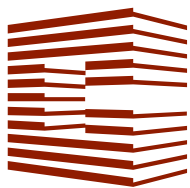


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中國基建投資有限公司
China Infrastructure Investment Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 600)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014.

Annual Results

The turnover of the Group for the year ended 31 December 2014 was approximately HK\$43,966,000, as compared with approximately HK\$6,683,000 in 2013. The Group had exerted stringent cost control such as decreasing the rental expenses and staff costs during the year so as to reduce the general and administrative costs from approximately HK\$39,945,000 for the year ended 31 December 2013 to approximately HK\$18,126,000 this year, being 54.6% deduction. The profit attributable to owners of the Company for the year ended 31 December 2014 was approximately HK\$16,370,000, compared with the loss attributable to owners of the Company of approximately HK\$85,148,000 over the corresponding period of 2013.

The principal assets of Forward Investment (PRC) Company Limited ("Forward Investment") is the 100% equity interests in 南京泰和盈科置業有限公司 (Nanjing Taihe Yingke Property Company Limited*) ("Nanjing Taihe Yingke"), which main asset is a complex development project (the "Jiangning Project") located in Jiangning Development Zone, Nanjing, Jiangsu Province, the PRC. The Jiangning Project is designed as a composite complex comprising two towers of commercial space and service apartments. A six-storey tower with a planned gross floor area of 39,241.48 square metres is planned to house the commercial space, and an 18-storey tower with a planned gross floor area of 20,882.52 square metres is planned to house the service apartments. The total planned gross floor area of the Jiangning Project is approximately 74,642.00 square metres which includes a basement of approximately 14,518.00 square metres, and land use rights of approximately 20,050.90 square metres.

Up to the date of this announcement, both the construction progress and the pre-sale of commercial building and the service apartment building developed by Nanjing Taihe Yingke at Jiangning District of Nanjing performed well and in line with the expectation. Approximately 1,600 square meters of the gross floor area of the commercial building have been pre-sold with average selling price of approximately RMB37,100 per square meters. Approximately 360 service apartment units with approximately 20,100 square meters of the gross floor area have been pre-sold with average selling price of approximately RMB12,300 per square meters. The construction of the service apartment building had been completed and the construction completion acceptance was granted in the first half of 2014. The registration of the construction completion acceptance had also been completed in accordance with the Decree No. 279 of The State Council of the People's Republic of China "Regulation on the Quality Management of Construction Projects". The commercial building is still undergoing the installation of the superstructure and is expected to be completed in 2015.

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. On 15 May 2014, the guarantors of the subscription agreement had fulfilled their obligations regarding the return undertaking and compensated the shortfall of the profit guarantee for the year ended 31 December 2013, being HK\$36 million, to the Group.

A disposal agreement dated 20 March 2013 in relation to the disposal of 49% equity interests in 北京中港綠能投資諮詢有限公司 (Beijing Zhonggang Green Energy Investment Consulting Co., Ltd.*) (the "Intermediate Holding Company") and the cancellation of the option to acquire the remaining 51% effective interest in the Intermediate Holding Company was entered into by the Company and the purchasers for an aggregate consideration of HK\$315.0 million (the "Changdongshun Disposal"). The reasons for the Changdongshun Disposal were mainly due to the performance of the management of the Changdongshun Group has failed to meet the expectations of the Directors, in particular, in respect of provision of financial information to the Company. A circular of the Company setting out the details of the Changdongshun Disposal was published on 26 June 2013. As additional time is required by the purchasers to fulfill certain conditions, the Company and the purchasers entered into a further supplemental agreement dated 29 September 2014 to extend the long stop date for the satisfaction of the conditions and the date of completion to 31 March 2015. As at the date of this announcement, the Changdongshun Disposal is not completed.

Prospects

The management will continue to look for investment opportunities in relation to the city infrastructure projects in relation to real estate business and natural gas 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.

