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 2013

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 2013.

Annual Results

The turnover of the Group for the year ended 31 December 2013 was approximately HK$6,683,000, as compared with approximately HK$13,617,000 in 2012. 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$51,620,000 for the year ended 31 December 2012 to approximately HK$39,945,000 this year, being 22.6% reduction. The loss attributable to owners of the Company for the year ended 31 December 2013 increased to approximately HK$85,148,000, compared with the loss attributable to owners of the Company of approximately HK$15,414,000 over the corresponding period of 2012.

On 10 December 2012, the Group successfully obtained 40% equity interests in 南京泰和盈科置業有限公司 (Nanjing Taihe Yingke Property Company Limited*) ("Nanjing Taihe Yingke") at a consideration of HK$300,000,000 through acquiring 40% equity interests in Forward Investment (PRC) Company Limited ("Forward Investment"). The principal assets of Forward Investment is the 100% equity interests in 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 330 service apartment units with approximately 17,500 square meters of the gross floor area have been pre-sold with average selling price of approximately RMB12,100 per square meters. The Jiangning Project is still undergoing the installation of the superstructure. The main building inspection of the service apartment had been finished by 2013 and is currently pending for the installation of the electricity system. The construction of the service apartment building is expected to be completed in the first half of 2014, while the commercial building 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 2013, 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 2012, being approximately HK$2.07 million, to the Group.

The Board considered that the investment in the ten residential properties, namely E2, E3, E4, E5, E6, E7, E8, E9, E10 and E15, located at Las Pinadas, Clear Water Bay Road, Sai Kung, New Territories (the "Properties") could not reach the Company's expectations on its investment return rate and income. Therefore, on 9 August 2013, the Company announced that it had resolved to dispose of the entire issued share capital of Steady Foundation, an indirect wholly-owned subsidiary of the Company and the owner of the Properties, by way of public tender. The public tender closed on 25 September 2013 and two bids were received by the Company's solicitor by then. The Company accepted the tender which offered the highest aggregate consideration of the Sale Share and the Shareholder's Loan on 27 September 2013. On 9 October 2013, the Company and the purchaser, an independent third party, entered into the agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and the Shareholder's Loan at an aggregate consideration of HK$240,888,888, subject to adjustment (the "Steady Foundation Disposal"). The Steady Foundation Disposal was completed on 23 December 2013.

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

Prospects

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

Real estate business

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

Natural gas business

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

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 2013 together with comparative figures in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Turnover	*3*	**6,683**	13,617
Direct costs		**(842)**	(8,104)
		5,841	5,513
Other revenue and net income	*4*	**36,051**	9,920
(Loss)/gain arising on change in fair value of investment properties		**(51,000)**	36,000
Gain on bargain purchase		**–**	54,124
Gain arising on change in fair value of financial asset at fair value through profit or loss		**–**	4,260
Gain on disposal of subsidiaries		**4,338**	–
Share of results of associates		**(4,620)**	(7,377)
Other operating expenses		**(50,345)**	(74,374)
General and administrative expenses		**(39,945)**	(51,620)
Loss from operations		**(99,680)**	(23,554)
Finance costs	*5(a)*	**(1,807)**	(4,632)
Loss before taxation	*5*	**(101,487)**	(28,186)
Income tax	*6*	**11,864**	11,387
Loss for the year		**(89,623)**	(16,799)
Attributable to:			
– Owners of the Company		**(85,148)**	(15,414)
– Non-controlling interests		**(4,475)**	(1,385)
Loss for the year		**(89,623)**	(16,799)
Loss per share (HK cents per share)	*9*		
Basic		**(1.99) cents**	(0.36) cents
Diluted		**(1.99) cents**	(0.36) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(89,623)**	(16,799)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Net translation differences on foreign operations	**10,955**	(2)
Share of other comprehensive income of associates		
– Exchange reserve	**3,977**	(2,162)
	14,932	(2,164)
Other comprehensive income/(loss) for the year, net of tax	**14,932**	(2,164)
Total comprehensive loss for the year	**(74,691)**	(18,963)
Attributable to:		
– Owners of the Company	**(70,891)**	(17,569)
– Non-controlling interests	**(3,800)**	(1,394)
Total comprehensive loss for the year	**(74,691)**	(18,963)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investment properties		**–**	288,000
Property, plant and equipment		**9,462**	19,596
Goodwill		**–**	–
Intangible asset		**75,103**	122,559
Interests in associates		**350,970**	644,610
		435,535	1,074,765
CURRENT ASSETS			
Inventories		**60**	109
Trade and other receivables	*10*	**41,565**	33,503
Financial asset at fair value through profit or loss		**–**	7,350
Cash and bank balances		**122,566**	25,009
		164,191	65,971
Assets classified as held for sale		**334,544**	–
		498,735	65,971
CURRENT LIABILITIES			
Trade and other payables	*11*	**(9,531)**	(14,380)
Interest-bearing borrowings, secured		**–**	(115,062)
		(9,531)	(129,442)
NET CURRENT ASSETS/(LIABILITIES)		**489,204**	(63,471)
TOTAL ASSETS LESS CURRENT LIABILITIES		**924,739**	1,011,294
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(18,776)**	(30,640)
NET ASSETS		**905,963**	980,654
CAPITAL AND RESERVES			
Share capital		**213,496**	213,496
Reserves		**685,235**	756,126
Total equity attributable to owners of the Company		**898,731**	969,622
Non-controlling interests		**7,232**	11,032
TOTAL EQUITY		**905,963**	980,654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the financial statements of the Company and its subsidiaries and the Group's interests in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial instruments and investment properties are measured at fair value and non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell as explained in the accounting polices set out below.

