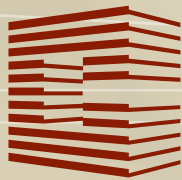


2009

Interim Report



中國基建投資有限公司

China Infrastructure Investment Limited

Stock Code: 600

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

LAW Kar Po (Chairman)
SHI Feng Ling (Chief Executive Officer)
WANG Biao
MAN Wai Ping
CHIANG Kin Tong
LAW Wing Yee, Wendy
LEE Siu Yuk, Eliza

Independent Non-executive Directors:

LAU Wai Ming[#]
KWOK Hong Yee, Jesse[#]
LI Kam Fai, Dominic[#]

([#] Members of Audit Committee)

COMPANY SECRETARY

LAW Chun Choi

SOLICITORS

On Hong Kong Law
Richards Butler

On Cayman Islands Law
W.S. Walker & Company

INDEPENDENT ACCOUNTANTS

HLB Hodgson Impey Cheng

HEAD OFFICE

Room 2007, 20th Floor,
West Tower, Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

REGISTERED OFFICE

The Harbour Trust Co. Ltd.
P.O. Box 897,
One Capital Place, George Town,
Grand Cayman KY1-1103, Cayman Islands

SHARE REGISTRARS & TRANSFER OFFICE

Principal Registrars

The Harbour Trust Co. Ltd.
P.O. Box 897,
One Capital Place, George Town,
Grand Cayman KY1-1103, Cayman Islands

Registrars in Hong Kong

Tricor Standard Limited
26th Floor, Tesbury Centre,
28 Queen's Road East, Wanchai,
Hong Kong

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Shanghai Commercial Bank Limited
Wing Hang Bank, Limited
China CITIC Bank Corporation Limited, Shenyang Branch

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “Board”) of China Infrastructure Investment Limited (the “Company”) is pleased to present the Interim Report with the condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2009. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six months ended 30 June 2009, and the consolidated statement of financial position of the Group at 30 June 2009, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 11 to 42 of this Report.

BUSINESS REVIEW AND OUTLOOK

The profit attributable to equity shareholders of the Company for the period from 1 January 2009 to 30 June 2009 was approximately HK\$6.7 million, compared with approximately HK\$25.1 million for the first six months of 2008, and decreased by approximately 73%. The decrease was due to the profit on disposal of 50 residential units and 58 car parks located at Edifício Zhu Kuan Mansion (珠光大廈) (“Zhu Kuan Mansion”) in Macau, in the amount of approximately HK\$18 million, recorded in the corresponding period. Excluding this effect, the profit attributable to equity shareholders of the Company for the six months ended 30 June 2009 only decreased by approximately 8% when compared with the corresponding period.

The turnover of the Group for the period under review decreased by approximately 76% as compared with the same period in 2008. Included in the turnover for the corresponding period was sale proceeds of Zhu Kuan Mansion amounting to approximately HK\$81 million. Excluding this effect, the turnover for the six months ended 30 June 2009 would have increased. At 30 June 2009, the total pre-sale of residential units and ground floor stores for Shenyang project amounted to approximately HK\$205 million which will be recorded as turnover upon the issue of occupation permit by the relevant government authorities in the near future.

Macau Projects

Hotel and entertainment business

For the period under review, the Group has continued to generate its major returns through its associate, Hotel Golden Dragon (Macao) Company Limited (“Hotel Golden Dragon”). The share of results during the period under review was approximately HK\$24.3 million, whereas the amount for the corresponding period was approximately HK\$28.1 million. The decrease in the profit from Hotel Golden Dragon was mainly because of the continued tightening of PRC’s “Individual Visit Scheme”, the poor tourism conditions as a result of the global human swine influenza outbreak and the continuing downturn in the global economy.

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 initially intended to develop the construction site into a high-storey and luxurious residential apartment with commercial units.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequently, the Board announced that, on 21 August 2009, a Provisional Agreement was entered into between Continental Ocean Investment and Development Company Limited (“CIDCOL”), a 55%-owned subsidiary of the Company, and Cheong On Real Estate and Investment Limited (the “Purchaser”) with regard to the disposal by CIDCOL of its entire interest in TN6 (the “Disposal”) for a total consideration of HK\$350 million.

On the same date, a settlement agreement was entered into between CIDCOL and the Purchaser to facilitate the settlement of a portion of the final payment under the Disposal. Under the settlement agreement, the Purchaser shall procure holders of the convertible notes issued by the Company in August 2007 (“2012 Convertible Notes”), with outstanding principal amount of HK\$95 million, to accept an early redemption of the 2012 Convertible Notes by the Company. These holders of 2012 Convertible Notes and the Purchaser will irrevocably instruct the Company to pay the redemption proceeds to CIDCOL for the settlement of a portion of the final payment under the Disposal. In the event that the holders of the 2012 Convertible Notes or the Purchaser fail to issue the aforesaid irrevocable instruction, the final payment will be fully settled in cash.

In the event that Mr. Chiang Pedro can transfer his beneficial interest in CIDCOL to another party (the “Transfer”), both parties to the Provisional Agreement may agree to terminate the Provisional Agreement without any liability against the other. As a result of the Transfer, all shareholders of CIDCOL will transfer their respective shareholding in CIDCOL to the shareholders of the Purchaser, subject to the entering into of a new agreement. Subsequently, Mr. Chiang Pedro has transferred his beneficial interest to Mr. Chiang Kin Tong, a Director of the Company, on 3 September 2009. Hence, a new agreement is going to be entered into on or before 31 October 2009 in order to complete the proposed transaction if this option is exercised by the Purchaser.

PRC Projects

Infrastructure

Yancheng Power Plant

The power plant is located in Yancheng City, Jiangsu Province and is still under construction. The power plant will be equipped with two 15 mega-watt extraction/condensing steam turbines, three 75 tonnes/hour straw fuel boilers. It is designed to supply approximately 148 million kilowatt-hour of electricity and approximately 1 million gigajoule of heat generation per annum by recycling approximately 270,000 tonnes of agricultural wastes per annum.

At 30 June 2009, deposits in the amount of HK\$140 million has been paid for the acquisition of Yancheng Power Plant (the “Acquisition”). As the conditions precedent for the completion of the Acquisition were not satisfied in full, in light of the lapse of the completion date 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. The Board, the purchaser and the vendor were of the view that it would be prudent to consider to terminate the sale and purchase agreement dated 13 June 2008 between the Company and the vendor in respect of the Acquisition (the “Agreement”). The purchaser and the vendor have currently been in discussion to negotiate the terms of the termination of the Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties development and investment

Shenyang Project

Shenyang, the largest city in Northeast China, is the economic, political, cultural and business center of Northeast China, with an urban population of 5 million. Shenyang's GDP grows 14% in the first half of 2009, approximately twice that of the national average.

