment	57,046	192	352	30,165	–	87,755
Intangible assets	122	–	–	–	17,692	17,814
Goodwill	20,303	–	–	–	–	20,303
Investment properties	–	–	–	27,500	–	27,500
Investment in associated companies	–	–	–	100,996	–	100,996
Long-term loan receivable	–	–	–	150,000	–	150,000
Deferred income tax assets	585	–	–	21	–	606
Inventories and properties for development	2,131	–	240,334	–	–	242,465
Gross amounts due from customers for contract work	5,283	15,367	–	–	–	20,650
Trade receivables	5,004	–	–	–	–	5,004
Prepayments, deposits and other receivables	917	95,499	11	4,678	159	101,264
Refundable deposits	–	–	–	122,235	–	122,235
Due from associated companies	–	–	–	52,295	–	52,295
Due from related party	–	–	–	837	–	837
Due from non-controlling shareholders of subsidiaries	–	500	–	171	–	671
Cash and cash equivalents	32,598	2,377	831	38,761	4,062	78,629
Total assets						1,029,024
Addition to non-current assets	5,565	–	–	18,572	–	24,137
Total liabilities	40,347	3,977	300	206,949	4,607	256,180
Total liabilities includes:						
Trade payables	14,877	3,441	–	–	–	18,318
Other payables and accruals	986	536	300	7,898	3,116	12,836
Gross amounts due to customers for contract work	5,499	–	–	–	–	5,499
Receipts in advance	16,621	–	–	–	22	16,643
Due to non-controlling shareholders of subsidiaries	–	–	–	38,011	–	38,011
Current income tax liabilities	2,364	–	–	7,150	77	9,591
Deferred income tax liabilities	–	–	–	5,454	1,392	6,846
Long-term loan payables	–	–	–	148,436	–	148,436
Total liabilities						256,180

38. Segment information (Cont'd)

Geographical information	Revenue 2012 RMB'000	2012 RMB'000	Non-current assets 2013 RMB'000	2012 RMB'000
Hong Kong	–	–	16	12
PRC except Hong Kong	155,514	69,056	456,702	328,404
Overseas	–	–	55,189	58,866
	155,514	69,056	511,907	387,282

In presenting the geographical information, revenue is based on the geographical locations of the customers which the revenue are derived from.

Inter-segment sales are carried out on an arm's length basis.

Revenue from major customers:

For the financial year ended 31 December 2013, revenue from three major customers contributed to the Group's revenue of approximately RMB18,700,000, RMB8,392,000 and RMB8,192,000 respectively were included in property development segment.

For the financial year ended 31 December 2012, revenue from two major customers contributed to the Group's revenue of approximately RMB7,990,000 and RMB6,109,000 respectively were included in water supply services segment.

39. Business combinations

On 16 September 2013, the Group, through its wholly-owned subsidiary, CIHL Development Limited, completed the acquisition of 55% equity interest and obtained control of Beijing Kaiyuanwanjia Management Consulting Limited ("KYWJ") and its subsidiaries (collectively, "KYWJ Group"). KYWJ Group is in the business of real estate development focusing on property development in Yichang City, Hubei Province, PRC.

As a result of the acquisition, the Group is expected to increase its presence in real estate business. The gain of RMB8,328,000 from the bargain purchase arising from the acquisition is attributable to the need for capital injection by the previous owner of KYWJ Group.

The following table summarises the consideration paid for KYWJ Group, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

(a) Total consideration transferred

	RMB'000
Cash paid	281,444
Cash payable	157,860
Total consideration transferred	439,304
Less: Assignment of liabilities assumed (Note (f) below)	(10,008)
Less: Assignment of shareholder's loans (Note (g) below)	(112,303)
Consideration transferred for the business	316,993

39. Business combinations (Cont'd)

(b) Recognised amounts of identifiable assets acquired and liabilities assumed

	At fair value RMB'000
Cash and cash equivalents	11,955
Properties, plant and equipment	85,260
Properties for development	1,111,300
Prepayments, deposits and other receivables	5,398
Trade receivables	6,089
Total assets	1,220,002
Trade payables	827
Other payables and accruals	428,354
Receipts in advance	13,563
Current income tax liabilities	10,079
Deferred tax liabilities (Note 19)	175,738
Total liabilities	628,561
Total identifiable net assets	591,441
Less: Non-controlling interests (Note (h) below)	(266,120)
Less: Gain on bargain purchase	(8,328)
Consideration transferred for the business	316,993

(c) The effects on the cash flows of the Group, at the acquisition date, are as follows:

	RMB'000
Cash paid (as Note (a) above)	281,444
Less: Deposits paid in financial year ended 31 December 2012	(122,235)
Less: Cash and cash equivalents in subsidiaries acquired	(11,955)
Cash outflow on acquisition	147,254

(d) Acquisition-related costs

Acquisition-related costs of RMB3,522,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the financial year ended 31 December 2013.