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

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 1	*Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 13	*Fair Value Measurement*
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to HKFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
Annual Improvements to HKFRSs (2009 – 2011)	*Amendments to HKFRS 1, HKAS 1, HKAS 16, HKAS 32 and HKAS 34*

The initial application of these financial reporting standards does not necessitate material changes in the Company's accounting policies except the following:

(i) HKFRS 10 "*Consolidated Financial Statements*" modifies the concept of "control" substantially. The Company's adoption of this new concept of control does not result in a change in the classification of investments in subsidiaries and other entities;

(ii) HKFRS 11 "*Joint Arrangements*" introduces the concepts of "joint venture" and "joint operations". The Company's adoption of these new concepts does not result in a change in the classification and measurement of investments in joint ventures and other entities; and

(iii) HKFRS 13 "*Fair Value Measurement*" introduces a number of new concepts and principles regarding fair value measurement. The Company's adoption of these new concepts and principles does not result in a change in the fair value measurements of its assets and liabilities.

The initial application of these financial reporting standards does not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

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

HKFRS 9	*Financial Instruments*[3]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HK(IFRIC) – Int 21	*Levies*[1]
Amendments to HKAS 19 (2011)	*Defined Benefit Plans: Employee Contributions*[2]
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*[1]
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-financial Assets*[1]
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*[1]
Amendments to HKFRS 10	*Investment Entities*[1]
Annual Improvement to HKFRSs (2010-2012)	*Amendments to HKFRS 2, HKFRS 3, HKFRS 8, HKFRS 13, HKAS 16, HKAS 24 and HKAS 38*[2]
Annual Improvements to HKFRSs (2011-2013)	*Amendments to HKFRS 1, HKFRS 3, HKFRS 13 and HKAS 40*[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 January 2016

The directors of the Company has commenced their assessments of the above new and revised HKFRSs and anticipate that the application of these new and revised HKFRSs would not have a material impact on the results and financial position of the Group.

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	
	2013	2012
	HK$'000	*HK$'000*
Rental income from investment properties in Hong Kong	**6,658**	6,395
Sales of natural gas pipeline construction materials	**–**	7,151
Sales of natural gas	**25**	71
	6,683	13,617

4. OTHER REVENUE AND NET INCOME

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Other revenue:		
Interest income on bank deposit	**18**	5,379
Interest income on loan to an associate	**–**	377
	18	5,756
Other net income:		
Net exchange gain	**16**	2,099
Compensation income	**36,000**	2,065
Others	**17**	–
	36,033	4,164
	36,051	9,920

5. LOSS BEFORE TAXATION

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

(a) Finance costs

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and other loans		
– wholly repayable within five years	**1,807**	35
– not wholly repayable within five years	**–**	1,889
Effective interest expenses of convertible notes	**–**	2,708
Total borrowing costs	**1,807**	4,632