The Group has a 70% interest in the development project of Pan-China Commercial Square in Hunnan New District, Shenyang, 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 sq.m. which is planned to develop into a landmark composite development project with a total gross floor area of approximately 460,293 sq.m., comprising residential buildings, shopping malls, commercial office buildings, high-class service apartments and luxury hotels.

The development project is under construction and is scheduled to be completed in phases from 2009 onwards. The topping-up work of all residential buildings had been completed in late 2008. It is expected that in the coming third or fourth quarter of 2009, the occupation permit of residential buildings would be granted. The first phase of shopping mall has been completed and is expected to commence business in December this year or before the Chinese New Year in 2010. Apart from some famous enterprises, 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)”), Ajisen (China) Holdings Limited (“味千中國”), Da Lian Bao Bei Du Kou Children's Playground (“大連寶貝渡口兒童樂園”) and 廣州金逸影視投資集團有限公司 (Guangzhou Jin Yi Cinema Investment Group Limited*) and etc., have signed the rental agreements as lessees, the business commencement of the shopping mall is expected to boost the sale of the residential units.

It is expected that 1,105 residential units in total will be available upon completion. Totally 5 blocks of residential units have been available for pre-sale by the end of June 2009. At 30 June 2009, 283 units were sold out, at an average selling price of RMB4,800 per sq.m., for total sale proceeds of approximately HK\$128 million and 20 units of ground floor stores were sold out, with total sale proceeds of approximately HK\$77 million.

Hong Kong Projects

The Sun's Group Centre

In 2008, the Group acquired a property located at 29th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Hong Kong (the “Property”). During July 2008, the management of the Group expected an increase in headcount in line with the future expansion of the Group. The Group considered that additional office space was needed and the current rented premises did not have sufficient space to cater for the expansion. Thus, the Property was acquired to be the Group's permanent office after expiry of the tenancy agreement of the Group's office located at Shun Tak Centre in August 2009. However, due to poor economic climate resulting from the global financial crisis, expansion of the Group had been slowed down. The current tenant of the Property also offered to pay a higher monthly rental upon renewal of the tenancy agreement of the Property in June 2009, which was better than the market rental for similar premises. In view of the above, the Board decided to renew the tenancy agreement with the current tenant instead of using the Property as the Group's permanent office. The existing tenancy agreement had been extended for three years with an option to renew for two years.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

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. Meanwhile, 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.

HUMAN RESOURCES

At 30 June 2009, the Group employed about 55 full-time staff in Hong Kong and the PRC. The Group is committed to maintain the competitiveness of the staff. To ensure the best performance and cultivate teamwork of the staff, the Group has designed on job trainings and various recreational activities. The Group remunerates employees based on their performance, experience and prevailing industry practice in order to retain the competent and talented employees.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. At 30 June 2009, the underlying current ratio, defined as current assets over current liabilities, was approximately 1.21 (31 December 2008: 1.39). At 30 June 2009, the underlying gearing ratio, defined as the total liabilities over total equity (including minority interest), was approximately 106% (31 December 2008: 79%) while the current liabilities to the total assets ratio was approximately 41% (31 December 2008: 32%). At 30 June 2009, the Group's equity attributable to equity shareholders of the Company was approximately HK\$1,129 million, an increase of 0.8% over last year end which was approximately HK\$1,120 million. The net current assets at 30 June 2009 was approximately HK\$231 million (31 December 2008: HK\$286 million) while cash and cash equivalents at 30 June 2009 was approximately HK\$450 million (31 December 2008: HK\$133 million).

Contingent Liabilities

At 30 June 2009, Pan-China (Shenyang) R.E. 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\$27,853,000 (31 December 2008: HK\$14,154,000).

Save as disclosed above, the Group had no other significant contingent liabilities at 30 June 2009 (31 December 2008: nil).

Charge on Assets

At 30 June 2009, assets of the Group amounting to approximately HK\$1,000 million (31 December 2008: HK\$622 million) were pledged to banks to secure general banking facilities as set out in Note 26 to the accompanying condensed consolidated financial statements.

Foreign Exchange Risk

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

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

At 30 June 2009, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), to be entered in the register referred to therein; or (b) were required, pursuant to Section 352 of SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

(a) Long Position in the Ordinary Shares of HK\$0.05 each ("Shares") of the Company

Name of Director	Number of Shares held			% to the issued share capital of the Company
	Personal Interests	Corporate Interests	Total	
Mr. Law Kar Po	701,116,000	–	701,116,000	17.42
Ms. Shi Feng Ling	170,000,000	1,019,290,512 <i>(Note)</i>	1,189,290,512	29.56

Note : These Shares were held by Amazing Glory Investments Limited, a company which was wholly-owned by Ms. Shi Feng Ling. Hence, she was deemed to have a beneficial interest in all these Shares.

(b) Long Position in the Underlying Shares

(i) Long position in the unlisted 2.5% fixed interest convertible redeemable notes ("2011 Convertible Notes") of the Company

Name of Director	Capacity	Amount of 2011 Convertible Notes HK\$	Number of underlying Shares	% to the issued share capital of the Company
Mr. Chiang Kin Tong	Beneficial owner	23,709,703	160,200,696	3.98

Holders of 2011 Convertible Notes are entitled to elect to convert 2011 Convertible Notes into Shares at the conversion price of HK\$0.148 per Share (subject to adjustment) until 27 April 2011.

OTHER INFORMATION

(ii) Long position in the unlisted 2.5% fixed interest convertible redeemable notes (“2012 Convertible Notes”) of the Company

Name of Director	Capacity	Amount of 2012 Convertible Notes HK\$	Number of underlying Shares	% to the issued share capital of the Company
Mr. Law Kar Po	Beneficial owner	65,000,000	216,666,666	5.38

Holders of 2012 Convertible Notes are entitled to elect to convert 2012 Convertible Notes into Shares at the conversion price of HK\$0.30 per Share (subject to adjustment) until 23 August 2012.

Save as disclosed above, at 30 June 2009, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associate corporation (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 11 July 2008 (the “Share Option Scheme”). The purposes of the Share Option Scheme are to enable the Group and its Invested Entities (any entity in which any member of the Group holds an equity interest) to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group or Invested Entities, to recognise the contributions of the Eligible Persons to the growth of the Group or Invested Entities by rewarding them with opportunities to obtain ownership interest in the Company and to motivate and give incentives to these Eligible Persons to continue to contribute to the long term success and prosperity of the Group or Invested Entities. Pursuant to the Share Option Scheme, the Board may invite any Eligible Person including any director and employee of the Company to take up options to subscribe for shares of the Company. The Share Option Scheme shall be valid and effective for a period of ten years. No share options were outstanding nor granted during the six months ended 30 June 2009.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the Ordinary Shares

Name of shareholder	Capacity	Number of Shares	% to the issued share capital of the Company
Amazing Glory Investments Limited	Beneficial owner	1,019,290,512	25.33

Note: Amazing Glory Investments Limited is wholly-owned by Ms. Shi Feng Ling, a Director of the Company.

