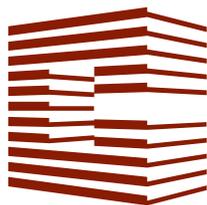


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中國基建投資有限公司

China Infrastructure Investment Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 600)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the “Board”) of China Infrastructure Investment Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2012 and the unaudited condensed consolidated statement of financial position of the Group at 30 June 2012 with the comparative figures in 2011, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		(Unaudited)	
		For the six months	
		ended 30 June	
		2012	2011
	Notes	HK\$'000	HK\$'000
Turnover	3	9,931	204,214
Direct costs		<u>(7,562)</u>	<u>(152,503)</u>
Gross profit		2,369	51,711
Other revenue and net income	4	2,944	4,971
Loss arising on change in fair value of investment properties		–	(2,502)
Gain arising on change in fair value of financial asset at fair value through profit or loss		4,260	5,380
Selling and distribution costs		–	(11,840)
Share of results of associates		(6,854)	–
General and administrative expenses		<u>(22,140)</u>	<u>(27,493)</u>
(Loss)/profit from operations		(19,421)	20,227
Finance costs	5(a)	<u>(3,131)</u>	<u>(8,358)</u>
(Loss)/profit before taxation	5	(22,552)	11,869
Income tax credit/(expense)	6	<u>708</u>	<u>(5,531)</u>
(Loss)/profit for the period		<u>(21,844)</u>	<u>6,338</u>

(Unaudited)
For the six months
ended 30 June

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Attributable to:			
– Owners of the Company		(21,547)	1,980
– Non-controlling interests		(297)	4,358
		(21,844)	8,338
(Loss)/profit for the period		(21,844)	6,338
(Loss)/earnings per share (HK cents per share)	8		
– Basic		(0.505) cents	0.048 cents
– Diluted		(0.505) cents	0.048 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	(Unaudited)	
	For the six months	
	ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
(Loss)/profit for the period	(21,844)	6,338
Other comprehensive income:		
Exchange differences on translation of financial statements of overseas subsidiaries	98	17,373
Share of other comprehensive income of associates – Exchange reserve	7	–
Total comprehensive income for the period	(21,739)	23,711
Attributable to:		
– Owners of the Company	(21,449)	14,150
– Non-controlling interests	(290)	9,561
Total comprehensive income for the period	(21,739)	23,711

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 30 June 2012*

	(Unaudited) 30/6/2012	(Audited) 31/12/2011 (Restated)
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS		
Investment properties	252,000	252,000
Property, plant and equipment	22,299	19,403
Goodwill	32,010	32,010
Intangible asset	165,278	168,109
Interests in associates	293,178	300,025
	764,765	771,547
CURRENT ASSETS		
Trade and other receivables	31,367	7,881
Financial asset at fair value through profit or loss	7,350	3,090
Cash and bank balances	418,824	472,347
	457,541	483,318
CURRENT LIABILITIES		
Trade and other payables	(14,338)	(23,860)
Interest-bearing borrowings, secured	(117,820)	(120,552)
Convertible notes	(66,059)	(63,917)
	(198,217)	(208,329)
NET CURRENT ASSETS	259,324	274,989
TOTAL ASSETS LESS CURRENT LIABILITIES	1,024,089	1,046,536
NON-CURRENT LIABILITY		
Deferred tax liabilities	(41,319)	(42,027)
NET ASSETS	982,770	1,004,509
CAPITAL AND RESERVES		
Share capital	213,496	213,496
Reserves	757,138	778,587
Total equity attributable to owners of the Company	970,634	992,083
Non-controlling interests	12,136	12,426
TOTAL EQUITY	982,770	1,004,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements are presented in Hong Kong Dollar (“HK\$”) which is also the functional currency of the Company.

The condensed consolidated financial statements contain the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, a summary of significant accounting policies and selected explanatory notes, which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual consolidated financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as appropriate. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2011, except as described in note 2.

The condensed consolidated financial statements should be read in conjunction with the 2011 annual consolidated financial statements.

