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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

CHAIRMAN'S STATEMENT

On behalf of the board of directors of China Infrastructure Investment Limited (the "Company"), I am pleased to present the final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

Annual Results

The turnover of the Group for the year ended 31 December 2012 was approximately HK$13,617,000, as compared with approximately HK$2,659,000 in 2011. The loss attributable to owners of the Company for the year ended 31 December 2012 decreased to approximately HK$15,414,000, compared with the loss attributable to owners of the Company of approximately HK$22,755,000 over the corresponding period of 2011.

On 10 December 2012, the Group successfully obtained 40% equity interests in 南京泰和盈科置業有限公司 (Nanjing Taihe Yingke Property Company Limited*) ("Nanjing Taihe Yingke") at a consideration of HK$300,000,000 through acquiring 40% equity interests in Forward Investment (PRC) Company Limited ("Forward Investment"). Up to the date of this announcement, both the construction progress and the pre-sale of residential property projects developed by Nanjing Taihe Yingke at Jiangning District of Nanjing performed well and in line with the expectation. Approximately 80 of the service apartment units have been pre-sold with average selling price of approximately RMB11,500 per square meters. Meanwhile, after taking into account the annual return undertaking of not less than 12% of the consideration of this investment and the pledge of the remaining 60% equity interests in Forward Investment as a guarantee, the Group believes that the investment can generate stable revenue streams and cash surplus for the Group.

During the year ended 31 December 2012, all the ten residential properties at Las Pinadas, Sai Kung, Hong Kong owned by the Group have been leased to tenants. The property rentals kept steady growth. In accordance with properties valuation report, the fair value of such properties appreciated by approximately HK$36,000,000 during the year 2012. The investment in such properties plays an important role in enhancing the assets value of the Group while maintaining stable rental income sources for the Group.

In December 2011, the Group acquired 49% equity interests in 北京昌東順燃氣有限公司(Beijing Changdongshun Gas Limited*) ("Changdongshun") owned by 北京中港綠能投資咨詢有限公司 (Beijing Zhonggang Green Energy Investment Consulting Co., Ltd.*) (the "Intermediate Holding Company") through holding the equity interests in the Intermediate Holding Company. At the time of acquisition of equity interests in Changdongshun, the Group believes that the acquisition of Changdongshun will provide a good opportunity for the Group to participate in the natural gas industry in China. However, since the completion of acquisition in December 2011, the operating results and management performance of Changdongshun and its subsidiaries (the "Changdongshun Group") failed to meet our expectations. In light of various factors, on 20 March 2013, the Group entered into a sale and purchase agreement to dispose of 49% equity interests in the Intermediate Holding Company in order to recover the investment costs soonest possible so that the Group's financial and management resources could be allocated to other existing businesses and other potential acquisition opportunities. Although the directors of the Company are disappointed with the investment in the Changdongshun Group, the Group believes that the investment in the Changdongshun Group not meeting the expectations is just an individual case. The Group will continue to seek and invest in the promising natural gas projects, due to favorable factors in China's natural gas industry, including but not limited to measures adopted by the Chinese government for reducing environmental pollution and improving energy utilisation efficiency.

Prospects

The Group will continue to reposition and optimize the investment allocation of the real estate and natural gas businesses in accordance with the established development strategies.

Real estate business

Through leveraging on the management's investment experience in real estate industry for many years and grasping opportunities in the real estate markets in specific regions in China, the Group will also choose to invest in certain real estate projects with controllable risks and stable earnings in the future. Both the Group and the management team are confident in smoothly operating the investment projects selected in the future and endeavour to provide reliable and satisfactory returns for our Shareholders.

Natural gas utilisation business

The natural gas is a kind of low-carbon energy with high-quality, efficient and clean features. Currently, the natural gas consumption accounts for 4.6% of the primary energy consumption in China, significantly lower than the international average level of 23.8%. Meanwhile, as the urbanisation in China enters into the deep expansion stage, the urban population size and motor vehicles have constantly increased, resulting in increasingly huge demands for natural gas. Accelerating the development of natural gas and raising the proportion of natural gas usage in the structure of primary energy consumption in China can substantially reduce the discharge of pollutants including carbon dioxide and other greenhouse gases as well as fine particles (PM2.5), resulting in energy-conservation and emission-reduction and environmental improvement. This is of significant strategic importance for China to adjust the energy structure, improve the people's living standards, promote energy-conservation and emission-reduction, and cope with climate change. In October 2012, the Chinese government successively issued a series of important guiding policies, including the "*12th Five-Year" Plan for the Development of Natural Gas* and the *Natural Gas Utilisation Policy*, to promote and regulate the development of natural gas utilisation industry.

The natural gas will gradually become an important part of the clean fuel and energy market in China, together with a series of current favorable policies issued by the Chinese government, offering a huge space for the sustainable development of gas utilisation projects and demonstrating a promising market. The Group will capture this good opportunity to focus on and give priority to developing the natural gas business with higher value-added (including natural gas for vehicles and vessels, LNG plants, industrial parks, commercial gas supply business, etc.) while ensuring to keep orderly development of its existing businesses. The Group is also actively identifying and selecting suitable projects of the said types and seeking investment opportunities in line with the development direction in the domestic gas utilisation sector, so as to promote the large-scale and efficient development of the gas utilisation business, thereby providing satisfactory returns for our Shareholders and making a positive contribution to the energy restructuring as well as energy-conservation and emission-reduction in China.