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 2014 together with comparative figures in 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Turnover	3	43,966	6,683
Direct costs		<u>(43,704)</u>	<u>(842)</u>
		262	5,841
Other revenue and net income	4	36,158	36,051
Loss arising on change in fair value of investment properties		—	(51,000)
Gain on disposal of subsidiaries		—	4,338
Share of results of associates		(2,986)	(4,620)
Other operating expenses		—	(50,345)
General and administrative expenses		<u>(18,126)</u>	<u>(39,945)</u>
Profit/(loss) from operations		15,308	(99,680)
Finance costs	5(a)	<u>—</u>	<u>(1,807)</u>
Profit/(loss) before taxation	5(b)	15,308	(101,487)
Income tax	6	<u>727</u>	<u>11,864</u>
Profit/(loss) for the year		<u>16,035</u>	<u>(89,623)</u>
Attributable to:			
— Owners of the Company		16,370	(85,148)
— Non-controlling interests		<u>(335)</u>	<u>(4,475)</u>
Profit/(loss) for the year		<u>16,035</u>	<u>(89,623)</u>
Earnings/(loss) per share (HK cents per share)	9		
Basic		<u>0.38 cents</u>	<u>(1.99) cents</u>
Diluted		<u>0.38 cents</u>	<u>(1.99) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit/(loss) for the year	16,035	(89,623)
Other comprehensive (loss)/income:		
<u>Items that may be reclassified to profit or loss</u>		
Net translation differences on foreign operations	(2,412)	10,955
Share of other comprehensive (loss)/income of associates		
— Exchange reserve	(635)	3,977
	<u>(3,047)</u>	<u>14,932</u>
Other comprehensive (loss)/income for the year, net of tax	(3,047)	14,932
Total comprehensive income/(loss) for the year	<u>12,988</u>	<u>(74,691)</u>
Attributable to:		
— Owners of the Company	13,294	(70,891)
— Non-controlling interests	(306)	(3,800)
Total comprehensive income/(loss) for the year	<u>12,988</u>	<u>(74,691)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		7,264	9,462
Goodwill		—	—
Intangible asset		72,192	75,103
Interests in associates		347,348	350,970
		<u>426,804</u>	<u>435,535</u>
CURRENT ASSETS			
Inventories		60	60
Trade receivables	<i>10</i>	—	—
Deposits, prepayment and other receivables		166,799	41,565
Cash and bank balances		20,194	122,566
		<u>187,053</u>	164,191
Assets classified as held for sale		332,803	334,544
		<u>519,856</u>	498,735
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	(9,660)	(9,531)
		<u>(9,660)</u>	<u>(9,531)</u>
NET CURRENT ASSETS			
		<u>510,196</u>	489,204
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>937,000</u>	924,739
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(18,049)	(18,776)
NET ASSETS			
		<u>918,951</u>	<u>905,963</u>
CAPITAL AND RESERVES			
Share capital		213,496	213,496
Reserves		698,529	685,235
		<u>912,025</u>	898,731
Total equity attributable to owners of the Company		<u>912,025</u>	898,731
Non-controlling interests		6,926	7,232
		<u>918,951</u>	<u>905,963</u>
TOTAL EQUITY			
		<u>918,951</u>	<u>905,963</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

China Infrastructure Investment Limited (the “Company”) was incorporated and registered in the Cayman Islands on 16 June 1992 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 2 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company in the Cayman Islands is The R&H Trust Co. Ltd., Windward 1, Regatta Office Park, West Bay Road, Grand Cayman, Cayman Islands. The address of the registered office and the principal place of business of the Company in Hong Kong is Suite 1205, 12/F., Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Company are investment holding and property investment. The principal activities of the Company and its subsidiaries (the “Group”) are property investments and natural gas business.