Certain comparative figures have been reclassified to conform with the current period’s presentation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2011, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2012.

HKAS 12 (Amendments)	<i>Deferred Tax – Recovery of Underlying Assets</i>
HKFRS 1 (Amendments)	<i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 (Amendments)	<i>Disclosures – Transfer of Financial Assets</i>

Amendments to HKAS 12 Income Taxes

Amendments to HKAS 12 “Deferred tax: Recovery of underlying assets” have been applied on effective date (accounting periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment property” are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use. Therefore, based on the amendment, the Company’s investment properties in Hong Kong do not have to provide deferred tax on fair value changes arising from revaluation of investment properties or arising from a business combination, unless the presumption is rebutted. This change in accounting policy has been applied retrospectively by restating the condensed consolidated statement of financial position as at 31 December 2011 since the Group acquired 100% of the issued share capital and director’s loan of Steady Foundation Limited, which engaged in property investment in Hong Kong, for an aggregate consideration of approximately HK\$139,038,000 on 30 June 2011.

Effects of the changes in the accounting policies on the condensed consolidated statement of financial position:

	Condensed consolidated statement of financial position at 31 December 2011		
	Originally stated <i>HK\$’000</i>	HKAS 12 <i>HK\$’000</i>	Restated <i>HK\$’000</i>
Deferred tax liabilities	(60,762)	18,735	(42,027)
(Accumulated losses)/retained earnings	<u>(7,908)</u>	<u>18,735</u>	<u>10,827</u>

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these condensed consolidated financial statements.

HKFRS 1 Amendments	<i>Government Loan²</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities²</i>
HKFRS 7 and HKFRS 9 Amendments	<i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures⁴</i>
HKFRS 9	<i>Financial Instruments⁴</i>
HKFRS 10	<i>Consolidated Financial Statements²</i>
HKFRS 11	<i>Joint Arrangements²</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities²</i>
HKFRS 13	<i>Fair Value Measurement²</i>
HKAS 1 Amendments	<i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income¹</i>
HKAS 19 (Revised)	<i>Employee Benefits²</i>
HKAS 27 (Revised)	<i>Separate Financial Statements²</i>
HKAS 28 (Revised)	<i>Investments in Associates and Joint Ventures²</i>
HKAS 32 Amendments	<i>Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities³</i>
HK(IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine²</i>

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The directors of the Company have commenced their assessments of the impact of the above new and revised standards and amendments, but it is not yet in a position to state whether these new and revised standards and amendments would have a material impact on the results and the financial position of the Group.

3. TURNOVER

The Group is principally engaged in property investment in Hong Kong and natural gas operation in the People's Republic of China (the "PRC").

Turnover consists of rental income from investment properties and sales of goods in relation to natural gas operation. The Group ceased the sale of properties and properties management business in Shenyang, the PRC in 2011. The amount of each significant category of revenue recognised in turnover during the periods is analysed as follows:

	(Unaudited) For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Rental income from investment properties	2,778	5,683
Sales of goods	7,153	–
Properties management income	–	580
Sale of properties	–	197,951
	9,931	204,214

4. OTHER REVENUE AND NET INCOME

	(Unaudited) For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Other revenue		
Interest income	2,891	4,739
Other net income		
Net exchange gains	–	220
Others	53	12
	2,944	4,971

5. (LOSS)/PROFIT BEFORE TAXATION

(a) Finance costs

	(Unaudited) For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Interest on bank loans and other loans		
– wholly repayable within five years	18	5,566
– not wholly repayable within five years	971	–
Effective interest expenses on convertible notes	2,142	2,792
	3,131	8,358

(b) **Other items**

(Loss)/profit before taxation is stated after charging/(crediting):

	(Unaudited)	
	For the six months	
	ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration):		
– salaries, wages and other benefits	4,117	4,711
– retirement benefits scheme contributions	273	503
Total staff costs	4,390	5,214
Amortisation of intangible assets	2,831	–
Cost of inventories sold	7,173	–
Depreciation of property, plant and equipment	1,924	747
Exchange loss/(gain), net	865	(220)
Operating lease charges for premises	5,375	445
Gain arising on change in fair value of financial asset at fair value through profit or loss	(4,260)	(5,380)
Gross rental income from investment properties	(2,778)	(6,055)
Less: direct operating expenses from investment properties that generated rental income during the period	389	372
	(2,389)	(5,683)