* *For identification purpose only*

The board of directors (the "Board") of China Infrastructure Investment Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with comparative figures in 2011, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000* (restated)
Continuing operations			
Turnover	*3*	**13,617**	2,659
Direct costs		**(8,104)**	(441)
		5,513	2,218
Other revenue and net income	*4*	**9,920**	5,289
Gain arising on change in fair value of investment properties		**36,000**	3,000
Gain on bargain purchase		**54,124**	13,348
Gain/(loss) arising on change in fair value of financial asset at fair value through profit or loss		**4,260**	(3,110)
Share of results of associates		**(7,377)**	8
Other operating expenses		**(74,374)**	–
General and administrative expenses		**(51,620)**	(38,820)
Loss from operations		**(23,554)**	(18,067)
Finance costs	*5(a)*	**(4,632)**	(5,816)
Loss before taxation	*5*	**(28,186)**	(23,883)
Income tax	*6*	**11,387**	222
Loss for the year from continuing operations		**(16,799)**	(23,661)
Discontinued operations			
Profit for the year from discontinued operations		**–**	5,911
Loss for the year		**(16,799)**	(17,750)
Attributable to:			
– Owners of the Company		**(15,414)**	(22,755)
– Non-controlling interests		**(1,385)**	5,005
Loss for the year		**(16,799)**	(17,750)

	Notes	2012 HK$'000	2011 HK$'000 (restated)
Loss per share (HK cents per share)	9		
From continuing and discontinued operations			
Basic		**(0.36) cents**	(0.54) cents
Diluted		**(0.36) cents**	(0.54) cents
From continuing operations			
Basic		**(0.36) cents**	(0.56) cents
Diluted		**(0.36) cents**	(0.56) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	HK$'000	*HK$'000*
		(restated)
Loss for the year	**(16,799)**	(17,750)
Other comprehensive income:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(2)**	182
Share of other comprehensive income of associates – Exchange reserve	**(2,162)**	17
Total comprehensive expenses for the year	**(18,963)**	(17,551)
Attributable to:		
– Owners of the Company	**(17,569)**	(22,560)
– Non-controlling interests	**(1,394)**	5,009
Total comprehensive expenses for the year	**(18,963)**	(17,551)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000 (restated)
NON-CURRENT ASSETS			
Investment properties		**288,000**	252,000
Property, plant and equipment		**19,596**	19,403
Properties under development		**–**	–
Goodwill		**–**	27,118
Intangible asset		**122,559**	168,109
Interests in associates		**644,610**	300,025
		1,074,765	766,655
CURRENT ASSETS			
Inventories		**109**	–
Trade and other receivables	*10*	**33,503**	7,881
Financial asset at fair value through profit or loss		**7,350**	3,090
Cash and bank balances		**25,009**	472,347
		65,971	483,318
CURRENT LIABILITIES			
Trade and other payables	*11*	**(14,380)**	(23,860)
Interest-bearing borrowings, secured		**(115,062)**	(120,552)
Convertible notes		**–**	(63,917)
		(129,442)	(208,329)
NET CURRENT (LIABILITIES)/ASSETS		**(63,471)**	274,989
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,011,294**	1,041,644
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(30,640)**	(42,027)
NET ASSETS		**980,654**	999,617
CAPITAL AND RESERVES			
Share capital		**213,496**	213,496
Reserves		**756,126**	773,695
Total equity attributable to owners of the Company		**969,622**	987,191
Non-controlling interests		**11,032**	12,426
TOTAL EQUITY		**980,654**	999,617

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs. Note 2 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group had incurred net loss of approximately HK$16,799,000 during the year ended 31 December 2012 and recorded net current liabilities of approximately HK$63,471,000 as at 31 December 2012. The net current liabilities was mainly due to the reclassification of bank loans to current liability with the on demand clause. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In the opinion of the directors of the Company, after taking into account of its present available financial resources and a financial support granted to the Company by Mr. Ye De Chao, being a director and controlling shareholder of the Company, the Group will have sufficient working capital for its current requirements. Accordingly, the directors of the Company consider that it is appropriate to prepare these consolidated financial statements on a going concern basis.

The consolidated financial statements for the year ended 31 December 2012 comprise the financial statements of the Company and its subsidiaries and the Group's interests in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial instruments and certain properties are measured at fair value as explained in the accounting polices set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Certain comparative figures of prior years have been re-presented to conform with the current year's presentation.

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

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 1 Amendments	*First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	*Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	*Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of HKAS 12, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements. The principal effects of adopting these new and revised HKFRSs are as follows:

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in the current year. 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 entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the "sales" presumption set out in the amendments to HKAS 12 is not rebutted. The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties located in Hong Kong. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use. The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by approximately HK$18,735,000 and goodwill being decreased by approximately HK$4,892,000 as at 31 December 2011 with the corresponding credit being recognised in retained earnings. Since the corresponding investment properties were acquired by the Group during the year ended 31 December 2011, there was no restated balance as at 1 January 2011 by applying HKAS 12.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 December 2012 and 31 December 2011 being reduced by approximately HK$5,940,000 and approximately HK$495,000 respectively, increased in gain on bargain purchase of approximately HK$13,348,000 for the year ended 31 December 2011 and hence resulted in loss for the years ended 31 December 2012 and 2011 being decreased by approximately HK$5,940,000 and approximately HK$13,843,000 respectively.