The consolidated financial statements are presented in Hong Kong dollars, which is the same functional currency of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

2.1 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 are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

2.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) under the historical cost convention, as modified by the other financial assets and other financial liabilities which are carried at fair value, as explained in the accounting policies set out below. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

2.3 Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:

HK(IFRIC)-Int 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Annual improvements (2010-2012)	Amendments to HKFRS 2 and HKFRS 3

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies.

2.4 Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2014 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2014.

HKFRS 9 (2014)	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKAS 19	Defined Benefits Plans: Employee Contributions
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures
Amendments to HKFRS10, HKFRS12 and HKAS28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements (2010-2012)	Amendments to HKFRS 3, HKFRS 13 and HKAS 40
Annual Improvements (2012-2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

The Company and the Group are required to initially apply these standards and amendments in its annual consolidated financial statements beginning on 1 January 2016, except that the Company and the Group are required to initially apply Amendments to HKAS 19, Annual Improvements (2010- 2013) and Annual Improvements (2011-2013) in its annual consolidated financial statements beginning on 1 January 2015, and to initially apply HKFRS 15 and HKFRS 9 (2014) in its annual consolidated financial statements beginning on 1 January 2017 and 2018 respectively. HKFRS 14 is not applicable to the Company and the Group.

The Group has commenced an assessment of the impact of these new and amended HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position. In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with Section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3. TURNOVER

The amount of each significant category of revenue recognised in turnover during the years is analysed as follows:

	For the year ended 31 December	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Rental income from investment properties in Hong Kong	—	6,658
Sales of construction materials	43,966	—
Sales of natural gas	—	25
	<u>43,966</u>	<u>6,683</u>

4. OTHER REVENUE AND NET INCOME

	For the year ended 31 December	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other revenue:		
Interest income on bank deposit	<u>76</u>	<u>18</u>
Other net income:		
Net exchange gain	—	16
Compensation income	36,000	36,000
Others	<u>82</u>	<u>17</u>
	<u>36,082</u>	<u>36,033</u>
	<u>36,158</u>	<u>36,051</u>

5. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	For the year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Interest on bank loans and other loans		
— wholly repayable within five years	—	1,807
— not wholly repayable within five years	—	—
	<hr/>	<hr/>
Total borrowing costs	<u>—</u>	<u>1,807</u>

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.

(b) Other items

	For the year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Charging/(crediting):		
Staff costs (including directors' emoluments)		
— salaries, wages and other benefits	6,371	8,050
— retirement benefits scheme contributions	64	113
	<hr/>	<hr/>
Total staff costs	<u>6,435</u>	<u>8,163</u>
Auditors' remuneration	1,150	1,150
Amortisation of intangible assets	2,910	4,347
Cost of inventories sold	43,704	27
Provision of obsolete inventories	—	25
Depreciation of property, plant and equipment	1,025	1,789
Impairment loss recognised in respect of trade and other receivables	—	30
Impairment loss recognised in respect of property, plant and equipment	—	7,206
Impairment loss recognised in respect of intangible assets	—	43,109
Loss arising on change in fair value of investment properties	—	51,000
Gain on disposal of subsidiaries	—	(4,338)
Operating lease charges for premises	1,214	5,798
Net exchange loss	416	—
	<hr/>	<hr/>
Crediting:		
Gross rental income from investment properties in Hong Kong	—	(6,658)
Less: Direct operating expenses from investment properties that generated rental income during the year	—	815
	<hr/>	<hr/>
	—	(5,843)
Net exchange gain	<u>—</u>	<u>(16)</u>

6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	—	—
The PRC Corporate Income Tax	—	—
Deferred tax credit	<u>(727)</u>	<u>(11,864)</u>
	<u>(727)</u>	<u>(11,864)</u>

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 2014 and 2013.

The Group's subsidiaries in the PRC are subject to the PRC Corporate Income Tax at 25% (2013: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the subsidiaries of 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 2014 (2013: nil).

8. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers and the sales of natural gas pipeline construction materials. There were no inter-segment sales during the year (2013: 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 and other operating expenses under the heading of other corporate expenses; (ii) share of results of associates; (iii) interests income and (iv) net exchange difference 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:

- (a) The property investment segment engages in rental income from investment properties in Hong Kong;
- (b) Natural gas segment engages in sales of natural pipelined gases and construction materials in the PRC; and
- (c) Investment holding segment engages in investment in associates on a geographical basis of the PRC.

The following is an analysis of the Group's revenue and results by operating segments for the years ended 31 December 2014 and 2013:

	For the year ended 31 December 2014			
	Investment			
	Natural gas	holding	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue				
From external customers	43,966	—	—	43,966
Segment profit/(loss)	262	—	—	262
Interest income	76	—	—	76
Other operating income, net	—	36,000	82	36,082
Share of results of associates	—	(2,986)	—	(2,986)
Other corporate expenses	(5,298)	(4,284)	(8,544)	(18,126)
Profit/(loss) from operations	(4,960)	28,730	(8,462)	15,308
Finance costs	—	—	—	—
Profit/(loss) before taxation	(4,960)	28,730	(8,462)	15,308
Income tax	727	—	—	727
Profit/(loss) for the year	(4,233)	28,730	(8,462)	16,035
Other segment information				
Amortisation	—	(2,910)	—	(2,910)
Depreciation	(712)	—	(313)	(1,025)
Interests in associates	—	347,348	—	347,348
Other assets	469,736	55,976	73,600	599,312
Segment assets	469,736	403,324	73,600	946,660
Segment liabilities	5,051	3,410	19,248	27,709

	For the year ended 31 December 2013				Total HK\$'000
	Properties investment HK\$'000	Natural gas HK\$'000	Investment holding HK\$'000	Unallocated HK\$'000	
Segment revenue					
From external customers	6,658	25	—	—	6,683
Segment profit	5,841	—	—	—	5,841
Interest income	—	—	—	18	18
Other operating income, net	4,338	—	36,000	33	40,371
Share of results of associates	—	—	(4,620)	—	(4,620)
Other corporate expenses	(56,466)	(57,869)	(5)	(26,950)	(141,290)
(Loss)/profit from operations	(46,287)	(57,869)	31,375	(26,899)	(99,680)
Finance costs	(1,807)	—	—	—	(1,807)
(Loss)/profit before taxation	(48,094)	(57,869)	31,375	(26,899)	(101,487)
Income tax	—	11,864	—	—	11,864
(Loss)/profit for the year	(48,094)	(46,005)	31,375	(26,899)	(89,623)
Other segment information					
Additions to non-current assets	33	8	—	169	210
Loss arising on change in fair value of investment properties	(51,000)	—	—	—	(51,000)
Gain on disposal of subsidiaries	4,338	—	—	—	4,338
Impairment loss recognised in respect of trade and other receivables	—	(30)	—	—	(30)
Impairment loss recognised in respect of property, plant and equipment	—	(7,206)	—	—	(7,206)
Impairment loss recognised in respect of intangible assets	—	(43,109)	—	—	(43,109)
Amortisation	—	(4,347)	—	—	(4,347)
Depreciation	(1,207)	(134)	—	(448)	(1,789)
Interests in associates	—	—	350,970	—	350,970
Other assets	—	419,169	122,566	41,565	583,300
Segment assets	—	419,169	473,536	41,565	934,270
Segment liabilities	—	18,776	—	9,531	28,307

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

Earnings/(loss)

	For the year ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Profit/(Loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	16,370	(85,148)
Effect of dilutive potential ordinary shares arising from convertible notes (net of tax)	—	—
Profit/(loss) for the purpose of diluted earnings/(loss) per share	<u>16,370</u>	<u>(85,148)</u>

Number of shares

	Number of shares	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	4,269,910,510	4,269,910,510
Effect of dilutive potential ordinary shares	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>4,269,910,510</u>	<u>4,269,910,510</u>

Note:

For the year ended 31 December 2014 and 31 December 2013, there was no dilutive effect imposed on the basic earnings/(loss) per share and thus the basic and diluted earnings/(loss) per share are the same.

