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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 2009

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 2009.

The turnover of the Group for the year ended 31 December 2009 was approximately HK$21,000,000, which represented a growth of over tenfold as compared with approximately HK$2,000,000 in 2008. The property pre-sale proceeds for the Shenyang Project of approximately RMB393,000,000 were not recognized as turnover because the project was pending physical inspection by the relevant government authorities upon completion and therefore the proceeds were not accounted for as turnover for 2009. The loss attributable to owners of the Company for the year ended 31 December 2009 was approximately HK$136 million, an increase of approximately HK$20 million over the corresponding period of 2008. Such loss was mainly attributable to the revaluation deficit as a result of fair value changes in investment properties of Hotel Golden Dragon (Macau) Company Limited ("Hotel Golden Dragon") and the expected loss on disposal of Hotel Golden Dragon.

In 2009, the Group's property development and investment activities were principally based in Macau and mainland China. In the past year, with the exception of mainland China, the global economy was still clouded by uncertainties brought by the financial crisis. For instance, Macau has been hard hit by the global financial crisis and suffered negative economic growth in the first half of the year, with income from the tourism, hotel and related industries slipped significantly. While signs of a V-shaped economic recovery were seen in the second half of the year, the investment outlook of Macau's real estate market, however, remained uncertain due to the mounting cost pressure in property development. In light of this, the Group has made a rational strategy shift in its Macau property development operations. In the fourth quarter of 2009, the Group disposed of the site at Lote TN6, Cheok Ka Chun, Taipa, Macau and interest in the Hotel Golden Dragon at reasonable prices. The disposal of Hotel Golden Dragon was completed in January 2010, which marked the completion of the Group's strategic withdrawal from the Macau market. For the year under review, there was a fair value loss on revaluation of the hotel of approximately HK$112 million and a provision for loss on disposal of Hotel Golden Dragon of approximately HK$50 million.

As for mainland China, the Group's investment property, the development project of Pan-China Commercial Square in Shenyang, saw encouraging progress in 2009. The development project is situated at the most vibrant location in Shenyang, the "Golden Corridor", comprising residential buildings, shopping malls, service apartments, commercial office buildings and luxury hotels. During the year under review, the residential buildings and the first phase of shopping mall have been completed and pending physical inspection on properties by the relevant government authorities, whereas the service apartments in the second phase of the development project is under construction. As at 31 December 2009, the pre-sale proceeds of residential units and ground floor stores of the Shenyang project amounted to approximately RMB393 million, which will be recorded as turnover upon completion of physical inspection on properties by the relevant government authorities in the near future.

We are fully confident in the Group's future development. Following the strategic shift and re-positioning of corporate businesses in 2009, the Group streamlined its business focus by concentrating its resources on infrastructure project, city construction and property investment in mainland China. On the macroeconomic front, benefited from the economic stimulus programs launched by the Central Government, the economy of mainland China is expected to maintain a robust growth momentum. Meanwhile, urbanization will be the dominant theme in mainland China's development for the next 20 to 30 years. Currently, China's urbanization rate is only 45%, and is expected to reach the international average of 70% in 2030. The urbanization process, as supported by the Central Government's macroeconomic policies, will serve to promote urban infrastructure development and rapid development of public facilities, thus offering tremendous potential for investment. Against the backdrop of rapid urbanization in China, second and third tier cities are thriving rapidly. In terms of investment costs, land price and development cost of second and third tier cities are far below that of first tier cities. Moreover, second and third tier cities are attractive investment alternative as they have greater potential for development, thus are of higher commercial value. As for property development, stricter policies on real estate market adopted by the Central Government aiming at regulating the purchase of residential properties for investment purposes in the short run, should actually help to promote a more healthy and balanced market. There remains great potential of demand for welfare housing, self-occupied residential flats and commercial real estate in mainland China to be tapped, which will be fueled by the urbanization process and sustainable macroeconomic growth.

In view of the rapid urbanization and the growth in demand for infrastructure, residential and commercial real estate in mainland China, the Group will continue to put more efforts in infrastructure investment and its property development operations in mainland China, especially second and third tier cities. The Group will continue to adhere to the principle of prudent investment to duly complete the Shenyang Project, and will look for investment opportunities in cities with great potentials for development based on their economic growth, city construction and market trends. It is expected that the property development portfolio of the Group will offer satisfactory return to shareholders in the years to come.