(e) Acquired receivables

The carrying values of prepayments, deposits and other receivables and trade receivables approximate their fair values at the acquisition date. Management believes that the receivables are collectible, based on historic payment behaviour and credit-worthiness of the customers.

(f) Assignment of liabilities assumed

The previous owner of KYWJ Group has contractually agreed to reimburse the Group for the apportionment of land use tax payable to be borne by the previous owner, amounting to RMB10,008,000.

(g) Assignment of shareholder's loans

The total consideration transferred by the Group included assignment of 55% of the shareholder loans in KYWJ Group.

39. Business combinations (Cont'd)

(h) Non-controlling interests

The Group measured the non-controlling interests at the non-controlling interests' proportionate share of the fair value of identifiable net assets.

(i) Revenue and profit contribution

The revenue included in the consolidated statement of comprehensive income since 17 September 2013 contributed by KYWJ Group was RMB92,920,000. KYWJ Group also contributed profit of RMB7,161,000 over the same period.

Had KYWJ Group been consolidated from 1 January 2013, the consolidated statement of income would show pro-forma revenue of RMB328,976,000 and profit of RMB55,589,000.

40. Dividends

At the coming Annual General Meeting on 29 April 2014, a final tax exempt (1-tier) dividend of 0.35 Singapore cents per share amounting to a total of S$3,061,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2014.

41. Contingent liabilities

	2013 RMB'000	2012 RMB'000
Guarantees in respect of mortgage facilities for certain buyers	125,318	–

The Group was in cooperation with local government authority and certain financial institutions to arrange mortgage loan facility for its buyers of property and to provide guarantees to secure obligations for such buyers on repayments. As at 31 December 2013, the outstanding guarantees amounted to RMB125,318,000. Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within three months after the buyers take possession of the relevant property; and (ii) the satisfaction of the relevant mortgage loans by buyers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted buyers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the financial institutions grant the mortgage loans. No provision has been made for the guarantees as the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty in case of any default in payments.

42. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred as follows:

	2013 RMB'000	2012 RMB'000
Additions of construction in progress – water pipelines and its ancillary facilities	–	747
Computer software	326	326
	326	1,073

43. Lease commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases an administrative office under non-cancellable operating lease agreements. The lease terms are negotiated for an average term of 2 years (2012: 2 years), and the lease agreements are renewable at the end of the lease period at market rate. The rental expenditure charged to profit or loss during the financial year is disclosed in Note 9.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 RMB'000	2012 RMB'000
Not later than 1 year	996	1,031
Later than 1 year and not later than 5 years	1,082	–
	2,078	1,031

(b) Operating lease commitments – where the Group is a lessor

The Group sublets premises to a non-related party under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	2013 RMB'000	2012 RMB'000
Not later than 1 year	1,319	1,319

44. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2014 or later periods and which the Group has not early adopted:

- Amendment to IAS 32 – Financial instruments: Presentation, on asset and liability offsetting (effective for annual period beginning on or after 1 January 2014)
- Amendment to IFRS 10, 12 and IAS 27 on consolidation for investments entities (effective for annual period beginning on or after 1 January 2014)
- Financial instruments: Recognition and Measurement Amendment to IAS 39 – Novation of derivatives (effective for annual period beginning on or after 1 January 2014)
- IFRS 21 – Levies (effective for annual period beginning on or after 1 January 2014)
- IFRS 9 – Financial instruments (effective for annual period beginning on or after 1 January 2015)

45. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2014.