Save as disclosed above, at 30 June 2009, no person (other than Directors or chief executive of the Company) had an interest or a short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalizing best practices.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2009, except for the following deviation:

Code Provision A.4.1

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

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, it is confirmed that all Directors have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial report for the six months ended 30 June 2009. In addition, the condensed consolidated financial statements of the Group for the six months ended 30 June 2009 have been reviewed by the independent accountants, Messrs. HLB Hodgson Impey Cheng. The Audit Committee comprises the three independent non-executive Directors of the Company.

By Order of the Board

LAW Kar Po
Chairman

Hong Kong, 18 September 2009



Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

18 September 2009

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
CHINA INFRASTRUCTURE INVESTMENT LIMITED**
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

INTRODUCTION

We have reviewed the interim financial information of China Infrastructure Investment Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 11 to 42, which comprises the condensed consolidated statement of financial position as of 30 June 2009 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2400 “Engagements to Review Financial Statements” issued by the HKICPA. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 18 September 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
	Note		
Continuing operations			
Turnover	4	19,229	81,730
Direct costs		(17,458)	(63,227)
Other revenue and net income	5	3,346	11,134
Selling and distribution costs		(5,491)	(4,738)
General and administrative expenses		(13,031)	(15,560)
(Loss)/profit from operations		(13,405)	9,339
Finance costs	6(a)	(7,620)	(11,704)
Share of profits of associates		24,295	28,081
Profit before taxation	6	3,270	25,716
Income tax	7	(27)	(20)
Profit after income tax from continuing operations		3,243	25,696
Discontinued operation			
Loss from discontinued operation	9	–	(2,820)
Profit for the period		3,243	22,876
Attributable to:			
– Equity shareholders of the Company		6,661	25,120
– Minority interests		(3,418)	(2,244)
Profit for the period		3,243	22,876
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
		11	
For continuing and discontinued operations			
– Basic		0.17	0.63
– Diluted		0.17	0.61
For continuing operations			
– Basic		0.17	0.70
– Diluted		0.17	0.68

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	3,243	22,876
Other comprehensive income		
Exchange differences on translation of financial statements of oversea subsidiaries	(1,502)	11,747
Total comprehensive income for the period	1,741	34,623
Total comprehensive income for the period attributable to:		
– Equity shareholders of the Company	5,159	36,867
– Minority interests	(3,418)	(2,244)
	1,741	34,623

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
NON-CURRENT ASSETS			
Investment properties	12	653,652	66,821
Property, plant and equipment	13	3,679	5,131
Properties under development	14	29,682	548,952
Interests in associates		539,737	542,626
Deposits paid for long-term investment	15	140,000	140,000
		<u>1,366,750</u>	<u>1,303,530</u>
CURRENT ASSETS			
Properties under development for sale	16	778,438	758,056
Trade and other receivables	17	95,217	137,116
Cash and cash equivalents	18	449,526	132,635
		<u>1,323,181</u>	<u>1,027,807</u>
CURRENT LIABILITIES			
Trade and other payables	19	(378,861)	(410,019)
Interest-bearing borrowings, secured	20	(713,360)	(331,818)
		<u>(1,092,221)</u>	<u>(741,837)</u>
NET CURRENT ASSETS		<u>230,960</u>	<u>285,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,597,710</u>	<u>1,589,500</u>
NON-CURRENT LIABILITIES			
Interest-bearing borrowings, secured	20	(36,353)	(34,863)
Convertible notes	21(d)	(179,226)	(177,977)
Deferred tax liabilities		(75,712)	(75,685)
		<u>(291,291)</u>	<u>(288,525)</u>
NET ASSETS		<u>1,306,419</u>	<u>1,300,975</u>
CAPITAL AND RESERVES			
Share capital	22	201,186	199,646
Reserves		927,912	920,590
Total equity attributable to equity shareholders of the Company		<u>1,129,098</u>	<u>1,120,236</u>
Minority interests		<u>177,321</u>	<u>180,739</u>
TOTAL EQUITY		<u>1,306,419</u>	<u>1,300,975</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

For the six months ended 30 June 2009

	(Unaudited)								
	Attributable to equity shareholders of the Company								
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Convertible notes equity reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2009	199,646	722,077	69	35,703	14,266	148,475	1,120,236	180,739	1,300,975
Shares issued at a premium on exercise of warrants	1	3	-	-	-	-	4	-	4
Shares issued at a premium on conversion of convertible notes	1,539	3,016	-	(856)	-	-	3,699	-	3,699
Total comprehensive income for the period	-	-	-	-	(1,502)	6,661	5,159	(3,418)	1,741
At 30 June 2009	201,186	725,096	69	34,847	12,764	155,136	1,129,098	177,321	1,306,419

For the six months ended 30 June 2008

	(Unaudited)								
	Attributable to equity shareholders of the Company								
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Convertible notes equity reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2008	178,145	570,563	69	35,703	3,088	264,566	1,052,134	103,171	1,155,305
Shares issued at a premium by a placement	21,500	151,513	-	-	-	-	173,013	-	173,013
Shares issued at a premium on exercise of warrants	1	1	-	-	-	-	2	-	2
Total comprehensive income for the period	-	-	-	-	11,747	25,120	36,867	(2,244)	34,623
At 30 June 2008	199,646	722,077	69	35,703	14,835	289,686	1,262,016	100,927	1,362,943

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	<i>Note</i>	(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH GENERATED FROM/(USED IN)			
OPERATING ACTIVITIES		57,094	(57,145)
NET CASH (USED IN)/GENERATED FROM			
INVESTING ACTIVITIES		(91,367)	23,450
NET CASH GENERATED FROM/(USED IN)			
FINANCING ACTIVITIES		104,289	(15,167)
NET INCREASE/(DECREASE) IN CASH AND			
CASH EQUIVALENTS		70,016	(48,862)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		36,100	102,082
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,480)	1,391
CASH AND CASH EQUIVALENTS AT 30 JUNE	18	104,636	54,611

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. GENERAL INFORMATION

The Company was incorporated and registered in the Cayman Islands on 16 June 1992 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 2 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and head office are disclosed in the corporate information section of the interim report.

The Company is an investment holding company. Its subsidiaries are principally engaged in property development and investment and investment holding. The Group was also engaged in trading of leather products. This activity was discontinued in the previous period as a result of the disposal of the Group’s 50% interest in Pathway International Limited (see Note 9).

The condensed consolidated financial statements were approved for issue on 18 September 2009.

The condensed consolidated financial statements have not been audited but have been reviewed by the Audit Committee of the Company and the independent accountants, Messrs. HLB Hodgson Impey Cheng in accordance with Hong Kong Standard on Review Engagements 2400 “Engagements to Review Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Independent review report to the board of directors is set out on page 10.