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 2009 together with comparative figures in 2008, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 December 2009

	Notes	**2009** **HK$'000**	2008 *HK$'000* (Re-presented)
Continuing operations			
Turnover	*3 & 8*	**21,040**	1,557
Direct costs		**(17,458)**	–
		3,582	1,557
Other revenue and net income	*4*	**8,731**	15,221
Fair value gain/(loss) on investment property		**18,000**	(21,268)
Gain on early redemption on convertible note		**3,127**	–
Selling and distribution costs		**(10,146)**	(10,595)
General and administrative expenses		**(31,968)**	(31,411)
Loss from operations		**(8,674)**	(46,496)
Finance costs	*5(a)*	**(11,692)**	(12,805)
Loss before taxation	*5*	**(20,366)**	(59,301)
Income tax (expense)/credit	*6*	**(3,027)**	251
Loss for the year from continuing operations		**(23,393)**	(59,050)
Discontinued operations			
Loss for the year from discontinued operations		**(119,322)**	(54,090)
Loss for the year		**(142,715)**	(113,140)
Attributable to:			
– Owners of the Company		**(135,859)**	(116,091)
– Non-controlling interests		**(6,856)**	2,951
Loss for the year		**(142,715)**	(113,140)
Loss per share (HK cents per share)	*9*		
Basic			
For continuing and discontinued operations		**(3.39) cents**	(2.91) cents
For continuing operations		**(0.41) cents**	(1.56) cents
Diluted			
For continuing and discontinued operations		**(3.39) cents**	(2.91) cents
For continuing operations		**(0.41) cents**	(1.56) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	HK$'000	*HK$'000*
Loss for the year	**(142,715)**	(113,140)
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of oversea subsidiaries	**(1,072)**	11,178
Total comprehensive loss for the year	**(143,787)**	(101,962)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(136,609)**	(104,913)
Non-controlling interests	**(7,178)**	2,951
	(143,787)	(101,962)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
NON-CURRENT ASSETS			
Investment properties		**794,995**	66,821
Property, plant and equipment		**2,871**	5,131
Properties under development		**30,079**	548,952
Interests in an associate		**–**	542,626
Deposits paid for long-term investment		**–**	140,000
		827,945	1,303,530
CURRENT ASSETS			
Stock of properties		**719,764**	758,056
Trade and other receivables	*10*	**181,523**	137,116
Cash and cash equivalents and pledged deposits		**250,612**	132,635
		1,151,899	1,027,807
Assets classified as held for sale		**478,000**	–
Total current assets		**1,629,899**	1,027,807
CURRENT LIABILITIES			
Trade and other payables	*11*	**(716,934)**	(410,019)
Interest-bearing borrowings, secured		**(317,397)**	(331,818)
		(1,034,331)	(741,837)
Net current assets		**595,568**	285,970
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,423,513**	1,589,500
NON-CURRENT LIABILITIES			
Convertible notes		**(94,147)**	(177,977)
Interest-bearing borrowings, secured		**(32,661)**	(34,863)
Deferred tax liabilities		**(78,711)**	(75,685)
		(205,519)	(288,525)
NET ASSETS		**1,217,994**	1,300,975
CAPITAL AND RESERVES			
Share capital		**201,186**	199,646
Reserves		**773,445**	920,590
Total equity attributable to owners of the Company		**974,631**	1,120,236
Non-controlling interests		**243,363**	180,739
TOTAL EQUITY		**1,217,994**	1,300,975

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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. These 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").

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 these financial statements.

(b) Basis of preparation of the financial statements

The financial statements at 31 December 2009 comprise the Company and its subsidiaries and the Group's interest in associates which is classified as assets held for sale.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments and certain properties are measured at fair values.

Assets classified as held for sale is stated at lower of carrying amount and fair value less costs to sell.