Impact of the application of amendments to HKAS 12

Impact on loss for the year

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Decrease in income tax expenses	**5,940**	495
Increase in gain on bargain purchase	**–**	13,348
	5,940	13,843
Decrease in loss for the year attributable to:		
Owners of the Company	**5,940**	13,843
Non-controlling interests	**–**	–
	5,940	13,843

Impact on net assets and equity as at 31 December 2011

	As at 31 December 2011 as previously reported	Amendments to HKAS 12 adjustments	As at 31 December 2011 restated
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax liabilities	(60,762)	18,735	(42,027)
Goodwill	32,010	(4,892)	27,118
Total effect on net assets	985,774	13,843	999,617
Accumulated losses	(7,908)	13,843	5,935
Total effect on equity	985,774	13,843	999,617

Impact on net assets and equity as at 31 December 2012

	Amendments to HKAS 12 adjustments
	HK$'000
Deferred tax liabilities	**19,783**
Total effect on net assets	**19,783**
Accumulated losses	**19,783**
Total effect on equity	**19,783**

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

HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 19 (as revised in 2011)	*Employee Benefits*[2]
HKAS 27 (as revised in 2011)	*Separate Financial Statements*[2]
HKAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKFRS 7 Amendments	*Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 7 and HKFRS 9 Amendments	*Mandatory Effective Date of HKFRS 9 and Transition Disclosures*[4]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	*Consolidated Financial Statements, Joint Arrangements and Disclosure Of Interests in Other Entities: Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	*Investment Entities*[3]
HKAS 32 Amendments	*Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HKFRSs Amendments	Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1[2]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]

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

3. TURNOVER

In year 2011, the Group had ceased the sales of properties and properties management businesses in Shenyang, the People's Republic China (the "PRC") which represented separate major line of geographical area of operations in property development and investment in Shenyang, the PRC. The amount of each significant category of revenue recognised in turnover during the years is analysed as follows:

Continuing operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Rental income from investment properties in Hong Kong (Note 5)	**6,395**	2,659
Sales of natural gas pipeline construction materials	**7,151**	–
Sales of natural gas	**71**	–
	13,617	2,659

Discontinued operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Rental income from investment properties in the PRC	**–**	14,178
Sales of properties	**–**	228,888
Properties management income	**–**	1,629
	–	244,695

4. OTHER REVENUE AND NET INCOME

Continuing operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Other revenue:		
Interest income on bank deposit	**5,379**	5,191
Interest income on loan to an associate	**377**	–
	5,756	5,191
Other net income:		
Net exchange gain	**2,099**	83
Compensation income	**2,065**	–
Others	**–**	15
	4,164	98
	9,920	5,289

Discontinued operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Other revenue:		
Interest income	**–**	142
Other net income:		
Net exchange loss	**–**	(4)
Others	**–**	1
	–	(3)
	–	139

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived after charging/(crediting):

(a) Finance costs

Continuing operations

	For the year ended 31 December **2012** *HK$'000*	**2011** *HK$'000*
Interest on bank loans and other loans		
– wholly repayable within five years	**35**	35
– not wholly repayable within five years	**1,889**	941
Effective interest expenses of convertible notes	**2,708**	4,840
Total borrowing costs	**4,632**	5,816

The analysis shows the finance costs of bank borrowings under continuing operations, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates as set out in the loan agreements.

Discontinued operations

	For the year ended 31 December **2012** *HK$'000*	**2011** *HK$'000*
Interest on bank loans and other loans		
– wholly repayable within five years	**–**	8,837
Less: borrowing costs capitalised into properties under development, investment properties and stock of properties *(Note)*	**–**	(664)
	–	8,173

Note: The borrowing costs have been capitalised at rate of 8% per annum for the year ended 31 December 2011.

(b) Other items

Continuing operations

	Notes	For the year ended 31 December 2012 HK$'000	2011 HK$'000
Charging/(crediting):			
Staff costs (including directors' emoluments)			
– salaries, wages and other benefits		**10,132**	7,484
– retirement benefits scheme contributions		**544**	168
Total staff costs		**10,676**	7,652
Auditors' remuneration			
– audit services for current year		**2,288**	1,642
– other services		**3,941**	3,681
		6,229	5,323
Amortisation of intangible assets		**5,676**	2,176
Depreciation of property, plant and equipment		**3,464**	1,770
Impairment loss recognised in respect of trade and other receivables		**2,532**	–
Impairment loss recognised in respect of goodwill		**27,118**	–
Impairment loss recognised in respect of property, plant and equipment		**4,850**	–
Impairment loss recognised in respect of intangible assets		**39,874**	–
(Gain)/loss arising on change in fair value of financial asset at fair value through profit or loss		**(4,260)**	3,110
Gain arising on change in fair value of investment properties		**(36,000)**	(3,000)
Operating lease charges for premises		**10,351**	3,044
Crediting:			
Gross rental income from investment properties in Hong Kong	*3*	**(6,395)**	(2,659)
Less: Direct operating expenses from investment properties that generated rental income during the year		**885**	441
		(5,510)	(2,218)
Net exchange gain	*4*	**(2,099)**	(83)