The financial information relating to the financial year ended 31 December 2008 included in these condensed consolidated financial statements does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 on which the CCIF CPA Limited have expressed an unqualified opinion on those financial statements in their report dated 17 April 2009, are available from the Company’s registered office.

2. BASIS OF PREPARATION

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

The Group’s interim financial information is presented in Hong Kong Dollar (“HK\$”) which is also the functional currency of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

2. BASIS OF PREPARATION *(Continued)*

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial information contains the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, a summary of significant accounting policies and selected explanatory notes, which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated financial statements do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments and investment properties that are measured at fair values, as appropriate.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	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
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except for the application of Amendments to HKAS 40 Investment Property, HKAS 1 (Revised) Presentation of Financial Statements and HKFRS 8 Operating Segments (see below).

Amendments to HKAS 40 Investment Property

As part of the Improvements to HKFRSs issued by the HKICPA in 2008, HKAS 40 Investment Property has been amended to include properties that are being constructed or developed for future use as investment properties within its scope and to require such properties to be measured at fair value (where the fair value is reliably determinable).

In the past, the Group classified and recognised properties that were being constructed or developed for future use as investment properties, as properties under development according to HKAS 16, such properties until construction or development were completed, at which time the properties became investment properties that fell within the scope of HKAS 40 Investment Property. The application of this accounting standard (see Notes 12 and 14) has resulted in revised accounting policy of the Group beginning on 1 January 2009 and has been applied prospectively and does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no adjustment has been recognised.

HKAS 1 (Revised) Presentation of Financial Statements and HKFRS 8 Operating Segments

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, segment information reported externally was regarded as single business segment and geographical segment. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments (see Note 8), but has no impact on the reported results or financial position of the Group.

The adoption of the other new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions ⁴
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 18	Transfers of Assets from Customers ³

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for transfers on or after 1 July 2009.

⁴ Effective for annual periods beginning on or after 1 January 2010.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group for the current or prior accounting periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

4. TURNOVER

The Group is principally engaged in property development and investment and investment holding.

Turnover includes gross rental income from investment properties and sale of properties, both are within the segment of property development and investment. The Group has ceased the trading of leather products following the disposal of the Pathway Group as set out in Note 9. The amount of each significant category of revenue recognised in turnover during the periods is analysed as follows:

		(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
	Note		
Continuing operations			
Gross rental income from investment properties		1,729	621
Sale of properties		17,500	81,109
		19,229	81,730
Discontinued operation			
Revenue from trading of leather products	9	–	26,852
		19,229	108,582

5. OTHER REVENUE AND NET INCOME

		(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Continuing operations			
Other revenue			
Interest income		3,305	4,781
Other net income			
Net exchange gains		29	5,838
Gain on disposal of investment properties		–	515
Others		12	–
		3,346	11,134

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

5. OTHER REVENUE AND NET INCOME (Continued)

	Note	(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Discontinued operation	9		
Other revenue			
Interest income		–	11
Rental income from operating leases other than those relating to investment properties		–	150
Other net income			
Gain on disposal of property, plant and equipment		–	610
Fair value gain on financial assets at fair value through profit or loss		–	32
Reversal of provision for long service payments		–	67
Write back of impairment loss of trade debtor		–	763
Others		–	317
		–	1,950
		3,346	13,084

6. PROFIT BEFORE TAXATION

(a) Finance costs

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Continuing operations		
Interest on bank loans and other loans wholly repayable within five years	13,438	13,531
Effective interest expenses on convertible notes	5,979	6,806
Total borrowing costs	19,417	20,337
Less: borrowing costs capitalised into properties under development, investment properties and properties under development for sale	(11,797)	(8,633)
	7,620	11,704

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

6. PROFIT BEFORE TAXATION (Continued)

(a) Finance costs (Continued)

	Note	(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Discontinued operation	9		
Interest on bank loans and other loans wholly repayable within five years		–	119
Finance charges on obligations under finance leases		–	25
		–	144
		7,620	11,848

(b) Other items

Profit before taxation is stated after charging/(crediting):

	Note	(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Continuing operations			
Staff costs (including directors' remuneration):			
– salaries, wages and other benefits		2,847	2,708
– retirement benefits scheme contributions		319	288
Total staff costs		3,166	2,996
Direct costs		17,458	63,227
Depreciation of property, plant and equipment		1,435	1,530
Discontinued operation	9		
Staff costs (including directors' remuneration):			
– salaries, wages and other benefits		–	5,648
– retirement benefits scheme contributions		–	76
– reversal of long service payments		–	(67)
Total staff costs		–	5,657
Direct costs		–	20,277
Depreciation of property, plant and equipment			
– owned assets		–	710
– leased assets		–	75

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

7. INCOME TAX

Taxation in condensed consolidated income statement represents:

	(Unaudited)					
	For the six months ended 30 June					
	2009	2008	2009	2008	2009	2008
	Continuing operations		Discontinued operation		Total	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Current tax						
– PRC enterprise income tax	–	–	–	17	–	17
Deferred tax						
– Original temporary differences	27	20	–	–	27	20
	27	20	–	17	27	37

Hong Kong profits tax was not provided for in the financial statements as the Group has no estimated assessable profit arising in Hong Kong during the six months ended 30 June 2009 and 2008.

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for PRC taxation purposes at the rate of taxation applicable to the periods ended 30 June 2009 and 2008.

Certain subsidiaries of the Company operating in the PRC are eligible for certain tax holiday and concession. The tax holiday and concession are normally in the form of two years tax exemption from the first profitable year, followed by a 50% reduction of the application tax rate in the following three years.

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 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. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

8. SEGMENT INFORMATION (Continued)**Continuing operations**

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

Discontinued operation

The trading of leather products segment relating to the disposal group (see Note 9).