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 accounting 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 financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK (IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (Issued in October 2008)	Amendments to a number of HKFRSs

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendment	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK (IFRIC)-Int 14 Amendments	Amendments to HK (IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK (IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK (IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK (IFRIC)-Int 9 and HK (IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKFRS 3 (Revised) and HKFRS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. TURNOVER

The Group is principally engaged in property development and property investment. In 2009, the Group has ceased all Macau operations which represented separate major line of geographical area of operations in (i) property development and investment and (ii) investment holding. In 2008, the Group ceased the trading of leather products business.

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

Continuing operations

	2009	2008
	HK$'000	*HK$'000*
Gross rentals from investment properties	**3,540**	1,557
Sales of completed properties held for sale in Hong Kong	**17,500**	–
	21,040	1,557

Discontinued operations

	2009	2008
	HK$'000	*HK$'000*
Revenue from trading of leather products	**–**	27,642
Sales of completed properties held for sale in Macau	**–**	81,109
	–	108,751

4. OTHER REVENUE AND NET INCOME

Continuing operations

	2009	2008
	HK$'000	*HK$'000*
Other revenue:		
Interest income	**4,718**	9,932
Waiver of non-controlling interests' loans	**2,612**	–
Government grant *(note)*	**1,361**	–
Others	**50**	86
	8,741	10,018
Other net income:		
Net exchange (loss)/gains	**(10)**	5,203
	8,731	15,221

Note:

Government grant of HK$1,361,000 (2008: HK$nil) represents government subsidies for one of the Group's properties development and investment project in PRC, of which the entitlement was unconditional and under the discretion of the relevant authority.

Discontinued operations

	2009	2008
	HK$'000	*HK$'000*
Other revenue:		
Interest income	**486**	1,315
Waiver of payments and deposits received in respect of the disposal of properties under development held for sale	**–**	32,000
Rental receivables from operating leases other than those relating to investment properties	**–**	150
Others	**–**	317
	486	33,782
Other net income:		
Reversal of impairment losses in respect of trade and other receivables	**–**	762
Fair value gain on financial assets at fair value through profit or loss	**–**	32
Reversal of provision for long service payments	**–**	67
Gain on disposal of property, plant and equipment	**–**	610
Reversal of provision for slow moving inventories *(note)*	**–**	203
Gain on disposal of investment properties	**–**	515
Others	**–**	114
	–	2,303
	486	36,085

Note:

A provision of approximately HK$203,000 made in prior years against the carrying value of inventories has been reversed. The reversal was due to an increase in the estimated net realizable value as a result of a change in consumer preferences.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

(a) Finance costs

Continuing operations

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**24,698**	22,589
Interest on bank loans and other loans wholly repayable over five years	**900**	–
Effective interest expenses of convertible notes	**10,757**	11,589
Other borrowings costs	**–**	601
Total borrowing costs	**36,355**	34,779
Less: borrowing costs capitalised *(note)*	**(24,663)**	(21,974)
	11,692	12,805

Discontinued operations

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**1,088**	8,624

Note:

The borrowing costs have been capitalised at rates ranging from 6% – 8% per annum (2008: 6% – 8% per annum).

(b) Other items

Continuing operations

	2009	2008
	HK$'000	*HK$'000*
Charging:		
Staff costs (including directors' remuneration)		
– salaries, wages and other benefits	**7,457**	6,001
– retirement benefits scheme contributions	**698**	635
Total staff costs	**8,155**	6,636
Auditor's remuneration		
– audit services for current year	**1,094**	1,173
– other services	**2,439**	1,055
	3,533	2,228
Depreciation	**2,841**	3,242
Provision for bad and doubtful debt	**2,383**	–
Operating lease charges for premises	**1,113**	952
Crediting:		
Gross rental income from investment properties	**(3,540)**	(1,557)
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**122**	113
Direct operating expenses from investment properties that did not generate rental income during the year	**–**	–
	(3,418)	(1,444)

Discontinued operations

	2009 *HK$'000*	2008 *HK$'000*
Charging:		
Staff costs (including directors' remuneration)		
– salaries, wages and other benefits	–	5,710
– retirement benefits scheme contributions	–	77
Total staff costs	–	5,787
Auditor's remuneration		
– audit services for current year	–	500
– over-provision in prior years	–	250
	–	750
Cost of inventories	–	84,101
Depreciation	–	799
Loss on disposal of property, plant and equipment	–	26
Provision for bad and doubtful debt	–	153
Operating lease charges for premises	–	1,158