The analysis shows the finance costs of bank borrowings 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	
	2013	2012
	HK$'000	*HK$'000*
Charging/(crediting):		
Staff costs (including directors' emoluments)		
– salaries, wages and other benefits	**8,050**	10,132
– retirement benefits scheme contributions	**113**	544
Total staff costs	**8,163**	10,676
Auditors' remuneration	**1,150**	6,229
Amortisation of intangible assets	**4,347**	5,676
Cost of inventories sold	**27**	71
Provision of obsolete inventories	**25**	–
Depreciation of property, plant and equipment	**1,789**	3,464
Impairment loss recognised in respect of trade and other receivables	**30**	2,532
Impairment loss recognised in respect of goodwill	**–**	27,118
Impairment loss recognised in respect of property, plant and equipment	**7,206**	4,850
Impairment loss recognised in respect of intangible assets	**43,109**	39,874
Gain arising on change in fair value of financial asset at fair value through profit or loss	**–**	(4,260)
Loss/(gain) arising on change in fair value of investment properties	**51,000**	(36,000)
Gain on disposal of subsidiaries	**(4,338)**	–
Operating lease charges for premises	**5,798**	10,351
Crediting:		
Gross rental income from investment properties in Hong Kong	**(6,658)**	(6,395)
Less: Direct operating expenses from investment properties that generated rental income during the year	**815**	885
	(5,843)	(5,510)
Net exchange gain	**(16)**	(2,099)

6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	–
The PRC Corporate Income Tax	**–**	–
Deferred tax credit	**(11,864)**	(11,387)
	(11,864)	(11,387)

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 2013 and 2012.

The Group's subsidiaries in the PRC are subject to the PRC Corporate Income Tax at 25% (2012: 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 2013 (2012: nil).

8. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers and the sales of natural gas pipeline construction materials to associates of the Group. There were no inter-segment sales during the year (2012: 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) gain on bargain purchase, gain arising on change in fair value of financial asset at fair value through profit or loss, net exchange gain and compensation income under heading of other operating income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

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

(a) The property investment segment engages in rental income from investment properties;

(b) Natural gas segment engages in transportation and sales of natural pipelined gases, and natural gas pipeline connections in the PRC; and

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

The following is an analysis of the Group's revenue and results by operating segment for the years ended 31 December 2013 and 2012:

	For the year ended 31 December 2013				
	Properties investment *HK$'000*	**Natural gas** *HK$'000*	**Investment holding** *HK$'000*	**Unallocated** *HK$'000*	**Total** *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**

	For the year ended 31 December 2012				
	Properties investment *HK$'000*	Natural gas *HK$'000*	Investment holding *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment revenue					
From external customers	6,395	71	–	–	6,466
From associates	–	7,151	–	–	7,151
	6,395	7,222	–	–	13,617
Segment profit/(loss)	41,510	(185)	188	–	41,513
Interest income	–	419	26	5,311	5,756
Other operating income, net	–	(20)	56,310	6,258	62,548
Share of results of associates	–	–	(7,377)	–	(7,377)
Other corporate expenses	(2,553)	(82,304)	(6,251)	(34,886)	(125,994)
Profit/(loss) from operations	38,957	(82,090)	42,896	(23,317)	(23,554)
Finance costs	(1,924)	–	–	(2,708)	(4,632)
Profit/(loss) before taxation	37,033	(82,090)	42,896	(26,025)	(28,186)
Income tax	–	11,387	–	–	11,387
Profit/(loss) for the year	37,033	(70,703)	42,896	(26,025)	(16,799)
Other segment information					
Additions to non-current assets	431	6,191	352,112	1,309	360,043
Gain on bargain purchase	–	–	54,124	–	54,124
Gain arising on change in fair value of investment properties	36,000	–	–	–	36,000
Gain arising on change in fair value of financial asset at fair value through profit or loss	–	–	–	4,260	4,260
Impairment loss recognised in respect of trade and other receivables	–	2,532	–	–	2,532
Impairment loss recognised in respect of goodwill	–	27,118	–	–	27,118
Impairment loss recognised in respect of property, plant and equipment	–	4,850	–	–	4,850
Impairment loss recognised in respect of intangible assets	–	39,874	–	–	39,874
Amortisation	–	5,676	–	–	5,676
Depreciation	2,157	232	84	991	3,464
Interests in associates	–	–	644,610	–	644,610
Other assets	291,725	162,298	4,267	37,836	496,126
Segment assets	291,725	162,298	648,877	37,836	1,140,736
Segment liabilities	116,517	32,335	3,421	7,809	160,082

Information about major customers

For the year ended 31 December 2013, the Group had seven transactions with external customers which individually contributed to 10% or more of the Group's total revenue. The total revenue related to investment properties segment from these seven customers amounted to approximately HK$5,576,000.

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

9. LOSS PER SHARE

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

Losses

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Losses for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(85,148)**	(15,414)
Effect of dilutive potential ordinary shares arising from convertible notes (net of tax)	**–**	–
Loss for the purpose of diluted loss per share	**(85,148)**	(15,414)

Number of shares

	Number of shares	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic 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 loss per share	**4,269,910,510**	4,269,910,510

Notes:

1. For the year ended 31 December 2013, there was no dilutive effect imposed on the basic loss per share and thus the diluted loss per share equals to basic loss per share.