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

	(Unaudited)							
	For the six months ended 30 June 2009							
	Property development and investment			Investment holding	All other segments	Total continuing operations	Total discontinued operation (Trading of leather products)	Total group
Hong Kong	PRC	Macau	HK\$'000					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue (from external customers)	18,837	392	-	-	-	19,229	-	19,229
Operation profit/(loss)	1,370	(9,658)	(627)	(611)	(3,879)	(13,405)	-	(13,405)
Finance costs	(535)	-	(1,088)	-	(5,997)	(7,620)	-	(7,620)
Share of profits of associates	-	-	-	24,295	-	24,295	-	24,295
Profit/(loss) before taxation	835	(9,658)	(1,715)	23,684	(9,876)	3,270	-	3,270
Income tax	-	(27)	-	-	-	(27)	-	(27)
Profit/(loss) for the period	835	(9,685)	(1,715)	23,684	(9,876)	3,243	-	3,243
Capital expenditure	-	68,823	-	-	-	68,823	-	68,823
Depreciation	-	1,329	-	-	106	1,435	-	1,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

8. SEGMENT INFORMATION (Continued)

(Unaudited)
For the six months ended 30 June 2008

	Property development and investment			Investment holding	All other segments	Total continuing operations	Total discontinued operation (Trading of leather products)	Total group
	Hong Kong	PRC	Macau					
	HK\$'000	HK\$'000	HK\$'000					
Revenue (from external customers)	–	378	81,352	–	–	81,730	26,852	108,582
Operation (loss)/profit	–	(10,842)	18,560	(612)	2,233	9,339	(2,659)	6,680
Finance costs	–	–	(4,017)	–	(7,687)	(11,704)	(144)	(11,848)
Share of profits of associates	–	–	–	28,081	–	28,081	–	28,081
(Loss)/profit before taxation	–	(10,842)	14,543	27,469	(5,454)	25,716	(2,803)	22,913
Income tax	–	(20)	–	–	–	(20)	(17)	(37)
(Loss)/profit for the period	–	(10,862)	14,543	27,469	(5,454)	25,696	(2,820)	22,876
Capital expenditure	–	34,422	–	–	93	34,515	3,236	37,751
Depreciation	–	1,352	10	–	168	1,530	785	2,315

Note: Segment information for the six months ended 30 June 2008 has been restated upon application of HKFRS 8.

The following is an analysis of the Group's assets by operating segment:

(Unaudited)
At 30 June 2009

	Property development and investment			Investment holding	All other segments	Total continuing operations	Total discontinued operation (Trading of leather products)	Total group
	Hong Kong	PRC	Macau					
	HK\$'000	HK\$'000	HK\$'000					
Segment assets	63,252	1,573,178	347,136	–	166,628	2,150,194	–	2,150,194
Interests in associates	–	–	–	539,737	–	539,737	–	539,737
	63,252	1,573,178	347,136	539,737	166,628	2,689,931	–	2,689,931

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

8. SEGMENT INFORMATION (Continued)

(Audited)
At 31 December 2008

	Property development and investment			Investment holding	All other segments	Total continuing operations	Total discontinued operation (Trading of leather products)	Total group
	Hong Kong	PRC	Macau					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	62,374	1,161,904	315,592	–	248,841	1,788,711	–	1,788,711
Interests in associates	–	–	–	542,626	–	542,626	–	542,626
	62,374	1,161,904	315,592	542,626	248,841	2,331,337	–	2,331,337

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

9. DISCONTINUED OPERATION

On 22 May 2008, the Company entered into an agreement with Peakway Holdings Limited, the minority shareholder of Pathway International Limited (“Pathway”) to dispose of the Group’s 50% interest in Pathway and assignment of the shareholder’s loan owing by Pathway to the Company for HK\$3,000,000. Pathway and its subsidiaries (collectively the “Pathway Group”) were engaged in trading of leather products. Further details of the disposal are set out in the Company’s announcement and circular dated 22 May 2008 and 6 June 2008 respectively. Upon completion of the disposal on 3 July 2008, the Group discontinued the business of trading of leather products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

9. DISCONTINUED OPERATION (Continued)

(a) The result of the discontinued operation is as follows:

		(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>		
Turnover	4	–	26,852
Direct costs		–	(20,277)
Other revenue and net income	5	–	1,950
Selling and distribution costs		–	(975)
General and administrative expenses		–	(10,209)
Loss from operation		–	(2,659)
Finance costs	6(a)	–	(144)
Loss before taxation		–	(2,803)
Income tax	7	–	(17)
Loss for the period		–	(2,820)
		<i>HK cents</i>	<i>HK cents</i>
Basic loss per share	11(c)	N/A	(0.07)
Diluted loss per share	11(c)	N/A	(0.07)

(b) The statement of cash flows of the discontinued operation is as follows:

		(Unaudited)	
		For the six months ended 30 June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities		–	(3,658)
Net cash used in investing activities		–	(1,058)
Net cash generated from financing activities		–	4,651
Net cash used in discontinued operation		–	(65)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

10. DIVIDENDS

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2009 (2008: nil).

11. EARNINGS PER SHARE

(a) From continuing and discontinued operations

(i) Basic earnings per share

The calculation of basic earnings per share is as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity shareholders of the Company	6,661	25,120

Weighted average number of ordinary shares

	Number of shares	
	2009	2008
Issued ordinary shares at 1 January	3,992,921,118	3,562,915,918
Effect of issued of shares	–	411,098,901
Effect of warrants exercised	2,041	600
Effect of conversion of convertible notes	6,630,862	–
Weighted average number of ordinary shares at 30 June	3,999,554,021	3,974,015,419

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

11. EARNINGS PER SHARE (Continued)

(a) From continuing and discontinued operations (Continued)

(ii) Diluted earnings per share

The calculation of diluted earnings per share is as follows:

Profit attributable to equity shareholders of the Company (diluted)

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Profit attributable to equity shareholders of the Company	6,661	25,120
After tax effect of effective interest on liability component of convertible notes	–	1,446
Profit attributable to equity shareholders of the Company	6,661	26,566

No after tax effect of effective interest on liability component of convertible notes was presented for 2009, as the deemed conversion of convertible notes would have anti-dilutive effects on diluted earnings per share.

Weighted average number of ordinary shares (diluted)

	Number of shares	
	2009	2008
Weighted average number of ordinary shares at 30 June	3,999,554,021	3,974,015,419
Effect of deemed exercise of warrants	–	84,175,257
Effect of deemed conversion of convertible notes	–	276,975,783
Weighted average number of ordinary shares at 30 June	3,999,554,021	4,335,166,459

Diluted earnings per share is equal to the basic earnings per share for the period ended 30 June 2009 because the conversion of all outstanding convertible notes would have anti-dilutive effects on earnings per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

11. EARNINGS PER SHARE (Continued)

(b) From continuing operations

(i) Basic earnings per share

The calculation of basic earnings per share is as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Profit attributable to equity shareholders of the Company	6,661	27,940
Weighted average number of ordinary shares		
	Number of shares	
	2009	2008
(Same as weighted average number of ordinary shares for basic earnings per share for continuing and discontinued operations)	3,999,554,021	3,974,015,419

(ii) Diluted earnings per share

The calculation of diluted earnings per share is as follows:

Profit attributable to equity shareholders of the Company (diluted)

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Profit attributable to equity shareholders of the Company	6,661	27,940
After tax effect of effective interest on liability component of convertible notes	–	1,446
Profit attributable to equity shareholders of the Company	6,661	29,386

No after tax effect of effective interest on liability component of convertible notes was presented for 2009, as the deemed conversion of convertible notes would have anti-dilutive effects on diluted earnings per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

11. EARNINGS PER SHARE (Continued)

(b) From continuing operations (Continued)

(ii) Diluted earnings per share (Continued)

Weighted average number of ordinary shares (diluted)

	Number of shares	
	2009	2008
(Same as weighted average number of ordinary shares for diluted earnings per share for continuing and discontinued operations)	3,999,554,021	4,335,166,459

(c) From discontinued operation

(i) Basic loss per share

The calculation of basic loss per share is as follows:

	(Unaudited)	
	For the six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to equity shareholders of the Company	N/A	(2,820)

Weighted average number of ordinary shares

	Number of shares	
	2009	2008
(Same as weighted average number of ordinary shares for basic earnings per share for continuing and discontinued operations)	N/A	3,974,015,419

(ii) Diluted loss per share

Diluted loss per share is not presented as there is no discontinued operation for the six months ended 30 June 2009.