6. INCOME TAX EXPENSE/(CREDIT)

Taxation in the consolidated income statement represents:

Continuing operations

	2009 *HK$'000*	2008 *HK$'000*
Current tax		
Provision for the year	–	–
Deferred tax		
Charged/(credited) to consolidated income statement	**3,027**	(251)
	3,027	(251)

Discontinued operations

	2009 *HK$'000*	2008 *HK$'000*
Current tax		
Provision for the year	–	17

Hong Kong profits tax was not provided for in the financial statements as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2009 and 2008.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5%.

The PRC Enterprises Income Tax was not provided for in the financial statements as PRC subsidiaries did not have any assessable profits for the years ended 31 December 2009 and 2008.

The Group's PRC subsidiaries are subject to PRC Enterprises Income Tax at 25% (2008: 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. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$3,375,000 (2008: HK$18,729,000) which has been dealt with in financial statements of the Company.

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operation decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments.

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the year (2008: nil).

CODM monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss). The adjusted profit/(loss) is measured consistently with the Group's profit/(loss) except that finance costs, central administration costs including directors' salaries under the heading of unallocated corporate expenses and other operating income are excluded from such measurement.

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 CODM for the purpose of resources allocation and performance assessment, the Group is currently organized into the following operating segments.

Continuing operations

(a) the property development and investment segment engages in (i) rental from investment properties and (ii) sale of property. The property development and investment is further evaluated on a geographical basis (Hong Kong and the People's Republic of China other than Hong Kong and Macau (the "PRC")).

Discontinued operations

(a) the property development and investment segment engages in (i) rental from investment properties and (ii) sale of property on a geographical basis of Macau; and

(b) the investment holding segment engages in investment in associates on a geographical basis of Macau.

Segment information by operating segment for the year ended 31 December 2009 is as follows:

	For the year ended 31 December 2009						
	Continuing operations			Discontinued operations			
	Property development and investment						
	Hong Kong *HK$'000*	PRC *HK$'000*	Total continuing operations *HK$'000*	Property development and investment (Macau) *HK$'000*	Investment holding *HK$'000*	Total discontinued operations *HK$'000*	Total group *HK$'000*
Segment revenue (from external customers)	**20,255**	**785**	**21,040**	**–**	**–**	**–**	**21,040**
Segment profit/(loss)	**20,352**	**(20,943)**	**(591)**	**(16,995)**	**(53,239)**	**(70,234)**	**(70,825)**
Other operating income			**8,640**			**–**	**8,640**
Unallocated corporate expenses			**(16,723)**			**–**	**(16,723)**
Loss from operations			**(8,674)**			**(70,234)**	**(78,908)**
Finance costs			**(11,692)**			**(1,088)**	**(12,780)**
Share of results of an associate	**–**	**–**	**–**	**–**	**(65,144)**	**(65,144)**	**(65,144)**
Loss before taxation			**(20,366)**			**(136,466)**	**(156,832)**
Income tax expenses	**(2,971)**	**(56)**	**(3,027)**	**–**	**–**	**–**	**(3,027)**
Gain on disposal of a subsidiary	**–**	**–**	**–**	**17,144**	**–**	**17,144**	**17,144**
Loss for the year			**(23,393)**			**(119,322)**	**(142,715)**
Other segment information							
Additions to non-current assets	**–**	**270,596**	**270,596**	**–**	**–**	**–**	**270,596**
Depreciation	**213**	**2,628**	**2,841**	**–**	**–**	**–**	**2,841**
Segment assets	**78,000**	**1,775,929**	**1,853,929**	**–**	**–**	**–**	**1,853,929**
Interests in an associate	**–**	**–**	**–**	**–**	**400,000**	**400,000**	**400,000**
Unallocated assets			**203,915**			**–**	**203,915**
			2,057,844			**400,000**	**2,457,844**

Segment information by operating segment for the year ended 31 December 2008 is as follows:

	For the year ended 31 December 2008							
	Continuing operations			Discontinued operations				
	Property development and investment							
	Hong Kong	PRC	Total continuing operations	Property development and investment (Macau)	Investment holding	Trading of leather products	Total discontinued operations	Total group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Hk$'000*	*HK$'000*
Segment revenue (from external customers)	761	796	1,557	81,109	–	27,642	108,751	110,308
Segment (loss)/profit	(23,837)	(20,674)	(44,511)	51,257	(1,221)	(2,921)	47,115	2,604
Other operating income			13,975				–	13,975
Unallocated corporate expenses			(15,960)				–	(15,960)
Loss from operations			(46,496)				47,115	619
Finance costs			(12,805)				(8,624)	(21,429)
Share of results of an associate	–	–	–	–	(138,108)	–	(138,108)	(138,108)
Loss before taxation			(59,301)				(99,617)	(158,918)
Income tax credit/(expenses)	–	251	251	–	–	(17)	(17)	234
Gain on disposal of subsidiaries	–	–	–	19,068	–	26,476	45,544	45,544
Loss for the year			(59,050)				(54,090)	(113,140)
Other segment information								
Additions to non-current assets	81,268	97,531	178,799	93	–	3,236	3,329	182,128
Depreciation	–	2,912	2,912	14	–	785	799	3,711
Segment assets	62,374	1,161,904	1,224,278	391,455	–	–	391,455	1,615,733
Interests in an associate	–	–	–	–	542,626	–	542,626	542,626
Unallocated assets			172,978				–	172,978
			1,397,256				934,081	2,331,337

Note: Segment information for the year ended 31 December 2008 has been restated upon application of HKFRS 8.

Information about a major customer

Revenue of approximately HK$17,500,000 (2008: HK$81,109,000) was derived from sales of completed properties held for sale under property development and investment segment.

9. LOSS PER SHARE

(a) From continuing and discontinued operations

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

	2009	2008
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic loss per share (loss for the year attributable to owners of the Company)	**(135,859)**	(116,091)
After tax effect of effective interest on liability component of convertible notes *(note 1)*	**–**	–
Loss for the purposes of diluted loss per share	**(135,859)**	(116,091)

Note 1:

For the years ended 31 December 2009 and 2008, no after tax effect of effective interest on liability component of convertible notes was provided because the exercise of warrants and conversion of all outstanding convertible notes would have anti-dilutive effects.

Number of shares

	Number of shares	
	2009	2008
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,011,731,539**	3,983,519,924
Effect of deemed conversion of convertible notes into the Company's new ordinary shares *(note 2)*	**–**	–
Weighted average number of ordinary share for the purpose of diluted loss per share	**4,011,731,539**	3,983,519,924

Note 2:

For the years ended 31 December 2009 and 2008, 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.

(b) From continuing operations

Loss figures for basic loss per share are calculated as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(135,859)**	(116,091)
Less: loss for the year from discontinued operations	**(119,322)**	(54,090)
Loss for the purposes of basic loss per share from continuing operations	**(16,537)**	(62,001)

Loss figures for diluted loss per share are calculated as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share from continuing operations	**(16,537)**	(62,001)
After tax effect of effective interest on liability component of convertible notes *(note 1)*	**–**	–
Loss for the purposes of diluted loss per share from continuing operations	**(16,537)**	(62,001)

Note 1:

For the years ended 31 December 2009 and 2008, no after tax effect of effective interest on liability component of convertible notes was provided because the exercise of warrants and conversion of all outstanding convertible notes would have anti-dilutive effects.

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	
	2009	2008
	HK$'000	*HK$'000*
Trade debtors *(note)*	**–**	153
Less: Impairment loss for bad and doubtful debts	**–**	(153)
	–	–
Due from related companies	**–**	642
Loan receivables	**10,808**	79,583
Prepayments, deposits and other receivables	**170,715**	56,891
	181,523	137,116

Note:

The Group's major businesses are property development and property investment. The major income generated during the year is sale proceeds from the disposal of properties held for sale and rental income. Rent and related charges derived from the leasing of properties are receivable from tenants and are normally payable in advance in accordance with the terms of the tenancy agreements.

The directors of the Company consider that the fair values of trade and other receivables approximate to its carrying amounts.