Discontinued operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Charging:		
Staff costs (including directors' emolument)		
– salaries, wages and other benefits	–	2,464
– retirement benefits scheme contributions	–	1,152
Total staff costs	–	3,616
Auditors' remuneration		
– audit services for current year	–	218
– other services	–	147
	–	365
Depreciation of property, plant and equipment	–	1,498
Exchange difference, net	–	4
Cost of stock of properties recognised as an expense	–	150,920
Crediting:		
Gross rental income from investment properties in the PRC	–	(14,924)
Less: Direct operating expenses from investment properties that generated rental income during the year	–	746
	–	(14,178)

6. INCOME TAX

(a) Taxation in the consolidated income statement represents:

Continuing operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Under provision in prior year		
Hong Kong Profits Tax	–	322
Deferred tax	**(11,387)**	(544)
	(11,387)	(222)

Discontinued operations

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Current tax		
The PRC Enterprise Income Tax	–	9,299

Hong Kong Profits Tax was not provided in the consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for the year ended 31 December 2012 and 2011.

The Group's subsidiaries in the PRC are subject to the PRC Enterprise 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 year.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2012 (2011: HK$nil).

8. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers and the sales of natural gas pipeline construction materials to associates of the Group. There were no inter-segment sales during the year (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/(loss) represent the result generated from each segment with allocation of (i) general and administrative expenses, selling and distribution costs, other operating expenses and loss arising on change in fair value of financial asset at fair value through profit or loss under the heading of other corporate expenses, (ii) share of results of associates (iii) interests income and (iv) gain on bargain purchase, gain arising on change in fair value of financial asset at fair value through profit or loss, net exchange gain and compensation income under heading of other operating income. 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 organised into the following operating segments and geographical areas:

Continuing operations

(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, and natural gas pipeline connections in the PRC; and

(c) Investment holding segment engages in investment in associates on a geographical basis of the PRC.

Discontinued operations

(a) The property development and investment segment engages in (i) rental income from investment properties; (ii) sales of properties, and (iii) properties management income on a geographical basis of Shenyang, the PRC.

The following is an analysis of the Group's revenue and results by operating segment for the years ended 31 December 2012 and 2011:

	For the year ended 31 December 2012 Continuing operations				
	Properties investment (Hong Kong) *HK\$'000*	**Natural gas** *HK\$'000*	**Investment holding** *HK\$'000*	**Unallocated** *HK\$'000*	**Total** *HK\$'000*
Segment revenue					
From external customers	**6,395**	**71**	**–**	**–**	**6,466**
From associates	**–**	**7,151**	**–**	**–**	**7,151**
	6,395	**7,222**	**–**	**–**	**13,617**
Segment profit/(loss)	**41,510**	**(185)**	**188**	**–**	**41,513**
Interest income	**–**	**419**	**26**	**5,311**	**5,756**
Other operating income, net	**–**	**(20)**	**56,310**	**6,258**	**62,548**
Share of results of associates	**–**	**–**	**(7,377)**	**–**	**(7,377)**
Other corporate expenses	**(2,553)**	**(82,304)**	**(6,251)**	**(34,886)**	**(125,994)**
Profit/(loss) from operations	**38,957**	**(82,090)**	**42,896**	**(23,317)**	**(23,554)**
Finance costs	**(1,924)**	**–**	**–**	**(2,708)**	**(4,632)**
Profit/(loss) before taxation	**37,033**	**(82,090)**	**42,896**	**(26,025)**	**(28,186)**
Income tax	**–**	**11,387**	**–**	**–**	**11,387**
Profit/(loss) for the year	**37,033**	**(70,703)**	**42,896**	**(26,025)**	**(16,799)**
Other segment information					
Additions to non-current assets	**431**	**6,191**	**352,112**	**1,309**	**360,043**
Gain arising on change in fair value of investment properties	**36,000**	**–**	**–**	**–**	**36,000**
Gain arising on change in fair value of financial asset at fair value through profit or loss	**–**	**–**	**–**	**4,260**	**4,260**
Impairment loss recognised in respect of trade and other receivables	**–**	**2,532**	**–**	**–**	**2,532**
Impairment loss recognised in respect of goodwill	**–**	**27,118**	**–**	**–**	**27,118**
Impairment loss recognised in respect of property, plant and equipment	**–**	**4,850**	**–**	**–**	**4,850**
Impairment loss recognised in respect of intangible assets	**–**	**39,874**	**–**	**–**	**39,874**
Amortisation	**–**	**5,676**	**–**	**–**	**5,676**
Depreciation	**2,157**	**232**	**84**	**991**	**3,464**
Interests in associates	**–**	**–**	**644,610**	**–**	**644,610**
Other assets	**291,725**	**162,298**	**4,267**	**37,836**	**496,126**
Segment assets	**291,725**	**162,298**	**648,877**	**37,836**	**1,140,736**
Segment liabilities	**116,517**	**32,335**	**3,421**	**7,809**	**160,082**