Shareholding Statistics
as at 21 March 2014

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 21 March 2014, the Company did not hold any treasury shares.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	293,613,625	33.57
2	CITIBANK NOMINEES SINGAPORE PTE LTD	223,026,125	25.50
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	52,685,000	6.02
4	OCBC SECURITIES PRIVATE LIMITED	27,963,000	3.20
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	17,505,000	2.00
6	YE TIANYUN	15,000,000	1.72
7	CHAN SIN MIAN	12,113,000	1.38
8	LIM CHER HENG	4,747,000	0.54
9	FONG WENG KHIANG	4,500,000	0.51
10	LEOW FAN SIEW	4,183,000	0.48
11	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	3,970,000	0.45
12	HEE LEE SET	3,000,000	0.34
13	QUAH WEE LAI	3,000,000	0.34
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,933,562	0.34
15	TEOH GAIK LIEW	2,550,000	0.29
16	MAK CHEE FONG	2,274,000	0.26
17	TAN BRIAN ROY	2,250,000	0.26
18	HENG SEE ENG	2,222,000	0.25
19	PHILLIP SECURITIES PTE LTD	2,035,000	0.23
20	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,030,000	0.23
	TOTAL	**681,600,312**	**77.91**

Shareholding Statistics

as at 21 March 2014

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	5	0.06	2,105	0.00
1,000 - 10,000	7,010	77.00	22,693,001	2.59
10,001 - 1,000,000	2,056	22.58	150,762,332	17.24
1,000,001 AND ABOVE	33	0.36	701,146,312	80.17
TOTAL	**9,104**	**100.00**	**874,603,750**	**100.00**

Substantial Shareholders

Name of Substantial Shareholders	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	–	–
China Construction Holdings Limited (1)	–	–	220,025,125	25.16
Lin Rongqiang (2)	–	–	210,556,570	24.07
Mu Dejun (3)	–	–	80,828,055	9.24
Gong Xuan (3)	–	–	80,828,055	9.24
Fok Hei Yu (4)	–	–	220,025,125	25.16
John Howard Batchelor (4)	–	–	220,025,125	25.16

Footnote:

(1) The sole shareholder of China Construction Group Inc is China Construction Holdings Limited, holding 100% of the total issued share capital. Therefore, China Construction Holdings Limited is deemed to be interested in the 220,025,125 shares beneficially owned by China Construciton Group Inc by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(2) The sole shareholder of Wellful Holdings Limited is Lin Rongqiang holding 100% of the total issued share capital. Therefore, Lin Rongqiang is deemed to be interested in the 210,556,570 shares beneficially owned by Wellful Holdings Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(3) The shareholders of Century Investment Co., Limited are Mu Dejun and Gong Xuan holding 70% and 30% respectively of the total issued share capital. Therefore, Mu Dejun and Gong Xuan are deemed to be interested in the 80,828,055 shares beneficially owned by Century Investment Co. Limited by virtue of Section 4 of the Securities and Futures Act (Cap.289).

(4) By way of a deed of appointment dated 28 August 2013, Mr. Fok Hei Yu and Mr. John Howard Batchelor were jointly severally appointed as receivers over 100% of the shares in China Construction Group Inc, a company incorporated under the law of Samoa. China Construction Group Inc in turn holds 220,025,125 shares (representing 25.16% of the shareholding) in China International Holding Limited. Pursuant to Section 4 of the Securities and Future Act (Cap 289), Mr. Fok Hei Yu and Mr. John Howard Batchelor are deemed to have an interest in the shares in China International Holdings Limited.

According to the Company's record as at 21 March 2014, 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 Queen Room Level 2, Copthorne King's Hotel, 403 Havelock Road, Singapore 169632 on Tuesday, 29 April 2014 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the financial year ended 31 December 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt dividend of 0.35 Singapore cent per share for the year ended 31 December 2013. (2012: NIL) **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Bye-Law 104:

   a) Mr Shan Chang [Retiring under Bye-Law 104] **(Resolution 3)**
   b) Mr Chee Teck Kwong Patrick [Retiring under Bye-Law 104] **(Resolution 4)**

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

4. To approve the payment of Directors' fees of RMB1,800,000 for the financial year ending 31 December 2014 (2013: RMB$1,800,000). **(Resolution 5)**

5. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

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

7. **Authority 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 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 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 as 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 the 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)**

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

That the Directors of the Company be authorised and empowered to offer and grant options under the CIHL Share Option Scheme ("the 2010 Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the 2010 Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2010 Scheme and such other share-based incentive scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

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

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

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

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

By Order of the Board

Yange Han
Claudia Teo Kwee Yee
Company Secretaries

Singapore, 11 April 2014

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 7 above, 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) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from 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 and such other share-based incentive 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) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, from 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 and such other share-based incentive scheme (including CIH Share Option Scheme) 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 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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