Diluted loss per share for the six months ended 30 June 2008 is not presented as the Company's outstanding warrants and convertible notes had anti-dilutive effect on the basic loss per share from discontinued operation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

12. INVESTMENT PROPERTIES

(a) Movements during the period

	Note	(Unaudited) 30/6/2009			(Audited) 31/12/2008 Total HK\$'000		
		Completed Investment Property HK\$'000	Property Under Development HK\$'000	Total HK\$'000			
		At 1 January	66,821	–		66,821	68,520
		Exchange alignment	(29)	–		(29)	401
Transfers from properties under development due to the adoption of Amendments to HKAS 40	3, 14	–	518,043	518,043	–		
Addition		–	68,817	68,817	81,268		
Disposal		–	–	–	(62,100)		
Fair value loss		–	–	–	(21,268)		
At 30 June/31 December		66,792	586,860	653,652	66,821		

The Group has adopted the Amendments to HKAS 40 Investment Property on 1 January 2009, consequently, the Group has re-classified and recognised an amount of approximately HK\$518,043,000 from properties under development (properties that are being constructed or developed for future use as investment properties) to investment properties.

However, where fair value of investment property under development was not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed and the date at which fair value becomes reliably measurable.

At 30 June 2009, interest capitalised as cost of investment properties amounted to approximately HK\$22,862,000 (2008: HK\$16,994,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

12. INVESTMENT PROPERTIES (Continued)**(b) Breakdown of investment properties**

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Completed investment property at valuation	66,792	66,821
Investment property under development at cost	586,860	–
	<u>653,652</u>	<u>66,821</u>

At 30 June 2009, for the completed investment property, the directors of the Company estimated that the carrying amount after exchange alignment of approximately HK\$66,792,000 did not differ significantly from that which would be determined using fair values at 30 June 2009. Consequently, no fair value gain or loss has been recognised in the current interim period.

At 30 June 2009 and 31 December 2008, certain investment properties were pledged as securities for bank loans as detailed in Note 26.

13. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) HK\$'000
At 1 January 2009	5,131
Exchange alignment	(23)
Additions	6
Depreciation	(1,435)
At 30 June 2009	<u>3,679</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

14. PROPERTIES UNDER DEVELOPMENT

		(Unaudited) 30/6/2009	(Audited) 31/12/2008
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January		548,952	523,905
Exchange alignment		(1,227)	11,507
Change in construction cost estimation of prior year		–	(8,355)
Development costs and other incidental expenses capitalised during the year		–	97,531
Transfer to investment properties due to the adoption of Amendments to HKAS 40	3, 12	(518,043)	–
Eliminated on disposal of subsidiaries		–	(75,636)
At 30 June/31 December		29,682	548,952

The Group has adopted the Amendments to HKAS 40 Investment Property, as described in Notes 3 and 12, which bring properties under development (properties that are being constructed or developed for future use as investment properties) into the scope of HKAS 40 Investment Property. Consequently, at 1 January 2009, certain investment properties under development of approximately HK\$518,043,000 were transferred to investment properties.

At 31 December 2008, land use rights included in properties under development were pledged as securities for bank loans as detailed in Note 26.

15. DEPOSITS PAID FOR LONG-TERM INVESTMENT

On 13 June 2008, the Company entered into an agreement (the “Agreement”) with an independent third party (Madam Ji Hong Bin) to purchase the entire issued share capital of Finest Gain Investments Limited (“Finest Gain”), an investment holding company incorporated in the British Virgin Islands for HK\$200,000,000. Finest Gain does not have any other business, assets and liabilities except for an indirect investment in 100% equity interest in Yan Cheng Feng Ji New Energy Limited, a company incorporated in the PRC which, upon completion of its electricity generation plant, will be engaged in the production and supply of electricity and heat by recycling of agricultural wastes.

On 19 June 2009, the Company has announced that in light of the lapse of the long stop date and the uncertain outlook of the economy in the foreseeable future, the Company is currently in discussion with Madam Ji Hong Bin to negotiate the terms of the termination of the Agreement. Up to 30 June 2009, a total of HK\$140,000,000 has already been paid in accordance with the terms of the Agreement.

The directors of the Company expected that the full amount of deposit will be recovered within two years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

16. PROPERTIES UNDER DEVELOPMENT FOR SALE

At 30 June 2009, properties under development for sale were expected to be completed within normal operating cycle included under current assets were carried at approximately HK\$778,438,000 (2008: HK\$758,056,000).

At 30 June 2009 and 31 December 2008, none of properties under development for sale were carried at net realisable value.

At 30 June 2009 and 31 December 2008, certain properties under development for sale were pledged as securities for bank loans as detailed in Note 26.

At 30 June 2009, interest capitalised as cost of properties under development for sale amounted to approximately HK\$26,498,000 (2008: HK\$20,569,000).

17. TRADE AND OTHER RECEIVABLES

		(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
	<i>Note</i>		
Trade debtors less impairment	(a)	234	–
Due from related companies		621	642
Due from a minority interest		2,082	7,179
Loan receivables	(b)	13,173	79,583
Prepayments, deposits and other receivables		79,107	49,712
		95,217	137,116

(a) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Neither past due nor impaired	–	–
Less than 1 month past due	234	–
1 to 3 months past due	–	–
3 to 6 months past due	–	–
Over 6 months past due	–	–
	234	–

Trade debtors are managed in accordance with defined credit policies. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(b) The loan receivables of HK\$13,173,000 (2008: HK\$79,583,000) due from an independent third party were made pursuant to two loan agreements dated 27 December 2007 and 12 March 2008 respectively. At 30 June 2009 and 31 December 2008, the loans are secured by the corporate guarantee of Pan-China Construction Group Corporation Limited, a minority interest shareholder of Pan-China (Shenyang) R.E. Development Limited (“Pan-China (Shenyang)”), and are repayable within 6 months (2008: 1 year) and bear interest at 8% (2008: 8%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

18. CASH AND CASH EQUIVALENTS

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Cash and cash equivalents in the condensed consolidated statement of financial position	449,526	132,635
Less: Pledged bank deposits (Note 26)	(344,890)	(96,535)
Cash and cash equivalents in the condensed consolidated statement of cash flows	104,636	36,100