6. INCOME TAX (CREDIT)/EXPENSE

Taxation in condensed consolidated income statement represents:

	(Unaudited)	
	For the six months	
	ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Current tax		
– Provision for PRC Enterprises Income Tax for the period	–	5,835
Underprovision in prior period		
– Hong Kong Profits Tax	–	322
Deferred tax	(708)	(626)
	(708)	5,531

Hong Kong profits tax was not provided for in the interim financial statements as the Group has no estimated assessable profit arising in Hong Kong during the six months ended 30 June 2012.

The amount of Hong Kong profits tax for the six months ended 30 June 2011 represents the underprovision in prior period, which is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2010.

The Group's PRC subsidiaries are subject to PRC Enterprises Income Tax at 25% (2011: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on prevailing legislation, interpretations and practice in respect thereof during the period.

PRC Enterprises Income Tax was not provided for in the interim financial statements as the Group has no estimated assessable profit arising in PRC during the six months ended 30 June 2012.

7. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the period ended 30 June 2012 (2011: HK\$nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of segment profit/(loss). The segment profit is measured consistently with the Group's profit/(loss) except that partial general and administrative expenses and selling and distribution costs under the heading of other corporate expenses, other revenue and net income and gain arising on change in fair value of financial asset at fair value through profit or loss under heading of operating income, share of results of associates, finance costs and income tax are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than corporate assets.

In a manner consistent with the way in which information is reported internally to chief operating decision maker for the purposes of resources allocation and performance assessment, the Group is currently organized into the following operating segments:

- (a) The property investment segment engages in rental income from investment properties in Hong Kong;
- (b) Natural gas segment engages in transportation and sales of natural pipelined gases, sales of goods in relation to natural gas operation and natural gas pipeline connections in the PRC;
- (c) Investment holding segment engages in investment in associates on a geographical basis of the PRC; and
- (d) For the six months ended 30 June 2011, the property development and investment segment engages in (i) rental of properties; (ii) sale of properties; and (iii) properties management. The property development and investment is further evaluated on a geographical basis (Hong Kong and the People's Republic of China other than Hong Kong and Macau (the "PRC")).

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	(Unaudited)				
	For the six months ended 30 June 2012				
	Property investment (Hong Kong) <i>HK\$'000</i>	Natural Gas <i>HK\$'000</i>	Investment Holding <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (from external customers)	<u>2,778</u>	<u>7,153</u>	<u>–</u>	<u>–</u>	<u>9,931</u>
Segment profit/(loss)	2,389	(20)	–	–	2,369
Other operating income					7,204
Share of results of associates					(6,854)
Other corporate expenses					<u>(22,140)</u>
Loss from operations					(19,421)
Finance costs					<u>(3,131)</u>
Loss before taxation					(22,552)
Income tax	–	708	–	–	<u>708</u>
Loss for the period					<u>(21,844)</u>
Other segment information					
Additions to non-current assets	233	4,094	503	32	4,862
Amortisation of intangible assets	–	2,831	–	–	2,831
Depreciation of property, plant and equipment	<u>1,396</u>	<u>15</u>	<u>38</u>	<u>475</u>	<u>1,924</u>
Segment assets	261,963	236,962	13,680	416,523	929,128
Interests in associates	–	–	293,178	–	<u>293,178</u>
					<u>1,222,306</u>

