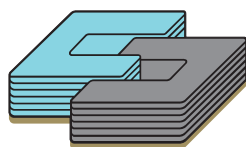


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CHI CHEUNG INVESTMENT COMPANY, LIMITED 至祥置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 112)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2009

The board of directors (the “Board”) of Chi Cheung Investment Company, Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the financial year ended 31st December, 2009 (the “Year”) pursuant to paragraph 45 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position together with the comparative figures of the corresponding year ended 31st December, 2008 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Notes	2009 HK\$’000	2008 HK\$’000
Revenue	4	23,558	143,087
Cost of sales		(3,195)	(40,437)
Gross profit		20,363	102,650
Other revenue	4	13	10,209
Other income		62	719
Administrative expenses		(4,446)	(6,429)
Loss on disposals of investment properties		(610)	(1,777)
Fair value changes on investment properties		3,925	(3,050)
Impairment loss recognised in respect of advances to associates		–	(970)
Write-back of allowance for amounts due from former associates		–	256
Gain on disposal of subsidiaries		–	3,905
Share of profit of associates	5	–	27,262
Profit before taxation	6	19,307	132,775
Income tax expense	7	(1,446)	(16,089)
Profit for the year		17,861	116,686
Other comprehensive income			
– fair value changes on available-for-sale financial assets		6,852	(1,061)
– exchange difference on translation of foreign operations		–	(9)
Total comprehensive income for the year		24,713	115,616

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*
FOR THE YEAR ENDED 31ST DECEMBER, 2009

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
Profit for the year attributable to:			
Equity holders of the Company		17,861	116,686
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>17,861</u>	<u>116,686</u>
 Total comprehensive income for the year attributable to:			
Equity holders of the Company		24,713	115,616
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>24,713</u>	<u>115,616</u>
 Earnings per share			
Basic and diluted	<i>9</i>	<u>5.27 cents</u>	<u>34.44 cents</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2009**

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Investment properties		29,400	35,200
Property, plant and equipment		–	–
Prepaid lease payments		–	–
Interests in associates		–	–
Advances to associates		–	–
Available-for-sale financial assets	<i>10</i>	96,472	89,008
		125,872	124,208
Current assets			
Properties held for sale		16,504	18,576
Debtors, deposits and prepayments	<i>11</i>	1,850	2,031
Loan to a fellow subsidiary		853,000	843,000
Advance to a fellow subsidiary		81	21
Cash and cash equivalents		9,759	9,688
		881,194	873,316
Current liabilities			
Creditors and accruals	<i>12</i>	649	1,898
Deposits received		2,267	188
Taxation payable		864	9,828
Advances from fellow subsidiaries		108	127
		3,888	12,041
Net current assets		877,306	861,275
Total assets less current liabilities		1,003,178	985,483
Equity attributable to equity holders of the Company			
Share capital		3,388	3,388
Share premium		495,160	495,160
Contribution from shareholders		20,719	20,719
Exchange reserve		–	–
Securities investment reserve		5,791	(1,061)
Retained profits			
– proposed final dividend		3,388	3,388
– others		474,230	463,145
		1,002,676	984,739
Non-controlling interests		–	–
Total equity		1,002,676	984,739
Non-current liability			
Deferred taxation liability		502	744
		1,003,178	985,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong, the Hong Kong Companies Ordinance and the Listing Rules.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets, financial liabilities and investment properties, which are measured at their fair values.

2. Application of New and Revised HKFRSs

The accounting policies adopted in the audited consolidated financial statements for the year ended 31st December, 2009 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2008 except as described below.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs issued in 2008*
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
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
HK(IFRIC) – Int 18	Transfers of Assets from Customers

* Except for the amendment to HKFRS 5 that is effective for the annual periods beginning on or after 1st July, 2009.

HKFRS 8, “Operating Segments”, was early adopted by the Group in 2008. HKFRS 8 replaces HKAS 14, “Segment Reporting”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

The application of the new HKFRSs has resulted in the following changes:

- a) HKAS 1 (Revised) “Presentation of Financial Statements” separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduced the statement of comprehensive income, it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.
- b) The amendment to HKFRS 7 “Improving Disclosures about Financial Instruments”, enhances disclosures about fair value measurement and liquidity risk of the Group’s financial instruments. A three-level fair value hierarchy has been introduced to categorise the fair value measurements according to the degree to which they are based on observable market data.