19. TRADE AND OTHER PAYABLES

	Note	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Trade creditors	(a)	704	32,081
Accruals and other payables		23,201	21,230
Advanced proceeds received from customers		116,369	72,553
Due to minority interests	(b)	227,392	195,348
Due to related companies		–	273
Other loans	(c)	11,195	88,534
		378,861	410,019

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

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Due within 30 days or on demand	28	–
Due within 31 days to 60 days	5	–
Due within 61 days to 90 days	4	–
Due over 90 days	667	32,081
	704	32,081

(b) At 30 June 2009, the amounts due to minority interests amounting to HK\$192,300,000 (2008: HK\$119,191,000) were unsecured, non-interest-bearing and have no fixed terms of repayment. The remaining amount of HK\$35,092,000 (2008: HK\$76,157,000) was unsecured, bearing interest at 8% (2008: 8%) per annum, repayable within three months, and was due to Pan-China Construction Group Corporation Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

19. TRADE AND OTHER PAYABLES (Continued)

- (c) The amount of other loans was due to independent third parties, unsecured and repayable on demand. Out of the total of approximately HK\$1,584,000 was interest bearing at 2.5% per annum (2008: 2.5% per annum) while the remaining loan was non-interest-bearing (2008: interest bearing at 8% per annum).

20. INTEREST-BEARING BORROWINGS, SECURED

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Bank loans, secured	749,713	366,681
Portion classified as:		
Current	(713,360)	(331,818)
Non-current	36,353	34,863

At 30 June 2009, the Group had outstanding bank borrowings of approximately (a) HK\$486,760,000 (2008: HK\$102,321,000), which were secured by portion of properties under development held for sale with a carrying value of approximately HK\$279,306,000 (2008: HK\$150,790,000) and a deposit in the amount of HK\$249,040,000 (2008: HK\$36,535,000), (b) a bank borrowing of approximately HK\$56,600,000 (2008: HK\$56,845,000), which was secured by a deposit of HK\$65,850,000 (2008: HK\$60,000,000) placed by a wholly-owned subsidiary as well as the corporate guarantee issued by the Company, (c) a bank borrowing of approximately HK\$150,000,000 (2008: HK\$150,000,000), which was secured by the properties under development for sale of the Group with a carrying value of approximately HK\$316,271,000 (2008: HK\$315,063,000) and a deposit in the amount of HK\$30,000,000 (2008: nil) and the personal guarantee of minority shareholders of a 55%-owned subsidiary of the Company, Mr. Hoi Man Pak, Mr. Wu Ka I, Miguel, Mr. Choy Wang Kong and Mr. Law Kar Po for the amount of HK\$45,000,000 (2008: HK\$45,000,000), HK\$7,500,000 (2008: HK\$7,500,000), HK\$37,500,000 (2008: HK\$37,500,000) and HK\$60,000,000 (2008: HK\$60,000,000) respectively, (d) a bank borrowing of approximately HK\$56,353,000 (2008: HK\$57,515,000) which was secured by the investment properties of the Group with a carrying value of HK\$60,000,000 (2008: HK\$60,000,000) as well as the corporate guarantee to the extent of HK\$58,000,000 (2008: HK\$58,000,000) issued by the Company, out of total amount of HK\$56,353,000 (2008: HK\$57,515,000), approximately HK\$36,353,000 (2008: HK\$37,515,000) is repayable by instalments until September 2023.

21. CONVERTIBLE NOTES

The Group and the Company

- (a) On 28 April 2006, the Company issued HK\$91,094,000 convertible notes ("2011 Convertible Notes") redeemable within 5 years from the date of issue. The notes bear interest at 2.5% per annum and are unsecured. The holders of the notes have the right at any time after the issue of the notes to convert any outstanding amount of the notes into the shares of the Company at the conversion price of HK\$0.148 per share (subject to adjustment) until 27 April 2011. Further details are set out in the Company's circular dated 22 March 2006.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

21. CONVERTIBLE NOTES (Continued)

The Group and the Company (Continued)

- (b) On 24 August 2007, the Company further issued HK\$160,000,000 convertible notes (“2012 Convertible Notes”) redeemable within 5 years from the date of issue. The notes bear interest at 2.5% per annum and are unsecured. The holders of the notes have the right at any time after the issue of the notes to convert any outstanding amount of the notes into the shares of the Company at the conversion price of HK\$0.3 per share (subject to adjustment) until 23 August 2012. Further details are set out in the Company’s circular dated 10 July 2007.
- (c) The convertible notes contain two components, namely, a liability component and an equity component. The equity component is presented in equity under the heading of the condensed consolidated statement of changes in equity “convertible notes-equity reserves”. The effective interest rates of the liability component of 2011 Convertible Notes and 2012 Convertible Notes are 7.094% and 6.738% respectively.
- (d) The movements of the liability component of the convertible notes for the period is set out below:

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Liability component at 1 January	177,977	171,412
Interest charged	5,979	11,589
Interest paid	(1,031)	(5,024)
Conversion during the period/year	(3,699)	–
Liability component at 30 June/31 December	<u>179,226</u>	<u>177,977</u>

22. SHARE CAPITAL

	Note	(Unaudited) 30/6/2009		(Audited) 31/12/2008	
		Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:					
Ordinary shares of HK\$0.05 each	(a)	10,000,000	500,000	10,000,000	500,000
Issued and fully paid:					
Ordinary shares of HK\$0.05 each					
At 1 January		3,992,921	199,646	3,562,916	178,145
Issue of shares by a placement	(b)	–	–	430,000	21,500
Issue of shares upon conversion of convertible notes	(c)	30,774	1,539	–	–
Issue of shares upon exercise of warrants	(d)	15	1	5	1
At 30 June/31 December		<u>4,023,710</u>	<u>201,186</u>	<u>3,992,921</u>	<u>199,646</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

22. SHARE CAPITAL (Continued)

Notes:

- (a) As announced by the Company on 14 January 2008, the authorised share capital of the Company was increased from HK\$250,000,000 divided into 5,000,000,000 shares to HK\$500,000,000 divided into 10,000,000,000 shares. The new shares rank pari passu with the existing shares.
- (b) Reference was made to the announcement of the Company on 20 December 2007, the increase in issued share capital was due to the placing of 430,000,000 new shares of HK\$0.05 each in the capital of the Company at HK\$0.41 per placing share. The placing was completed on 9 January 2008. The new shares rank pari passu with the existing shares.
- (c) During the six months ended 30 June 2009, the holders of 2011 Convertible Notes converted certain notes into 30,774,000 ordinary shares at a conversion price of HK\$0.148 per share.
- (d) During the six months ended 30 June 2009, new shares were issued upon the exercise of certain 2009 Warrants into 15,392 (2008: 5,200) new shares of HK\$0.05 each at a price of HK\$0.25 per share.
- (e) Warrants