(Unaudited)
For the six months ended 30 June 2011

	Property development and investment		Natural gas HK\$'000	Investment holding HK\$'000	Unallocated HK\$'000	Total HK\$'000
	Hong Kong HK\$'000	The PRC HK\$'000				
Segment revenue (from external customers)	–	204,214	–	–	–	204,214
Segment profit	–	25,280	–	–	–	25,280
Other operating income						4,887
Other corporate expenses						(9,940)
Profit from operations						20,227
Finance costs						(8,358)
Profit before taxation						11,869
Income tax	–	(5,531)	–	–	–	(5,531)
Profit for the period						<u>6,338</u>
Other segment information						
Additions to non-current assets	253,348	2,512	–	–	–	255,860
Depreciation of property, plant and equipment	–	734	–	–	13	747

(Audited)
At 31 December 2011

Segment assets	262,952	–	225,660	7,033	459,195	954,840
Interests in associates	–	–	–	300,025	–	300,025
						<u>1,254,865</u>

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is as follows:

	(Unaudited) For the six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
(Loss)/profit for the purpose of basic (loss)/earnings per share (Loss)/earnings for the period attributable to owners of the Company)	(21,547)	1,980
After tax effect of effective interest on liability component of convertible notes	–	–
(Loss)/profit for the purpose of diluted (loss)/earnings per share	<u>(21,547)</u>	<u>1,980</u>
	Number of shares	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	4,269,910,510	4,127,087,306
Effect of deemed conversion of convertible notes into the Company's new ordinary shares	–	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>4,269,910,510</u>	<u>4,127,087,306</u>

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are the trade creditors with the following ageing analysis:

	(Unaudited) 30/6/2012 HK\$'000	(Audited) 31/12/2011 HK\$'000
Due within 30 days or on demand	1,201	1,630
Due within 31 to 60 days	3,233	322
Due within 61 to 90 days	430	598
Due over 90 days	819	1,420
	<u>5,683</u>	<u>3,970</u>

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2012 (2011: HK\$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The loss attributable to owners of the Company for the period from 1 January 2012 to 30 June 2012 was approximately HK\$21.5 million, compared with the profit attributable to owners of the Company of approximately HK\$2 million for the first six months of 2011. This was mainly due to (i) the turnover of the Group for the period under review decreased by approximately 95% as compared with the same period in 2011 after the disposal of Shenyang Project in December 2011; (ii) the share of loss from its associates for the period under review; and (iii) the increase in administration and other overhead expenses.

PRC Projects

Infrastructure

新安中京燃氣有限公司 (Xinan Zhongjing Gas Company Limited)*

On 11 April 2011, the Company and the vendor entered into an agreement to acquire from the vendor the entire equity interest in Success Take Limited which indirectly holds 90% interest in Xinan Zhongjing Gas Company Limited (“Xinan Zhongjing”), at the consideration of HK\$140 million (the “Xinan Acquisition”).

The Xinan Acquisition was completed on 15 August 2011 after the conditions precedent of Xinan Acquisition had been fulfilled. Xinan Zhongjing had entered into concession agreement with the local government relating to the 30-year concession natural gas operations by Xinan Zhongjing in 新安產業集聚區 (Xinan Industrial Consolidation Park*), Xinan County (which is located west of Luoyang city), Henan Province, the PRC. Xinan Zhongjing is engaged in the construction and management of natural gas pipeline and supply of natural gas. Xinan Zhongjing is expected to launch its business in the second half of the year 2012.

北京昌東順燃氣有限公司 (Beijing Changdongshun Gas Limited)*

On 5 November 2010, the Company and the vendors entered into an option agreement, which terms and conditions were subsequently amended on 28 April 2011 (the “Amended Option Agreement”). The Company and the vendors entered into the Amended Option Agreement and the Company exercised the first tranche option to acquire from the vendors the 49% equity interest in 北京中港綠能投資諮詢有限公司 (Beijing Zhonggang Green Energy Investment Consulting Co., Ltd.*) so as to indirectly hold 49% interest in Beijing Changdongshun Gas Limited (“Changdongshun”), at the aggregate consideration of HK\$300 million (the “Changdongshun Acquisition”).