	For the year ended 31 December 2011						
	Continuing operations					Discontinued operation	
	Properties investment (Hong Kong) *HK$'000* (restated)	Natural gas *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total continuing operations *HK$'000*	Property development and investment (Shenyang) *HK$'000*	Total *HK$'000*
Segment revenue							
From external customers	2,659	–	–	–	2,659	244,695	247,354
Segment profit	5,218	–	–	–	5,218	67,279	72,497
Interest income	–	–	–	5,191	5,191	142	5,333
Other operating income, net (restated)	13,348	–	–	98	13,446	1	13,447
Share of results of associates	–	–	8	–	8	–	8
Other corporate expenses	(2,713)	(3,440)	(587)	(35,190)	(41,930)	(32,374)	(74,304)
Profit/(loss) from operations	15,853	(3,440)	(579)	(29,901)	(18,067)	35,048	16,981
Finance costs	(941)	–	–	(4,875)	(5,816)	(8,173)	(13,989)
Profit/(loss) before taxation	14,912	(3,440)	(579)	(34,776)	(23,883)	26,875	2,992
Loss on disposal of subsidiaries	–	–	–	–	–	(11,665)	(11,665)
Income tax (restated)	–	544	–	(322)	222	(9,299)	(9,077)
Profit/(loss) for the year	14,912	(2,896)	(579)	(35,098)	(23,661)	5,911	(17,750)
Other segment information							
Additions to non-current assets	3	6,200	7	3,072	9,282	2,911	12,193
Gain arising on change in fair value of investment properties	3,000	–	–	–	3,000	2,285	5,285
Loss arising on change in fair value of financial asset at fair value through profit or loss	–	–	–	3,110	–	–	3,110
Amortisation	–	2,176	–	–	2,176	–	2,176
Conversion of convertible notes	–	–	–	36,415	36,415	–	36,415
Depreciation	1,512	8	–	250	1,770	1,498	3,268
Acquisition of subsidiaries	–	140,000	–	–	140,000	–	140,000
Interests in associates	–	–	300,025	–	300,025	–	300,025
Other asset	258,060	225,660	7,033	459,195	949,948	–	949,948
Segment assets	258,060	225,660	307,058	459,195	1,249,973	–	1,249,973
Segment liabilities	121,903	51,024	2,244	75,185	250,356	–	250,356

Information about major customers

For the year ended 31 December 2012, there was no transaction with external customer which individually contributed to 10% or more of the Group's total revenue.

For the year ended 31 December 2011, the Group had six transactions with external customers which individually contributed to 10% or more of the Group's total revenue. The total revenue related to investment properties segment from these six customers amounted to approximately HK$2,093,000.

9. LOSS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the followings data:

Losses

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Losses for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(15,414)**	(22,755)
Effect of dilutive potential ordinary shares arising from convertible notes (net of tax) *(note 1)*	**–**	–
Loss for the purpose of diluted loss per share	**(15,414)**	(22,755)

Number of shares

	Number of shares	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,269,910,510**	4,196,387,770
Effect of dilutive potential ordinary shares on convertible notes *(note 2)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**4,269,910,510**	4,196,387,770

Notes:

1. For the years ended 31 December 2011, no after tax effect of effective interest on liability component of convertible notes was provided because the conversion of all outstanding convertible notes would have anti-dilutive effects.

2. For the years ended 31 December 2012 and 2011, the convertible notes had an anti-dilutive effect on the basic loss per share and was ignored in the calculation of diluted loss per share. Therefore, the basic and diluted loss per share calculations for the respective years are equal.

(b) From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Loss for the year from continuing and discontinued operations attributable to owners of the Company	**(15,414)**	(22,755)
Less: Profit for the year from discontinued operations	**–**	(624)
Loss for the purpose of basic loss per share from continuing operations	**(15,414)**	(23,379)
Effect of dilutive potential ordinary shares arising from convertible notes (net of tax) *(note 1)*	**–**	–
Loss for the purpose of diluted loss per share from continuing operations	**(15,414)**	(23,379)

Notes:

1. For the years ended 31 December 2012 and 2011, no after tax effect of effective interest on liability component of convertible notes was provided because the conversion of all outstanding convertible notes would have anti-dilutive effects.

2. The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

(c) From discontinued operations

For the year ended 31 December 2011, both basic and diluted earnings per share for the discontinued operations are HK0.02 cents per share, based on the profit for the year from discontinued operations of approximately HK$624,000 and the denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

10. TRADE AND OTHER RECEIVABLES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade debtors *(Note)*	**44**	–
Loan receivables	**23,921**	–
Prepayments, deposits and other receivables	**12,070**	7,881
	36,035	7,881
Less: Impairment loss recognised in respect of repayments, deposits and other receivables	**(2,532)**	–
	33,503	7,881

Note:

For the year ended 31 December 2012, the principal activities comprised of sales of natural gas and property investment. Sales proceeds of natural gas and rental were paid in accordance with the terms of sale and purchase agreements and tenancy agreements respectively. The Group generally allowed an average credit period due within 30 days to its trade debtors which were unsecured and interest free.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade debtors from the date credit was initially granted up to the end of the reporting period. All the trade debtors are due within 30 days or on demand. No trade debtors were impaired or past due at 31 December 2012.