11. TRADE AND OTHER PAYABLES

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Trade creditors *(note)*	**10,719**	32,081
Accruals and other payables	**21,825**	21,230
Advanced proceeds received from customers	**266,455**	72,553
Deposits received	**50,600**	–
Due to non-controlling interests	**356,104**	195,348
Due to related companies	**–**	273
Other loans	**11,231**	88,534
	716,934	410,019

Note:

Ageing analysis of trade creditors is as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Due within 30 days or on demand	**2,745**	–
Due within 31 to 60 days	**328**	–
Due within 61 to 90 days	**312**	–
Due over 90 days	**7,334**	32,081
	10,719	32,081

The directors of the Company consider that the fair values of trade and other payables approximate to its carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The general economic environment in the PRC was also affected as a result of the global financial crisis during the third quarter of 2008. However, there were signs of improvements in the second half of 2009. During the year, the Shenyang Project, the property investment of the Group in mainland China, saw encouraging progress and its property pre-sale proceeds were approximately RMB393,000,000. It is expected that its shopping mall will commence business in the second quarter of 2010 and its business commencement will further stimulate the sales of the residential units, thus providing significant returns to the Group. In addition, the Group entered into contracts to dispose of three investments. The completion of one disposal took place in October 2009 while the other two disposals were completed in January 2010 and March 2010 respectively.

The loss attributable to owners of the Company for the year ended 31 December 2009 was approximately HK$136 million. Such loss was mainly attributable to the revaluation deficit and provision for loss on disposal of Hotel Golden Dragon (Macao) Company Limited.

PRC Projects

Properties development and investment

Shenyang Project

The Group has a 70% interest in the development project of Pan-China Commercial Square in Hunnan New District, Shenyang, the PRC which is opposite to the Shenyang Olympic Gymnasium Center while the remaining 30% is held by Pan-China Construction Group Corporation Limited. The development project has a site area of approximately 75,532 square metres which is planned to develop into a landmark composite development project with a total gross floor area of approximately 460,702 square metres, comprising residential buildings, shopping malls, commercial office buildings, high-class service apartments and luxury hotels.

The residential buildings consist of six blocks with 1,105 residential units and 42 ground floor stores. Pre-sale had commenced in June 2008. At 31 December 2009, 628 residential units and 40 units of ground floor stores of the residential buildings were pre-sold, with total sale proceeds of approximately RMB393 million. Under the Group's accounting policies, these sale proceeds will be recognised as turnover in the consolidated income statement only upon the completion of sales contracts with customers; completion of physical inspection on properties by local governmental bodies; and registration of sales contracts with local authority is completed, whichever is the later.

The first phase of shopping mall has been completed and is expected to commence business in the second quarter of 2010. The shopping mall houses a number of famous enterprises and brands, such as Shenyang McDonald's (Restaurants Food) Company Limited ("瀋陽麥當勞"), Wal-Mart (China) Investment Company Limited ("沃爾瑪(中國)"), Da Lian Bao Bei Du Kou Children's Playground ("大連寶貝渡口兒童樂園"), 廣州金逸影視投資集團有限公司 (Guangzhou Jin Yi Cinema Investment Group Limited*), 瀋陽蘇寧電器有限公司 (Shenyang Suning Appliance Company Limited*), KFC, NIKE and etc. The business commencement of the shopping mall is expected to further boost the sale of the residential units.

The service apartment of the development project commenced construction in April 2009 and its topping-up work has been completed at the end of 2009. It is expected that the interior construction work would be completed in 2011. This service apartment is currently the landmark construction at Hunnan District, Shenyang and it targets at the market of medium-class to high-class service apartment. The total saleable area is expected to be above 40,000 square metres and it is anticipated that a good sales record would be achieved.

According to the recent policy promulgated by the PRC government, a more stringent measure is applied to both of the monitoring of real estate development and the approval process of new construction projects which may be beneficial to the Shenyang project as it can help to maintain the competitive edge of this project with the surrounding competitors. It also limits the supply of this kind of development project within the region. On the other hand, the macro economic development of Shenyang city has been progressing, as such, it is believed that this development project would show a stable growth.