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

10. TRADE AND OTHER RECEIVABLES

	The Group 2013 HK$'000	2012 HK$'000
Trade debtors *(Note)*	**30**	44
Less: Impairment loss recognised in respect of trade debtors	**(30)**	–
Trade debtors, net	**–**	44
Loan receivables	**–**	23,921
Prepayments, deposits and other receivables	**41,565**	12,070
	41,565	35,991
Less: Impairment loss recognised in respect of repayments, deposits and other receivables	**–**	(2,532)
	41,565	33,459
Total loan receivables, prepayments, deposits and other receivables, net	**41,565**	33,503

Note:

For the year ended 31 December 2013, the principal activities comprised of property investment and sales of natural gas. Sales proceeds of rental and natural gas 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.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade debtors from the date credit was initially granted up to the end of the reporting period. At 31 December 2012, all the trade debtors were due within 30 days or on demand.

11. TRADE AND OTHER PAYABLES

	The Group 2013 HK$'000	2012 HK$'000
Trade creditors *(Note)*	**3,330**	3,221
Accruals and other payables	**4,421**	6,476
Deposits received	**–**	1,186
Other loans	**–**	1,706
Due to non-controlling interests	**1,780**	1,791
	9,531	14,380

Note:

An ageing analysis of trade creditors is as follows:

	The Group 2013 HK$'000	2012 HK$'000
Due within 30 days or on demand	**–**	–
Due within 31 to 60 days	**–**	–
Due within 61 to 90 days	**–**	–
Due over 90 days	**3,330**	3,221
	3,330	3,221

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for Qualified Opinion

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

The auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2012 contained a disclaimer opinion on the limitation on the audit scope in relation to the interest in an associate, amount due from an associate and financial asset at fair value through profit or loss. Details of which had been set out in the auditor's report dated 28 March 2013.

As the consolidated financial statements of the Group for the year ended 31 December 2012 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 amounts of the above mentioned (i) interest in an associate, (ii) amount due from an associate; and (iii) financial asset at fair value through profit or loss would have a significant effect on the opening balances and consequential effect on the consolidated financial position of the Group as at 31 December 2013 and the results and the related disclosures thereof for the year ended 31 December 2013.

Scope limitation – Share of result of an associate

The Group had interest in an associate in respect of 49% equity interests in Beijing Zhonggang Green Energy Investment Consulting Co., Ltd. and its subsidiaries (the "Associate").

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 has not equity accounted for its interest in Associate for the period then ended and has not presented adequate disclosures in relation to the financial information of the Associate in accordance with HKAS 28 (2011) "Investments in Associates and Joint Ventures". Moreover, the directors of the Company are unable to determine whether any impairment loss was required for the carrying value of interest in Associate and to disclose or recognise its share of contingent liabilities or financial liabilities of the Associate.

Scope limitation – Non-current assets held for sale

During the year, the Group entered into a sale and purchase agreement to dispose the 49% equity interests in the Associate at a consideration of HK$315,000,000 ("Disposal"). The Disposal has not been completed up to the date of this report and as a result, the assets and liabilities of the Associate had been classified to non-current assets held for sales in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

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 including but not limited to (i) interest in Associates; (ii) the amount due from Associate; and (iii) the financial asset at fair value through profit or loss, at the lower of carrying amount and fair value less cost to sell. Consequently, the assets of the Associate classified as held for sales were included in the consolidated statement of financial position are measured at the carrying amount at cost since 1 July 2012.

As a result, we were unable to obtain sufficient appropriate audit evidence and by any alternative means to obtain such sufficient appropriate audit evidence regarding the measurement and valuation of the non-current assets held for sale as at 31 December 2013.

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 2013, the results and cash flows for the year ended 31 December 2013 and related disclosure thereof in the consolidated financial statements of the Group for the year ended 31 December 2013.

QUALIFIED OPINION

In our opinion, except for the effects of the matters described in the basis for 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 2013 and of the Group's loss 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 330 service apartment units with approximately 17,500 square meters of the gross floor area have been pre-sold with average selling price of approximately RMB12,100 per square meters. The Jiangning Project is still undergoing the installation of the superstructure. The construction of the service apartment building is expected to be completed in the first half of 2014, while the commercial building 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 2013, 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 2012, being approximately HK$2.07 million, to the Group. For the year ended 31 December 2013, Forward Investment suffered a loss and therefore would not be able to pay any dividends to its shareholders. As such, the guarantors shall compensate the shortfall of the profit guarantee for the year ended 31 December 2013, being HK$36 million, to the Group on or before 15 May 2014.