11. TRADE AND OTHER PAYABLES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade creditors *(Note)*	**3,221**	3,970
Accruals and other payables	**6,476**	15,923
Deposits received	**1,186**	1,096
Other loans	**1,706**	1,671
Due to non-controlling interests	**1,791**	1,200
	14,380	23,860

Note:

Ageing analysis of trade creditors is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Due within 30 days or on demand	**–**	1,630
Due within 31 to 60 days	**–**	322
Due within 61 to 90 days	**–**	598
Due over 90 days	**3,221**	1,420
	3,221	3,970

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for Disclaimer of Opinion

Scope limitation – Interests in associates

Included in the interests in associates as set out in Note 19(a) to the consolidated financial statements was the Group's interests in 北京中港綠能投資咨詢有限公司 (Beijing Zhonggang Green Energy Investment Consulting Co., Ltd.) ("Beijing Zhonggang Green Energy") of approximately HK$292,996,000 as at 31 December 2012. As further explained in Note 19(a)(i) to the consolidated financial statements, the directors of the Company are unable to obtain adequate and reliable financial information of the Beijing Zhonggang Green Energy and its subsidiaries (the "Beijing Zhonggang Green Energy Group"). As a result, the directors of the Company have used the consolidated financial statements of the Beijing Zhonggang Green Energy Group for the six months ended 30 June 2012 as the practicably most recent available financial information in applying equity accounting, the Group did not equity account for its interests in Beijing Zhonggang Green Energy Group since 1 July 2012 and has not presented adequate disclosures in relation to the financial information of the Beijing Zhonggang Green Energy Group. The directors of the Company are also unable to determine whether any impairment loss was required. In addition, the directors of the Company are unable to disclose its share of the contingent liabilities of the Beijing Zhonggang Green Energy Group incurred jointly with other investor and those contingent liabilities that arise because the Group is severally liable for all or part of the liabilities of the Beijing Zhonggang Green Energy Group in accordance with Hong Kong Accounting Standard ("HKAS") 28 "Investment in Associates" issued by the HKICPA.

However, due to the lack of adequate financial information of the Beijing Zhonggang Green Energy Group, we have not been able to obtain sufficient appropriate audit evidence and explanations or to carry out alternative audit procedures that we consider necessary in respect of the Group's accounting treatment for the interests in the Beijing Zhonggang Green Energy Group. We were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the Group's interests in the Beijing Zhonggang Green Energy Group; (ii) the amount of share of results of the Beijing Zhonggang Green Energy Group; (iii) the disclosure of the financial information of the Beijing Zhonggang Green Energy Group; and (iv) the amount of the Group's share of contingent liabilities of the Beijing Zhonggang Green Energy Group are free from material misstatement. In addition, we have not been able to obtain sufficient appropriate audit evidence and explanations or to carry out alternative audit procedures that we consider necessary to determine whether any impairment loss was required and to assess the impact of departures from HKAS 28. Any adjustment to the abovementioned financial information would have a consequential effect on the net assets of the Group as at 31 December 2012, the loss attributable to the owners of the Company and the presentation and disclosure of financial information thereon.

Scope limitation – Amounts due from an associate

Included in the trade and other receivables as set out in Note 22 to the consolidated financial statements were the amounts due from Beijing Changdongshun Gas Limited ("Changdongshun"), a directly wholly owned subsidiary of Beijing Zhonggang Green Energy, of approximately HK$23,921,000 as at 31 December 2012. As further explained in Note 19(a)(i) to the consolidated financial statements, the directors of the Company are unable to obtain adequate and reliable financial information of the Beijing Zhonggang Green Energy Group. As such, the directors of the Company have been unable to determine the fair value of the amounts due from Changdongshun in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" issued by HKICPA. Accordingly, the amounts due from Changdongshun was stated at cost less any identified impairment loss as at 31 December 2012.

However, due to the lack of adequate financial information of the Beijing Zhonggang Green Energy Group, we have not been able to obtain sufficient appropriate audit evidence and explanations or to carry out alternative audit procedures that we consider necessary in respect of the Group's accounting treatment for the amounts due from Changdongshun and the impact of the departure from HKAS 39. In addition, we have not been able to obtain sufficient appropriate audit evidence and explanations or to carry out alternative audit procedures that we consider necessary to assess the valuation of the amounts due from Changdongshun and whether the amounts due from Changdongshun are free from material misstatement. Any adjustment to the abovementioned financial information would have a consequential effect on the net assets of the Group as at 31 December 2012 and the loss attributable to the owners of the Company and thereon.

Scope limitation – Financial assets at fair value through profit or loss

Included in the financial assets at fair value through profit or loss as set out in note 23 to the consolidated financial statements was an option granted to the Company in respect of the acquisition of 51% equity interests of Beijing Zhonggang Green Energy (the "Option") of approximately HK$7,350,000 as at 31 December 2012. As further explained in Note 19(a)(i) to the consolidated financial statements, the directors of the Company are unable to obtain adequate and reliable financial information of the Beijing Zhonggang Green Energy Group. As such, the directors of the Company have been unable to determine the fair value of the Option and whether the Option is impaired as at 31 December 2012. Accordingly, no fair value change of the Option was recognised since 1 July 2012.