10. TRADE RECEIVABLES

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Trade debtors (<i>Note</i>)	—	30
Less: Impairment loss recognised in respect of trade debtors	—	(30)
	<hr/>	<hr/>
Trade debtors, net	<u>—</u>	<u>—</u>

Note:

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

11. TRADE AND OTHER PAYABLES

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Trade creditors (<i>Note</i>)	3,312	3,330
Accruals and other payables	4,571	4,421
Due to non-controlling interests	1,777	1,780
	<hr/>	<hr/>
	<u>9,660</u>	<u>9,531</u>

Note:

An ageing analysis of trade creditors is as follows:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Due within 30 days or on demand	—	—
Due within 31 to 60 days	—	—
Due within 61 to 90 days	—	—
Due over 90 days	3,312	3,330
	<hr/>	<hr/>
	<u>3,312</u>	<u>3,330</u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for qualified opinion

Prior year's audit scope limitation affecting opening balance and comparative figures

The auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2013 contained a qualified opinion on the limitation on the audit scope in relation to (i) non-current assets held for sale; and (ii) share of result of an associate. Details of which had been set out in the auditor's report dated 28 March 2014.

As the consolidated financial statements of the Group for the year ended 31 December 2013 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the carrying amount of the non-current assets held for sale would have a significant effect on the opening balances and consequential effect on the consolidated financial position of the Group as at 31 December 2014 and the results and the related disclosures for the year ended 31 December 2014.

Scope limitation — Non-current assets held for sale

The Group had interests in an associate in respect of 49% equity interests in Beijing Zhonggang Green Energy Investment Consulting Co., Ltd. and its subsidiaries (the "Associate") which has been classified as non-current assets held for sales since the Company announced to disposal of the Associate on 20 March 2013 ("Disposal"). As at the date of this report, the Disposal has not been completed.

Due to the fact that the directors of the Company were unable to obtain sufficient financial information of the Associate since 1 July 2012, the directors of the Company have not stated the assets of the Associate at the lower of carrying amount and fair value less cost to sell. Under these circumstances, the assets of the Associate classified as held for sales included in the consolidated statement of financial position as at 31 December 2013 and 2014 were measured at the carrying amount at cost since 1 July 2012.

As a result, we were unable to obtain sufficient appropriate audit evidence in respect of the measurement and valuation of the non-current assets held for sales as at 31 December 2013 and 2014 and whether they were free from material misstatements. Furthermore, as at the date of this report, the Disposal has not yet completed which was more than 12 months since the announcement for the Disposal, accordingly we were unable to satisfy ourselves as to whether the Group remains committed to its plan to sell and the appropriateness for the classification of the Associate as non-current assets held for sales as at 31 December 2014.

Any adjustments found to be necessary in respect thereof would have a significant and consequential effect on the consolidated financial position of the Group as at 31 December 2014, the results and cash flows for the year ended 31 December 2014 and related disclosure thereof in the consolidated financial statements of the Group for the year ended 31 December 2014.

QUALIFIED OPINION ARISING FROM LIMITATION OF SCOPE

In our opinion, except for the effects of the matters described in the basis of qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Reporting on matters under section 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the matters described in the basis for qualified opinion's paragraph:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether proper books of account had been kept.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

PRC Projects

Properties development and investment

Forward Investment (PRC) Company Limited

The principal assets of Forward Investment (PRC) Company Limited ("Forward Investment") is the 100% equity interests in 南京泰和盈科置業有限公司 (Nanjing Taihe Yingke Property Company Limited*) ("Nanjing Taihe Yingke"), which main asset is a complex development project (the "Jiangning Project") located in Jiangning Development Zone, Nanjing, Jiangsu Province, the PRC. The Jiangning Project is designed as a composite complex comprising two towers of commercial space and service apartments. A six-storey tower with a planned gross floor area of 39,241.48 square metres is planned to house the commercial space, and an 18-storey tower with a planned gross floor area of 20,882.52 square metres is planned to house the service apartments. The total planned gross floor area of the Jiangning Project is approximately 74,642.00 square metres which includes a basement of approximately 14,518.00 square metres, and land use rights of approximately 20,050.90 square metres.