Save as described above, there is no material effect on the consolidated financial statements of the Group for the current or prior accounting periods by adopting the new HKFRSs, thus no prior period adjustment has been required.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs issued in 2009 ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ Effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate

³ Effective for annual periods beginning on or after 1st January, 2010

⁴ Effective for annual periods beginning on or after 1st February, 2010

⁵ Effective for annual periods beginning on or after 1st July, 2010

⁶ Effective for annual periods beginning on or after 1st January, 2011

⁷ Effective for annual periods beginning on or after 1st January, 2013

The application of HKFRS 3 (Revised) “Business Combinations” may affect the accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) “Consolidated and Separate Financial Statements” will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with early application permitted. Under HKFRS 9, all recognised financial assets that are currently in the scope of HKAS 39 will be measured at either amortised cost or fair value. A debt instrument that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost. All other debt instruments must be measured at fair value with gains or losses recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. Segment information

The management has determined the operating segments based on the revenue nature of the Group.

The management considers the business nature from product perspective. The reportable operating segments derive their revenue primarily from the property development, property leasing and securities investments and finance.

Principal activities are as follows:

Property development	–	Property development and sales of properties
Property leasing	–	Property rental
Securities investments and finance	–	Securities investments and financing activities

Segment information about these businesses is presented below:

The segment results for the year ended 31st December, 2009

	Property development HK\$'000	Property leasing HK\$'000	Securities investments and finance HK\$'000	Consolidated HK\$'000
Segment revenue				
Revenue from external customers	<u>6,244</u>	<u>2,440</u>	<u>14,874</u>	<u>23,558</u>
Segment margin	3,948	1,541	14,874	20,363
Interest income	–	–	12	12
Other income	–	–	62	62
Loss on disposal of investment properties	–	(610)	–	(610)
Fair value changes on investment properties	<u>–</u>	<u>3,925</u>	<u>–</u>	<u>3,925</u>
Segment results for reportable segments	<u>3,948</u>	<u>4,856</u>	<u>14,948</u>	<u>23,752</u>

The segment assets and liabilities as at 31st December, 2009

	Property development HK\$'000	Property leasing HK\$'000	Securities investments and finance HK\$'000	Consolidated HK\$'000
Segment assets for reportable segments	<u>16,595</u>	<u>29,504</u>	<u>950,961</u>	<u>997,060</u>
Segment assets for reportable segments include:				
Additions to non-current assets				
(other than financial instruments and deferred taxation assets)				
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Segment liabilities for reportable segments	<u>2,337</u>	<u>191</u>	<u>90</u>	<u>2,618</u>

The segment results for the year ended 31st December, 2008

	Property development HK\$'000	Property leasing HK\$'000	Securities investments and finance HK\$'000	Consolidated HK\$'000
Segment revenue				
Revenue from external customers	<u>138,312</u>	<u>2,753</u>	<u>2,022</u>	<u>143,087</u>
Segment margin	99,413	1,215	2,022	102,650
Interest income	–	2,444	8,481	10,925
Amortisation of prepaid lease payments	(10)	–	–	(10)
Loss on disposals of investment properties	(1,357)	(420)	–	(1,777)
Fair value changes on investment properties	–	(3,050)	–	(3,050)
Impairment loss recognised in respect of advances to associates	–	(970)	–	(970)
Write-back of allowance for amounts due from former associates	–	256	–	256
Share of profit of associates	<u>–</u>	<u>27,262</u>	<u>–</u>	<u>27,262</u>
Segment results for reportable segments	<u>98,046</u>	<u>26,737</u>	<u>10,503</u>	<u>135,286</u>

The segment assets and liabilities as at 31st December, 2008

	Property development HK\$'000	Property leasing HK\$'000	Securities investments and finance HK\$'000	Consolidated HK\$'000
Segment assets for reportable segments	<u>18,576</u>	<u>35,287</u>	<u>933,938</u>	<u>987,801</u>
Segment assets for reportable segments include:				
Additions to non-current assets (other than financial instruments and deferred taxation assets)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Segment liabilities for reportable segments	<u>1,394</u>	<u>313</u>	<u>50</u>	<u>1,757</u>

A reconciliation of segment results for reportable segments to profit for the year is provided as follows:

	2009 HK\$'000	2008 HK\$'000
Segment results for reportable segments	23,752	135,286
Other revenue	1	3
Amortisation of prepaid lease payments	–	(15)
Depreciation	–	(14)
Administrative expenses	(4,446)	(6,390)
Gain on disposal of subsidiaries	–	3,905
	<u> </u>	<u> </u>
Profit before taxation	19,307	132,775
Income tax expense	(1,446)	(16,089)
	<u> </u>	<u> </u>
Profit for the year	<u><u>17,861</u></u>	<u><u>116,686</u></u>

A reconciliation of segment assets for reportable segments to consolidated total assets is provided as follows:

	2009 HK\$'000	2008 HK\$'000
Segment assets for reportable segments	997,060	987,801
Debtors, deposits and prepayments	166	14
Advance to a fellow subsidiary	81	21
Cash and cash equivalents	9,759	9,688
	<u> </u>	<u> </u>
Consolidated total assets	<u><u>1,007,066</u></u>	<u><u>997,524</u></u>

A reconciliation of segment liabilities for reportable segments to consolidated total liabilities is provided as follows:

	2009 HK\$'000	2008 HK\$'000
Segment liabilities for reportable segments	2,618	1,757
Creditors and accruals	298	329
Taxation payable	864	9,828
Advances from fellow subsidiaries	108	127
Deferred taxation liabilities	502	744
	<u> </u>	<u> </u>
Consolidated total liabilities	<u><u>4,390</u></u>	<u><u>12,785</u></u>

Revenue from external customers is from sales of properties, rental income from properties holding and interest income earned from securities investments and finance.

The breakdown of the revenue from all external customers is as follows:

	2009	2008
	HK\$'000	HK\$'000
Property rental income	2,440	2,753
Sales of properties held for sale	6,244	138,312
Interest income from available-for-sale financial assets	5,105	1,607
Loan interest income from a fellow subsidiary	9,769	415
	<u>23,558</u>	<u>143,087</u>

Geographical segments

For the year ended 31st December, 2009, all the Group's operations are located in Hong Kong. The Group's revenue is all derived from Hong Kong for both years.

4. Revenue and other revenue

Revenue represents the aggregate amounts received and receivable, analysed as follows:

	2009	2008
	HK\$'000	HK\$'000
Revenue		
Property rental income	2,440	2,753
Sales of properties held for sale	6,244	138,312
Interest income from available-for-sale financial assets	5,105	1,607
Loan interest income from a fellow subsidiary	9,769	415
	<u>23,558</u>	<u>143,087</u>
Other revenue		
Interest income from bank deposits	12	8,481
Interest income on advances to associates	–	1,725
Sundry income	1	3
	<u>13</u>	<u>10,209</u>

5. Share of profit of associates

	2009 HK\$'000	2008 HK\$'000
Operating income	–	10,933
Gain on disposals of investment properties	–	2,104
Fair value changes on investment properties	–	14,773
Less: deferred tax arising from fair value changes on investment properties	–	(2,437)
	–	12,336
Current tax	–	(2,978)
Deferred tax attributable to a change in tax rate	–	3,935
Other deferred tax	–	932
	<u>–</u>	<u>27,262</u>

6. Profit before taxation

	2009 HK\$'000	2008 HK\$'000
Profit before taxation is stated after charging:		
Auditors' remuneration	210	255
Depreciation	–	14
Amortisation of prepaid lease payments	–	25
Exchange loss	–	355
Staff costs (excluding directors' remuneration)		
– salaries and allowances	2,828	3,539
– retirement benefit costs	117	171
	<u>117</u>	<u>171</u>
and after crediting:		
Imputed interest income relating to interest-free advance to an associate	–	719
Exchange gain	62	–
Gross rental income from properties	2,440	2,753
Less: direct operating expenses from properties that generated rental income during the year	(254)	(269)
direct operating expenses from properties that did not generate rental income during the year	(645)	(1,269)
	<u>1,541</u>	<u>1,215</u>

7. Income tax expense

	2009 HK\$'000	2008 HK\$'000
Current tax		
Hong Kong	1,631	15,532
The PRC	–	766
Under/(over) provision in prior years – Hong Kong	57	(57)
	1,688	16,241
Deferred tax		
Current year	(242)	(103)
Attributable to a change in tax rate	–	(49)
	(242)	(152)
	<u>1,446</u>	<u>16,089</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Dividends

	2009 HK\$'000	2008 HK\$'000
(a) Final dividend for 2008 paid on 26th June, 2009 of HK1 cent (2007: Nil) per share	3,388	–
(b) Interim dividend for 2009 paid on 30th October, 2009 of HK1 cent (2008: Nil) per share	3,388	–
	<u>6,776</u>	<u>–</u>

Subsequent to the financial year end, the final dividend of HK1 cent (2008: HK1 cent) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in forthcoming annual general meeting.

9. Earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to the ordinary equity holders of the Company of HK\$17,861,000 (2008: HK\$116,686,000) and the weighted average number of 338,765,987 (2008: 338,765,987) ordinary shares in issue during the Year.

For the years ended 31st December, 2009 and 31st December, 2008, diluted earnings per share is the same as the basic earnings per share as there were no diluting events during these years.

10. Available-for-sale financial assets

	2009 HK\$'000	2008 HK\$'000
Floating rate notes	22,469	18,922
Fixed rate notes	<u>74,003</u>	<u>70,086</u>
	<u><u>96,472</u></u>	<u><u>89,008</u></u>

The floating and fixed rate notes are unlisted securities and carry floating interest at LIBOR plus 0.23% to 0.25% per annum or fixed interest at 4.75% to 7.00% per annum, payable quarterly or half-yearly, which carry effective interest rate range from 3.03% to 7.32% per annum. These floating and fixed rate notes will mature from February 2011 to March 2016.

11. Debtors, deposits and prepayments

There were no trade debtors included in debtors, deposits and prepayments as at 31st December, 2009 and 2008.

12. Creditors and accruals

There were no trade payables included in creditors and accruals as at 31st December, 2009 and 2008.

13. Comparative figures

As a result of the application of HKAS 1 (Revised), "Presentation of Financial Statements", certain comparative figures have been adjusted to conform to the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in Note 2.

DIVIDENDS

The Board recommended the payment of a final dividend of HK1 cent per share for the Year (2008: HK1 cent per share) to the shareholders whose names appear on the register of members on 28th May, 2010. Subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 28th May, 2010, the recommended final dividend will be paid on or about 18th June, 2010 to the shareholders as registered at the close of business on 28th May, 2010.

Taken together with the interim dividend of HK1 cent per share paid on 30th October, 2009, this will make a total dividend for the full year of HK2 cents per share in 2009 (2008: HK1 cent per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 26th May, 2010 to 28th May, 2010, both days inclusive. For the purpose of ascertaining the members' entitlement to the attendance of the forthcoming annual general meeting of the Company and to the final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, namely Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 25th May, 2010.

FINANCIAL OPERATION REVIEW

Results

Revenue for the Year decreased to HK\$23.6 million (2008: HK\$143.1 million). Gross profit for the Year dropped to HK\$20.4 million (2008: HK\$102.7 million). Profit attributable to equity holders of the Company for the Year was HK\$17.9 million compared to HK\$116.7 million last year.

The property development segment generated a revenue of HK\$6.2 million during the Year (2008: HK\$138.3 million). For property leasing, rental income for the Year amounted to HK\$2.4 million (2008: HK\$2.8 million). Increase in fair value on investment properties for the Year amounted to HK\$3.9 million which a loss of HK\$3.1 million was recorded in last year.

No share of profit of associates recorded for the Year (2008: HK\$27.3 million) as all of the associates were disposed of through the disposal of subsidiaries under the asset transaction which completed in September 2008.

Earnings per share for the Year recorded at HK5.27 cents (2008: HK34.44 cents).

Net Asset Value

As at 31st December, 2009, the Group's net assets attributable to equity holders of the Company amounted to HK\$1,002.7 million, representing an increase of HK\$18.0 million or 1.8% compared to HK\$984.7 million in preceding year. The increase was due to profit retained for the Year. Net asset value per share to equity holders of the Company was HK\$2.96 (31st December, 2008: HK\$2.91).

Debt and Gearing

The Group continued to maintain a strong capital and cash position for the Year. As at 31st December, 2009, cash and bank balances amounted to HK\$9.8 million (31st December, 2008: HK\$9.7 million).