However, due to the lack of adequate financial information of the Beijing Zhonggang Green Energy Group, we have not been able to obtain sufficient appropriate audit evidence and explanations or to carry out alternative audit procedures that we consider necessary in respect of the Group's accounting treatment for the Option and the impact of the departure from HKAS 39. In addition, we have not been able to obtain sufficient appropriate audit evidence and explanations or to carry out alternative audit procedures that we consider necessary to assess the valuation of the Option, the fair value change of the Option recognised and whether the carrying value of the Option is free from material misstatement. Any adjustment to the abovementioned financial information would have a consequential effect on the net assets of the Group as at 31 December 2012 and the loss attributable to the owners of the Company and thereon.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTERS

Without further qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements of the Group which indicates that the Group incurred net loss of approximately HK$16,799,000 during the year ended 31 December 2012 and recorded current liabilities exceeded its current assets by approximately HK$63,471,000 as at 31 December 2012. These conditions, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The turnover of the Group for the year ended 31 December 2012 was approximately HK$13,617,000, as compared with approximately HK$2,659,000 in 2011. The loss attributable to owners of the Company for the year ended 31 December 2012 decreased to approximately HK$15,414,000, compared with the loss attributable to owners of the Company of approximately HK$22,755,000 over the corresponding period of 2011.

PRC Projects

Properties development and investment

Forward Investment (PRC) Company Limited

On 10 December 2012, the Group successfully obtained approximately 40% equity interests in 南京泰和盈科置業有限公司 (Nanjing Taihe Yingke Property Company Limited*) ("Nanjing Taihe Yingke") at a consideration of HK$300,000,000 through acquiring 40% equity interests in Forward Investment (PRC) Company Limited ("Forward Investment"). The principal assets of Nanjing Taihe Yingke is Jiangning Project, which is a complex development project located in Jiang Ning Development Zone, Nanjing, Jiangsu Province, the PRC.

Up to the date of this announcement, both the construction progress and the pre-sale of residential property projects developed by Nanjing Taihe Yingke at Jiangning District of Nanjing performed well and in line with the expectation. Approximately 80 of the service apartment units have been pre-sold with average selling price of approximately RMB11,500 per square meters. Pursuant to the subscription agreement, this investment will provide the annual return undertaking of not less than 12% of the consideration which can generate stable revenue streams and cash surplus for the Group.

* *For identification purpose only*

Infrastructure

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

Xinan Zhongjing Gas Company Limited ("Xinan Zhongjing") is engaged in the operation of natural gas supply network in 新安產業集聚區 (Xinan Industrial Consolidation Park*), Xinan County, Luoyang City, Henan Province, the PRC.

Reference is made to the disclosures set out in the 2012 interim report of the Group, Xinan Zhongjing delayed the progress of ventilation engineering, due to the weather and personnel problems. Following the continuous efforts, Xinan Zhongjing successfully completed the ventilation test in October 2012 and met the ventilation conditions and commenced trial operation. However, the project company was required to obtain gas operating license in accordance with the relevant laws, before it formally commenced operation. The time for operation revenue from this project was a bit later than our expectations as additional time was required to complete the approval of application. On the other hand, most of the potential customers in Xinan Industrial Consolidation Park indicated to delay the commencement time of production or reduced production capacity due to economic uncertainties, resulting in more uncertainties for sales of natural gas. The Group will closely monitor the changes of operating and sales environment in the market, and put forward relevant operating strategies in response to the market changes.

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

In December 2011, the Group acquired 49% equity interests in Beijing Changdongshun Gas Limited ("Changdongshun") owned by Beijing Zhonggang Green Energy Investment Consulting Co., Ltd. (the "Intermediate Holding Company") through holding the equity interests in the Intermediate Holding Company. At the time of acquisition of equity interests in Changdongshun, the Group believes that the acquisition of Changdongshun will provide a good opportunity for the Group to participate in the natural gas industry in China. However, since the completion of acquisition in December 2011, the operating results and management performance of Changdongshun and its subsidiaries (the "Changdongshun Group") failed to meet our expectations. In light of various factors, on 20 March 2013, the Group entered into a sale and purchase agreement to dispose of 49% equity interests in the Intermediate Holding Company in order to recover the investment costs the soonest so that the Group's financial and management resources could be allocated to other existing business and other potential acquisition opportunities. Although the Directors are disappointed with the investment in Changdongshun Group, the Group believes that the investment in Changdongshun Group not meeting the expectations is just an individual case, and will continue to seek and invest in the promising natural gas projects, due to favorable factors in China's natural gas industry, including but not limited to measures adopted by the Chinese government for reducing environmental pollution and improving energy utilisation efficiency.

New Project

Wanshanhu Industrial Park

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 exclusive 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. 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.

As of the date of this announcement, the Company is still discussing the detailed terms of investment project with Wanshanhu Industrial Management Bureau. The Group will make an announcement immediately when further information is available.