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 北京中港綠能投資咨詢有限公司 (Beijing Zhonggang Green Energy Investment Consulting Co., Ltd.*) (the "Intermediate Holding Company") through holding the equity interests in the Intermediate Holding Company. At the time of acquisition of equity interests in Changdongshun, the Group 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 supplemental agreement dated 15 January 2014 to extend the long stop date for the satisfaction of the conditions and the date of completion to 30 September 2014. As at the date of this announcement, the Changdongshun Disposal is not completed.

Hong Kong Projects

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

In June 2011, the Group acquired ten residential properties, namely E2, E3, E4, E5, E6, E7, E8, E9, E10 and E15, located at Las Pinadas, Clear Water Bay Road, Sai Kung, New Territories (the "Properties"). The Properties are luxurious houses with gross floor area ranging from approximately 2,800 to 3,200 square feet (including private garden). The Properties are used by the Group for investment purposes.

The Board considered that the investment in the Properties could not reach the Company's expectations on its investment return rate and income. Therefore, on 9 August 2013, the Company announced that it had resolved to dispose of the entire issued share capital of Steady Foundation, an indirect wholly-owned subsidiary of the Company and the owner of the Properties, by way of public tender. The public tender closed on 25 September 2013 and two bids were received by the Company's solicitor by then. The Company accepted the tender which offered the highest aggregate consideration of the Sale Share and the Shareholder's Loan on 27 September 2013. On 9 October 2013, the Company and the purchaser, an independent third party, entered into the agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and the Shareholder's Loan at an aggregate consideration of HK$240,888,888, subject to adjustment (the "Steady Foundation Disposal"). A circular of the Company setting out the details of the Steady Foundation Disposal was published on 25 November 2013.

The Steady Foundation Disposal was completed on 23 December 2013. The fair value of the Properties decreased by HK$51,000,000 during the year 2013. The gain on disposal of the above transaction was approximately HK$4,338,000.

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 2013, the Group had a total of approximately 12 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 2013 was approximately HK$6,683,000, as compared with approximately HK$13,617,000 for the year ended 31 December 2012. The loss attributable to owners of the Company for the year ended 31 December 2013 increased to approximately HK$85,148,000 as compared with the loss attributable to owners of the Company of approximately HK$15,414,000 for the year ended 31 December 2012. This was mainly due to a fair value loss on the investment properties amounting to approximately HK$51,000,000 for the year ended 31 December 2013 as compared with the fair value gain on the investment properties amounting to approximately HK$36,000,000 for the year ended 31 December 2012.

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 2013, the underlying current ratio, defined as current assets over current liabilities, was approximately 52.33 (2012: 0.51). At 31 December 2013, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 0% (2012: 12%) while the current liabilities to the total assets ratio was approximately 1% (2012: 11%).

At 31 December 2013, the Group's equity attributable to owners of the Company was approximately HK$898,731,000, a decrease of approximately 7.31% over last year end which was approximately HK$969,622,000. The net current assets at 31 December 2013 was approximately HK$489,204,000 (2012: Net current liabilities: HK$63,471,000) while cash and bank balances at 31 December 2013 was approximately HK$122,566,000 (2012: HK$25,009,000).

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2013.

Charge on Assets

At 31 December 2013, none of the assets of the Group were pledged. At 31 December 2012, assets of the Group amounting to approximately HK$288,000,000 were pledged for the Group's borrowings.

Foreign Currencies

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

FINAL DIVIDEND

The Board has resolved not to propose any final dividend for the year ended 31 December 2013 (2012: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 2013.

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 2013, 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. On 18 January 2013, Mr. Zhu Hai Hua has redesignated as the Vice Chairman of the Company and on the same date, Mr. Ye De Chao, the Chief Executive Officer, assumed the role of Acting Chairman of the Company. On 28 February 2013, Mr. Ye De Chao has been appointed as the Chairman of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

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

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 and Mr. Yu Hong Gao, the independent non-executive Directors of the Company, were unable to attend the annual general meeting of the Company held on 7 June 2013 and the extraordinary general meetings of the Company held on 15 July 2013, 10 December 2013 and 17 February 2014 as they 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, and Mr. Yu Hong Gao, the chairman of the Remuneration Committee, did not attend the annual general meeting of the Company held on 7 June 2013 as they had other engagements in China.

Full details on the subject of the CG Code will be set out in the Company's 2013 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 2013.

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 2013.

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 2013 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, 28 March 2014

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

* *For identification purpose only*