The execution of first tranche option was completed on 30 December 2011 and Changdongshun group became associates of the Group. Changdongshun had entered into concession agreement with the local government relating to the 40-year concession natural gas operation by Changdongshun in Beiqijia area in Beijing, the PRC. Beiqijia area is located at the Changping district which is one of the eleven satellite cities of Beijing. Changdongshun is currently operating, constructing and managing natural gas pipeline in Beiqijia area. Through the establishment of subsidiaries, Changdongshun is expanding to other cities/towns within Heilongjiang, Henan and Jilin Provinces in the PRC.

Pursuant to the Amended Option Agreement, (i) the vendors undertake to the Company that the net profits of the current operations of Changdongshun and its existing subsidiaries that operate in natural gas projects (the “Guaranteed Profit”) shall not be less than certain amounts for each of the six years ending 31 December 2016 (the “Guaranteed Period”); and (ii) the Company holds the Second Tranche Option to acquire the 51% interest in Beijing Zhonggang Green Energy Investment Consulting Co. Ltd., during the period from 21 May 2011 to 20 May 2017, provided that the audited net profits of Changdongshun and its existing subsidiaries exceed the Guaranteed Profit of the relevant financial year immediately prior to the exercise.

Given that the Changdongshun Acquisition was completed on 30 December 2011, on 5 March 2012, the Company and the vendors entered into a third supplemental agreement to revise the exercise period of the Second Tranche Option to the period from 1 January 2013 to 31 December 2018, and to extend the Guaranteed Period from the six years ending 31 December 2016 to the six years ending 31 December 2017 accordingly.

New Project

On 22 May 2012, the Company and 新安縣萬山湖工業管理服務局 (Wanshanhu Industrial Management Services Bureau, Xinan County*, “Wanshanhu Industrial Management Bureau”) entered into a Preliminary Concession Agreement, pursuant to which the Company has conditionally agreed to accept and the Wanshanhu Industrial Management Bureau has conditionally agreed to grant the Concession.

The Concession represents the concession right to provide natural gas to residential, industrial and other users in the Wanshanhu Industrial Park located in Xinan County, Henan Province, the PRC for the Concession Period. Pursuant to the Preliminary Concession Agreement, the Company would incorporate the Project Company which would enter into the Formal Concession Agreement with the Wanshanhu Industrial Management Bureau to assume the rights and obligations of the Company under the Preliminary Concession Agreement. The Company believes that entering into the Preliminary Concession Agreement would enable the Company to expand its natural gas operations in the PRC.

Moreover, through Success Take Limited, the Company operates the natural gas supply network in the Xinan Industrial Consolidation Park which is also located in the Xinan County. The Company believes that entering into the Preliminary Concession Agreement offers synergistic benefits given the proximity of the Wanshanhu Industrial Park and the Xinan Industrial Consolidation Park.

Properties development and investment

Shenyang Project

The Group, through Pan-China (Shenyang) Real Estate Development Limited (“Pan-China (Shenyang)”), has a 70% interest in the development project of Pan-China Commercial Square in Hunnan New District, Shenyang, the PRC which is opposite to the Shenyang Olympic Gymnasium Center while the remaining 30% is held by Pan-China Construction Group Corporation Limited. The development project has a site area of approximately 75,532 square metres which is planned to develop into a landmark composite development project with a total gross floor area of approximately 455,000 square metres, comprising residential buildings, shopping malls, commercial office buildings and service apartments.

On 7 July 2011, a disposal agreement was entered into between the Company and Amazing Glory Investments Limited which was a connected person of the Company with regard to the disposal of (i) the Sale Share, representing the entire equity interest of Central Bingo Group Limited; and (ii) the Shareholder’s Loans (being approximately HK\$442.7 million) by the Company for an aggregate consideration of HK\$582.7 million (the “Disposal”). Central Bingo Group Limited was a direct wholly-owned subsidiary of the Company. Its sole asset was its 100% equity interest in China Infrastructure Limited, of which the sole asset was the 70% equity interest in Pan-China (Shenyang). The completion of the Disposal successfully took place on 30 December 2011.