* *For identification purpose only*

Infrastructure

Yancheng Power Plant

As the conditions precedent for the completion of the acquisition of Yancheng Power Plant ("Acquisition") were not satisfied in full, in light of the lapse of the completion date (being 31 March 2009) of the Acquisition and the uncertain outlook of the economy in the foreseeable future, the purchaser and the vendor re-considered the transactions contemplated under the Acquisition. On 22 December 2009, the Board announced that the Company and the vendor entered into a termination agreement to terminate the Acquisition (the "Termination Agreement"). Pursuant to the Termination Agreement, the Vendor shall refund to the Company the entire amount of deposits paid, being HK$140 million, either by an one-off repayment or by installments, on or before 31 December 2010, unless agree otherwise.

Hong Kong Projects

The Sun's Group Centre

In 2008, for the purpose of future expansion, the Group acquired a property located at 29th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Hong Kong (the "Property") for the Group's permanent office after expiry of the Group's existing tenancy agreement of the office located at Shun Tak Centre. However, due to poor economic climate resulting from the global financial crisis, expansion of the Group had been slowed down. The Group in July 2009 renewed the existing tenancy agreement with the current tenant of the Property as the rental was better than the market rental for similar premises.

Subsequently, on 15 December 2009, the Board announced that a provisional sale and purchase agreement (the "Provisional Agreement") was entered into between the purchaser and Patient Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company in relation to the disposal by the Vendor of the Property for a total consideration of HK$84.9 million. The consideration for the disposal was determined after arm's length negotiations between the purchaser and the Vendor with reference to the original price of the Property by the Vendor and the recent transaction prices of properties nearby. The completion of the Provisional Agreement took place on 17 March 2010.

Macau Projects

Hotel and entertainment business

Hotel Golden Dragon (Macao) Company Limited

The Group through its wholly owned-subsidiary, Pearl Oriental Macau Limited ("Pearl Oriental Macau"), has a 40% interest in Hotel Golden Dragon (Macao) Company Limited ("HGD") which owns Hotel Golden Dragon, a hotel with the same name. HGD has a 60% interest in Sunny Tourist & Entertainment Company Limited which provides tourist and related services.

The share of operating profit (before loss on disposal of fixed assets) during the year under review was approximately HK$47 million, whereas the corresponding amount for 2008 was approximately HK$52 million. The share of operating profit (before loss on disposal of fixed assets) from HGD for the year would slightly decrease due to the increase in competition in the hotel and gaming industry in Macau and the continued tightening of the PRC's "Individual Visit Scheme" which affected the number of tourists. At the statement of financial position date, there was a fair value loss on revaluation of the hotel of approximately HK$112 million and a provision for loss on disposal of HGD of approximately HK$50 million.

In the past two years, the hotel and gaming industry in Macau has been operating under a challenging and competitive environment in light of the global economic downturn, particularly the continued tightening of the PRC's "Individual Visit Scheme". Though there have been signs of improvement during the past few months, competition remained keen with the opening of several new large hotels which was reflected in the declining profitability of HGD. Given the uncertainty of the hotel and gaming industry in Macau and in view of certain renovation works to be carried out on the hotel, HGD resolved to suspend dividend payments to shareholders. Moreover, it has been the intention of the Group to progressively exit the Macau market so as to put more efforts and resources on the property development and investment projects in the PRC.

In view of the above, on 28 November 2009, a disposal agreement was entered into between the Company and U Wah Hotel Management Limited which was a connected person of the Company with regard to the disposal of (i) the sale share, being the entire interest of Pearl Oriental Macau and (ii) the shareholder's loans (being approximately HK$346.7 million) by the Company, for an aggregate consideration of HK$400 million (the "Disposal"). The completion of the Disposal took place on 29 January 2010.

Properties development and investment

Cheok Ka Chun, Taipa, Macau

The construction site is located at Lote TN6, Cheok Ka Chun, Taipa, Macau ("TN6") where the population density is low and occupied with middle class residential properties. In view of the rapid development in Taipa and Coloane, the Board intended to develop the construction site into a high-storey and luxurious residential apartment with commercial units.