Gas stations in Hunan Province

On 27 March 2013, the Company entered into a cooperation framework agreement with a JV Partner, to acquire gas station projects in Hunan Province by the JV Company. The JV Partner had extensive network resources in the natural gas market in Hunan Province and the Group could take this opportunity to jointly develop the natural gas stations market in Hunan Province.

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$22.40 per square feet. The fair value of the Properties appreciated by HK$36,000,000 during the year 2012. 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.

HUMAN RESOURCES

At 31 December 2012, the Group had a total of approximately 31 staff in Hong Kong and the PRC. The Group remunerates employees based on their performance, experience and prevailing industry practices so as to retain the competent and talented employees. The Group provides benefits such as training programme to staff in order to maintain the competitiveness of the staff and to enhance their senses of loyalty. 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

Results

For the year ended 31 December 2012, the Group reported a turnover of approximately HK$13,617,000, compared with approximately HK$2,659,000 for the year ended 31 December 2011. The loss attributable to owners of the Company for the year ended 31 December 2012 was approximately HK$15,414,000 as compared with the loss attributable to owners of the Company of approximately HK$22,755,000 in last year.

Capital Structure

The capital structure of the Group consisted of debt (which included borrowings and convertible notes), cash and bank balances, loan receivables, and equity attributable to owners of the Company, comprising issued share capital and reserves of the Group.

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 31 December 2012, the underlying current ratio, defined as current assets over current liabilities, was approximately 0.51 (2011: 2.32). At 31 December 2012, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 12% (2011: 18%) while the current liabilities to the total assets ratio was approximately 11% (2011: 17%).

At 31 December 2012, the Group's equity attributable to owners of the Company was approximately HK$969,622,000, a decrease of approximately 2% over last year end which was approximately HK$987,191,000. The net current liabilities at 31 December 2012 was approximately HK$63,471,000 (2011: Net current assets: HK$274,989,000) while cash and bank balances at 31 December 2012 was approximately HK$25,009,000 (2011: HK$472,347,000).

Although the Group's auditors indicated the existence of a material uncertainty that may cast significant doubt that the Group's ability to continue as a going concern, the Group's chairman and major shareholder Mr. Ye De Chao has promised to provide financial support to the Group as when necessary.

FINAL DIVIDEND

The Board has resolved not to propose any final dividend for the year ended 31 December 2012 (2011: HK$nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2012.

CHARGE ON ASSETS

At 31 December 2012, assets of the Group amounting to approximately HK$288,000,000 (2011: HK$252,000,000) were pledged for the Group's borrowings.

FOREIGN CURRENCIES

During the year, most of the business transactions, assets and liabilities of the Group were denominated in Hong Kong Dollars, Renminbi and United Stated Dollars. The Group had no material foreign exchange exposure risks during the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

PROSPECT OF THE GROUP

The management will continue to look for 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 continues to strive to identify suitable projects with potential for development and satisfactory returns across various sectors in the PRC market.

CORPORATE GOVERNANCE CODE

Save for the matters noted below, none of the Directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") at any time during the year ended 31 December 2012.

The Company has complied with all the provisions in the Code on Corporate Governance Practices (the "Code") of the Listing Rules (effective until 31 March 2012) and the CG Code (effective from 1 April 2012) during the year ended 31 December 2012, except for the following deviations of the Code and the CG Code mentioned below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The existing independent non-executive Directors of the Company do not have a specific term of appointment but are subject to retirement by rotation at least once every three years at the annual general meetings and re-election at the Company's annual general meeting under the Articles of Association of the Company. As such, the Board considers that sufficient measures have been taken to safeguard corporate governance.

Code provision A.5.1 stipulates that the nomination committee should be chaired by the chairman of the board or an independent non-executive director. During the period from 1 August 2012 and 27 February 2013, the Nomination Committee of the Company was chaired by Mr. Ye De Chao, the then Vice Chairman of the Company. Mr. Ye De Chao has been appointed as the Chairman of the Company with effect from 28 February 2013 and at the same time he continues to assume the role of the Chairman of the Nomination Committee.

Code provision A.6.7 stipulates that independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Kwok Hong Yee, Jesse, the ex-independent non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 15 June 2012 owing to a prior business engagement. Mr. He Jin Geng and Mr. Yu Hong Gao, both independent non-executive Directors of the Company, were unable to attend the extraordinary general meeting of the Company held on 19 November 2012 as they had other engagements in China.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting of the Company. Mr. Law Kar Po, the then Chairman of the Company, was unable to attend the annual general meeting of the Company held on 15 June 2012 owing to an overseas business trip.

Full details on the subject of the CG Code will be set out in the Company's 2012 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. In response to the Company's enquiry, all Directors confirm that they have complied with the provisions of the Model Code throughout the year ended 31 December 2012.

AUDIT COMMITTEE

The Audit Committee presently comprises three independent non-executive Directors. The Audit Committee has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting process including the review of the consolidated financial statements for the year ended 31 December 2012.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The detailed results containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By order of the Board
YE De Chao
Chairman

Hong Kong, 28 March 2013

As at the date of this announcement, the Board comprises Mr. Ye De Chao, Mr. Zhu Hai Hua, 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*