Hong Kong Projects

Ten residential properties at Las Pinadas, Clear Water Bay Road, Sai Kung, New Territories

In June 2011, the Group acquired ten residential properties, namely E2, E3, E4, E5, E6, E7, E8, E9, E10 and E15, located at Las Pinadas, Clear Water Bay Road, Sai Kung, New Territories (the “Properties”). The Properties are luxurious houses with gross floor area ranging from approximately 2,800 to 3,200 square feet (including private garden). The Properties are used by the Group for investment purposes. Rental of residential properties in the New Territories experienced a steady growth in the past year. All of the ten houses are currently leased to tenants with average monthly rent of about HK\$22 per square feet. The Properties would provide a steady rental income stream to the Group amid the current low interest rate environment, thus contributing to a more stable and predictable revenue stream to the Group as well as appreciation potential of the value of the Properties.

Outlook

The management will continue to look for other investment opportunities in relation to the city infrastructure projects in the PRC so as to expand the development portfolio of the Group in the future. In this regard, investment opportunities which offer satisfactory returns to the Shareholders within the acceptable risk profile of the Group and expected return will be considered. As a result, the Group will strive to identify suitable projects with potential for development and satisfactory returns across various sectors in the PRC market.

HUMAN RESOURCES

At 30 June 2012, the Group had a total of approximately 39 staff in Hong Kong and the PRC. The Group is committed to maintain the competitiveness of the staff. To ensure the best performance and cultivate teamwork of the staff, the Group has designed on job trainings and various recreational activities. The Group remunerates employees based on their performance, experience and prevailing industry practice in order to retain the competent and talented employees. The Company has a share option scheme for the purpose of providing incentives and rewards to the eligible persons including the employees of the Company for their contributions to the long term success and prosperity of the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. At 30 June 2012, the underlying current ratio, defined as current assets over current liabilities, was approximately 2.31 (31 December 2011: 2.32). At 30 June 2012, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 19% (31 December 2011: 18%) while the current liabilities to the total assets ratio was approximately 16% (31 December 2011: 17%).

At 30 June 2012, the Group's equity attributable to owners of the Company was approximately HK\$971 million, a decrease of 2.1% over last year end which was approximately HK\$992 million. The net current assets at 30 June 2012 was approximately HK\$259 million (31 December 2011: HK\$275 million) while cash and bank balances at 30 June 2012 was approximately HK\$419 million (31 December 2011: HK\$472 million).

Charge on Assets

At 30 June 2012, assets of the Group amounting to approximately HK\$252 million (31 December 2011: HK\$252 million) were pledged for the Group's borrowings and general credit facilities.

Foreign Exchange Risk

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars and Renminbi, hence the Group has no material foreign exchange exposure risks.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalizing best practices. The Company continues to review the effectiveness of corporate structure so as to assess whether changes are necessary and appropriate to improve its corporate governance practices.

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 June 2012, except for the following deviation:

Code Provision A.4.1

Code Provision A.4.1 of the CG Code stipulates that non-executive directors (including independent non-executive directors) should be appointed for a specific term and subject to re-election. The term of office for non-executive Directors including independent non-executive Directors of the Company is not specific but, according to the Company’s articles of association, all the Directors are subject to retirement by rotation at least once every three years at the annual general meetings and are eligible for re-appointment. The Directors are of the view that such provision in the Company’s articles of association has been able to safeguard corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a stringent code of conduct governing directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions for the six months ended 30 June 2012.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2012 are unaudited, but have been reviewed by the Group’s auditors, Messrs. HLB Hodgson Impey Cheng, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The interim results have also been reviewed by the Audit Committee of the Company.

By Order of the Board
China Infrastructure Investment Limited
Ye De Chao
Executive Director

Hong Kong, 28 August 2012

As at the date of this announcement, the Board comprises Mr. Zhu Hai Hua, Mr. Ye De Chao, Mr. Zhou Guo Chang, Mr. Ji Xu Dong, Mr. Xu Xiao Jun and Ms. Lee Siu Yuk, Eliza as executive Directors; and Mr. He Jin Geng, Mr. Yu Hong Gao and Mr. Yuen Hon Ming, Edwin as independent non-executive Directors.

* *For identification purpose only*