Up to the date of this announcement, both the construction progress and the pre-sale of commercial building and the service apartment building developed by Nanjing Taihe Yingke at Jiangning District of Nanjing performed well and in line with the expectation. Approximately 1,600 square meters of the gross floor area of the commercial building have been pre-sold with average selling price of approximately RMB37,100 per square meters. Approximately 360 service apartment units with approximately 20,100 square meters of the gross floor area have been pre-sold with average selling price of approximately RMB12,300 per square meters. The construction of the service apartment building had been completed and the construction completion acceptance was granted in the first half of 2014. The registration of the construction completion acceptance had also been completed in accordance with the Decree No. 279 of The State Council of the People's Republic of China "Regulation on the Quality Management of Construction Projects". The commercial building is still undergoing the installation of the superstructure and is expected to be completed in 2015.

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. On 15 May 2014, the guarantors of the subscription agreement had fulfilled their obligations regarding the return undertaking and compensated the shortfall of the profit guarantee for the year ended 31 December 2013, being HK\$36 million, to the Group.

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.

The first phase of pipeline construction was completed in June 2012 and ventilation test was successfully completed in October 2012. Xinan Zhongjing is required to obtain a gas operating license in accordance with the relevant laws and regulations, before it can formally commence operation.

As of the date of this announcement, the license application is still under process but the relevant authorities have not yet given a timetable for approval of the gas operating license as the application involves several different governmental departments and the schedule of these governmental departments are uncertain. As such, the management of Xinan Zhongjing has tried to approach some other natural gas companies for strategic cooperation opportunities. In the Xinan Zhongjing management’s point of view, with the assistance of the strategic partners, it can facilitate the gas operating license application process. The management of Xinan Zhongjing is under negotiation with some potential strategic partners but no binding agreement is closed as at the date of this announcement.

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 北京中港綠能投資諮詢有限公司 (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 believed that the acquisition of Changdongshun would 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 the Directors’ expectations. A disposal agreement dated 20 March 2013 in relation to the disposal of 49% equity interests in the Intermediate Holding Company and the cancellation of the option to acquire the remaining 51% effective interest in the Intermediate Holding Company was entered into by the Company and the purchasers for an aggregate consideration of HK\$315.0 million (the “Changdongshun Disposal”). The reasons for the Changdongshun Disposal were mainly due to the performance of the management of the Changdongshun Group has failed to meet the expectations of the Directors, in particular, in respect of provision of financial information to the Company. A circular of the Company setting out the details of the Changdongshun Disposal was published on 26 June 2013. As additional time is required by the purchasers to fulfill certain conditions, the Company and the purchasers entered into a further supplemental agreement dated 29 September 2014 to extend the long stop date for the satisfaction of the conditions and the date of completion to 31 March 2015. As at the date of this announcement, the Changdongshun Disposal is not completed.

Outlook

The management will continue to look for investment opportunities in relation to the city infrastructure projects in relation to real estate business and natural gas 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 31 December 2014, the Group had a total of approximately 8 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 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

The turnover of the Group for the year ended 31 December 2014 was approximately HK\$43,966,000, as compared with approximately HK\$6,683,000 for the year ended 31 December 2013. The profit attributable to owners of the Company for the year ended 31 December 2014 was approximately HK\$16,370,000 as compared with the loss attributable to owners of the Company of approximately HK\$85,148,000 for the year ended 31 December 2013. This was mainly due to a fair value loss on the investment properties amounting to approximately HK\$51,000,000 and an impairment loss recognised in respect of intangible assets amounting to approximately HK\$43,109,000 for the year ended 31 December 2013.