In 2009, the Group successfully disposed of TN6 for an aggregate consideration of HK$230 million through the disposal of its 55% interests in Continental Ocean Investment and Development Company Limited ("CIDCOL") in which the only material assets of CIDCOL were TN6 and the related pledged deposits with bank of approximately HK$30 million. A portion of the consideration was settled by way of early redemption of the convertible bonds (which were issued by the Company in August 2007) at face value by the Company, with a principal amount of HK$95 million while the remaining balance of the consideration was fully settled in cash. The completion of the disposal, with a profit on disposal of the subsidiary of approximately HK$17 million, took place on 29 October 2009.

HUMAN RESOURCES

At 31 December 2009, the Group employed about 220 full-time 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. In addition, the Group offers benefits such as training programme to staff in order to maintain the competitiveness of the staff and to enhance their senses of loyalty.

FINANCIAL REVIEW

Results

For the year ended 31 December 2009, the Group reported a turnover of approximately HK$21 million, compared with approximately HK$2 million for the year ended 31 December 2008. The loss attributable to owners of the Company for the year ended 31 December 2009 was approximately HK$136 million as compared with HK$116 million in last year.

Capital Structure

The capital structure of the Group consisted of debt (which included borrowings and convertible notes), cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings 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 2009, the underlying current ratio, defined as current assets over current liabilities, was approximately 1.58 (2008: 1.39). At 31 December 2009, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 36% (2008: 42%) while the current liabilities to the total assets ratio was approximately 42% (2008: 32%).

At 31 December 2009, the Group's equity attributable to owners of the Company was approximately HK$975 million, a decrease of approximately 13% over last year end which was approximately HK$1,120 million. The net current assets at 31 December 2009 was approximately HK$596 million (2008: HK$286 million) while cash and cash equivalents and pledged deposits at 31 December 2009 was approximately HK$251 million (2008: HK$133 million).

FINAL DIVIDEND

The Board has resolved not to propose any final dividend for the year ended 31 December 2009 (2008: nil).

CONTINGENT LIABILITIES

At 31 December 2009, Pan-China (Shenyang) Real Estate Development Limited ("Pan-China (Shenyang)"), which is a subsidiary of the Group, acted as guarantor for repayment of the mortgage bank loans granted to the purchasers of the properties of Pan-China (Shenyang) amounted to approximately HK$29 million (2008: HK$14 million).

At 31 December 2009, the Group had no other significant contingent liabilities (2008: nil).

CHARGE ON ASSETS

At 31 December 2009, assets of the Group amounting to approximately HK$1,031 million (2008: HK$622 million) 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 Macao Pataca. 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 2009.

PROSPECT OF THE GROUP

The management will continue to look for property development projects in the second tier cities of the PRC, including Chengdu, Tianjin, Qingdao, Taiyuan and Hainan Island, with a view to expand the property development portfolio of the Group in the future. On the other hand, the management will continue to look for other investment opportunities in relation to the city infrastructure projects in the PRC when the timing is appropriate. The management will adjust their plans to look for investment opportunities which offer satisfactory returns to the Shareholders within the acceptable risk profile of the Group and expected return.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save for the matter 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 Code on Corporate Governance Practices (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 2009.

The Company has complied with all the provisions under the CG Code in effect during the year ended 31 December 2009, except for the deviation of code provision A.4.1 of the CG code mentioned below.

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 and that code provision A.4.2 of the CG Code 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 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 ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Full details on the subject of corporate governance practices will be set out in the Company's 2009 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 2009.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") presently comprises four 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 financial statements for the year ended 31 December 2009.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2009 as set out in the Preliminary Announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng, to the amounts set out in the Group's audited 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.

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company will be held on 3 June 2010. Notice convening the meeting will be issued in due course.

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
Law Kar Po
Chairman and Executive Director

Hong Kong, 23 April 2010

As at the date of this announcement, the Board comprises Mr. Law Kar Po, Mr. Yang Tian Ju, Ms. Shi Feng Ling, Mr. Man Wai Ping, Mr. Chiang Kin Tong, Ms. Law Wing Yee, Wendy and Ms. Lee Siu Yuk, Eliza as executive Directors; and Mr. Lau Wai Ming, Mr. Kwok Hong Yee, Jesse, Mr. Li Kam Fai, Dominic and Mr. Zhang Yong as independent non-executive Directors.