The subscription rights attached to the listed warrants (“2009 Warrants”) of the Company expired and the last time to exercise the subscription rights was at 4:00 p.m. on Friday, 5 June 2009. The movements in warrants were shown as below:

	Date of Issue	At 1/1/2008	Exercised during the year	At 1/1/2009	Exercised during the period	Lapsed during the period	At 30/6/2009
2009 Warrants	7/6/2006	253,888,635	(5,200)	253,883,435	(15,392)	(253,868,043)	–

Terms of unexpired and unexercised warrants at the balance sheet date:

	Date of issue	Exercisable period	Number of Warrants	
			30/6/2009 (Unaudited)	31/12/2008 (Audited)
2009 Warrants	7/6/2006	7/6/2006-6/6/2009	–	253,883,435

23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with its related parties during the six months ended 30 June 2009:

- (a) During the six months ended 30 June 2009, Pan-China Construction Group Corporation Limited, a minority interest of a subsidiary, provided construction services to Pan-China (Shenyang), a subsidiary of the Group, for approximately HK\$66,572,000 (the six months ended 30 June 2008: HK\$27,325,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

23. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) During the six months ended 30 June 2009, Shenyang Pan-China Business Management Limited, an associate entity of the minority interest of a subsidiary, provided marketing and promotion services to Pan-China (Shenyang), a subsidiary of the Group, for approximately HK\$816,000 (the six months ended 30 June 2008: HK\$849,000).
- (c) At 30 June 2009 and 31 December 2008, Mr. Law Kar Po who is an executive Director of the Company, and Mr. Wu Ka I, Miguel, Mr. Hoi Man Pak and Mr. Choy Wang Kong, who are ex-directors of the Company provided a personal guarantee of HK\$60,000,000, HK\$7,500,000, HK\$45,000,000 and HK\$37,500,000 respectively to a bank to secure banking facilities granted to Continental Ocean Investment and Development Company Limited, a subsidiary of the Company, for which no charge is made.
- (d) Financing arrangements
 - (i) The outstanding balances due from these related parties are unsecured, interest-free and have no fixed repayment terms (Note 17). No impairment for bad or doubtful debts have been made in respect of these receivables. The outstanding balances due to related parties are included in "Trade and other payables" (Note 19).
 - (ii) At 30 June 2009, China Infrastructure Investment Limited issued a guarantee and China Infrastructure Limited placed a pledged deposit in the amount of approximately HK\$65,850,000 (2008: HK\$60,000,000) to secure the loans of approximately HK\$56,600,000 (2008: HK\$56,845,000) obtained by Pan-China (Shenyang), a subsidiary of the Company, for no charge.
- (e) On 17 June 2009, China Infrastructure Limited, an investment holding company of Pan-China (Shenyang) and an indirect wholly-owned subsidiary of the Company, its sole asset is the 70% interest in Pan-China (Shenyang), a company incorporated in the PRC with limited liability, and Pan-China Construction Group Corporation Limited, a company incorporated in the PRC with limited liability, and a minority interest of Pan-China (Shenyang), entered into the Capital Increase Agreement to increase the registered capital of Pan-China (Shenyang).

Pursuant to the Capital Increase Agreement, both parties agreed to increase the registered capital of Pan-China (Shenyang) from US\$15.0 million (approximately HK\$117.0 million) to US\$79.89 million (approximately HK\$623.1 million), representing an increase of US\$64.89 million (approximately HK\$506.1 million).

Out of the total amount of US\$64.89 million (approximately HK\$506.1 million), China Infrastructure Limited and Pan-China Construction Group Corporation Limited agreed to contribute US\$45.423 million (approximately HK\$354.3 million) and US\$19.467 million (approximately HK\$151.8 million), respectively. Accordingly, the shareholding percentage of both parties will remain the same before and after the increase in capital contribution in Pan-China (Shenyang).

Further details are set out in the Company's circular dated 5 August 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

24. COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2009 not provided for in the financial statements were as follows:

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Commitments:		
– contracted for the acquisition of subsidiaries	60,000	60,000
– contracted but not provided for the property development project	934,258	1,045,985
– contracted but not provided for project management and consultancy service	14,100	–
	1,008,358	1,105,985

- (b) At 30 June 2009, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable and receivables as follows:

(i) As lessee

At 30 June 2009, the Group had total outstanding commitments for future minimum lease payable under non-cancellable operating lease in respect of properties, plant and equipment which fall due as follows:

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
No later than 1 year	119	594
Later than 1 year and no later than 5 years	–	–
	119	594

(ii) As lessor

At 30 June 2009, the Group had total future minimum lease receivable under non-cancellable operating leases falling due as follows:

	Investment Properties	
	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
No later than 1 year	3,702	1,453
Later than 1 year and no later than 5 years	9,385	3,786
Later than 5 years	14,592	15,155
	27,679	20,394

The Group leased out the investment properties under operating leases with lease terms ranging from 3 to 20 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

25. CONTINGENT LIABILITIES

At 30 June 2009, 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\$27,853,000 (2008: HK\$14,154,000).

Save as disclosed above, the Group had no other significant contingent liabilities at 30 June 2009 (2008: nil).

26. PLEDGE OF ASSETS

At 30 June 2009, the Group pledged the following assets to secure general banking facilities granted to the Group:

	(Unaudited) 30/6/2009 HK\$'000	(Audited) 31/12/2008 HK\$'000
Investment properties	60,000	60,000
Land use rights included in investment properties, properties under development for sale and properties under development for rental purposes	–	150,790
Properties under development for sale	595,577	315,063
Bank deposits	344,890	96,535
	1,000,467	622,388

27. POST BALANCE SHEET EVENTS

Disposal of the property in Taipa, Macau

The Board has announced that the Provisional Agreement was entered with Continental Ocean Investment and Development Company Limited (the “Vendor” or “CIDCOL”) on 21 August 2009, a limited liability company incorporated in Macau and is an investment holding company and a 55% subsidiary as indirectly owned by the Company, and Cheong On Real Estate and Investment Limited, a limited liability company incorporated in Macau, an investment holding company (the “Purchaser”), with regard to the disposal by Vendor of its entire interest in the property for a total consideration of HK\$350 million. The property is related to a site known as Lote TN6 with a size of approximately 4,661 sq.m. in Taipa, Macau. The Purchaser would have the right to acquire the shares of CIDCOL (instead of the property as owned by CIDCOL) on or before the completion date (31 October 2009), in the event that Mr. Chiang Pedro transfers his beneficial interest in CIDCOL to another party. Hence, both parties to the Provisional Agreement may agree to terminate the agreement without any liability against the other, subject to the entering into of a separate agreement. Details of the transactions are set out in the Company’s announcement dated 25 August 2009.