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 2014, the underlying current ratio, defined as current assets over current liabilities, was approximately 53.82 (2013: 52.33). At 31 December 2014, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 0% (2013: 0%) while the current liabilities to the total assets ratio was approximately 1% (2013: 1%).

At 31 December 2014, the Group's equity attributable to owners of the Company was approximately HK\$912,025,000, an increase of approximately 1.5% over last year end which was approximately HK\$898,731,000. The net current assets at 31 December 2014 was approximately HK\$510,196,000 (2013: 489,204,000) while cash and bank balances at 31 December 2014 was approximately HK\$20,194,000 (2013: HK\$122,566,000).

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2014.

Charge on Assets

At 31 December 2014, none of the assets of the Group were pledged.

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 States Dollars. The Group had no material foreign exchange exposure risks during the year.

FINAL DIVIDEND

The Board has resolved not to propose any final dividend for the year ended 31 December 2014 (2013: nil).

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 2014.

CORPORATE GOVERNANCE CODE

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") for the year ended 31 December 2014, except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Ye De Chao, the former Chief Executive Officer of the Company, had been appointed as the Chairman of the Company since 28 February 2013. On 9 March 2015, Mr. Ye De Chao had resigned from his position as the Chief Executive Officer of the Company and continued to serve as the Chairman of the Company and since then, the roles of chairman and chief executive officer of the Company had been separate.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive Directors including independent non-executive Directors of the Company is not specific. It is provided in the Company's articles of association that all the Directors are subject to retirement by rotation at least once every three years at the annual general meetings of the Company 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.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. He Jin Geng, the independent non-executive Directors of the Company, were unable to attend the annual general meeting of the Company held on 6 June 2014 as he had other engagements in China.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting of the Company. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. He Jin Geng, the chairman of the Audit Committee did not attend the annual general meeting of the Company held on 6 June 2014 as they had other engagements in China.

Code Provision F of the CG Code stipulates that the Board should appoint a company secretary to support the Board by ensuring good information flow within the Board and that board policy and procedures are followed. Due to the resignation of Mr. Chan Kim Sun, the ex-company secretary of the Company, on 30 September 2014, the Company has not met the requirement under Rule 3.28 and Code Provision F of the Listing Rules since then. Nevertheless, the Company appointed a new company secretary, Mr. Tso Ping Cheong Brian on 9 March 2015 to ensure Rule 3.28 of the Listing Rules are now being complied with.

Under Rules 3.10(1) and 3.10A of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors which must at least represent one-third of the board. Under Rule 3.21 of the Listing Rules, the audit committee established by a listed issuer must comprise a minimum of three members. Following the retirement of Mr. Yuen Hon Ming Edwin (“Mr. Yuen”) on 6 June 2014, the number of independent non-executive Directors fell below the minimum number and proportion required under Rules 3.10(1) and 3.10A of the Listing Rules, and the number of members of the Audit Committee fell below the minimum number required under Rule 3.21 of the Listing Rules. The Company had appointed Ms. Chen Yang as an independent non-executive director and a member of the Audit Committee of the Company on 5 September 2014. Following the above appointment, the Company has complied with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules.

Full details on the subject of the CG Code will be set out in the Company’s 2014 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 2014.

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 2014.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2014 have been agreed by the Group’s auditors, Elite Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited 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 Elite Partners CPA Limited 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, 30 March 2015

As at the date of this announcement, the Board comprises Mr. Ye De Chao, Mr. Xu Xiao Jun and Mr. Ji Xu Dong as executive Directors; and Mr. He Jin Geng, Mr. Yu Hong Gao and Ms. Chen Yang as independent non-executive Directors.

** For identification purpose only*