The Group did not have any bank borrowings as at 31st December, 2009 (31st December, 2008: Nil). The Group's income for the Year was denominated in Hong Kong dollars and United States dollars and no hedging for non-Hong Kong dollars assets or investments have been made during the Year.

Foreign Exchange Exposure

The Group's income, assets and liabilities are mainly denominated in Hong Kong dollars or United States dollars and no hedging has been made.

Pledge of Assets

As at 31st December, 2009 and 2008, no assets were pledged by the Group to secure any banking facilities and the Group did not have any obligations under banking facility documentation.

Capital Commitments and Contingent Liabilities

The Group did not have any material capital commitments and contingent liabilities as at 31st December, 2009 and 2008.

Financial and Interest Income

Interest income for the Year increased to HK\$14.9 million (2008: HK\$12.9 million) within which included imputed interest income from fixed and floating rate notes of HK\$0.6 million (2008: from fixed and floating rate notes of HK\$0.2 million and from advance to an associate of HK\$0.7 million).

Remuneration Policies and Share Option Scheme

As at 31st December, 2009, the Group employed a total of 9 staff. Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The directors of the Company (the “Directors”) continued to review employees’ contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

No share option scheme was adopted for the Year.

Property Valuation

A property valuation has been carried out by Norton Appraisals Limited, independent qualified professional surveyors, in respect of the Group’s investment properties held as at 31st December, 2009 and that valuation was used in preparing this year’s consolidated financial statements. The Group’s investment properties were valued at HK\$29.4 million, the increase in fair value of approximately HK\$3.9 million was credited to the consolidated statement of comprehensive income for the Year. Non-investment properties were stated at cost less impairment, if any, in the consolidated financial statements.

BUSINESS REVIEW

During the Year under review, the investment returns from the loan to the Chinese Estates Group and certain long term fixed and floating rates notes had been the primary source of income of the Group, whereas the income from sale of properties and car parking rentals constituted secondary source.

Finance and Securities Investment

As at 31st December, 2009, the Company lent to the Chinese Estates Group a total sum of HK\$853 million under the three-year revolving loan facility (“Revolving Loan”) at the interest rate of HIBOR plus 1% per annum. The Group had accrued an interest income from the Revolving Loan in the sum of HK\$9.8 million for the Year, in comparison with the interest income of HK\$0.4 million therefrom in 2008.

The investment in long term fixed and floating rates notes (the “FRN”) with the aggregate principal sum of US\$12 million generated an interest income of HK\$5.1 million during the Year. At the end of the Year, the fair value of the FRN amounted to HK\$96.5 million, representing an increment of HK\$7.5 million or 8.4% as compared to HK\$89.0 million as at 31st December, 2008.

Investment Properties and Properties Held for Sale

During the Year, the Group had sold two units in Gemstar Tower, Hunghom, Kowloon, including one unit for investment purpose, comparing with sale of 10 units in 2008. The total sales proceed generated HK\$15.5 million. The decline in sales of units in Gemstar Tower was mainly attributable to overall stagnant market condition in non-residential property sector in the first half of the Year under the adverse global business environment after the financial tsunami in 2008, and the reduction in units offered for sale.

The rental income from the carparking spaces in Gemstar Tower amounted to about HK\$2.4 million for the Year.

As at 31st December, 2009, the Group held 4 godown units on various floors of Gemstar Tower for sale with a total gross floor area of approximately 22,605 square feet and 50 carparking spaces. As at 31st December, 2009, the occupancy rate of the car parking spaces in Gemstar Tower was 42%.

EVENTS AFTER THE FINANCIAL YEAR END

- (i) Near the year end and afterwards, the Group entered into various sale and purchase agreements with independent third parties to dispose of the remaining units of property held for sale at a total consideration of HK\$66.43 million. These respective disposals will be completed in the first and second quarters of 2010.

Upon completion of the said disposals, the Group will not hold any godown unit in Gemstar Tower.

- (ii) On 8th March, 2010, the Company lent a loan of HK\$30 million to the Chinese Estates Group pursuant to the terms and conditions of the Revolving Loan made in November 2008 and therefore the total loan to the Chinese Estates Group increased from HK\$853 million in 2009 to HK\$883 million as at the reporting date. The cap for the Revolving Loan is HK\$972 million for the year ending 31st December, 2010.

PROSPECTS

The local economic condition at the end of the Year showed certain signs of recovery. Unemployment rate begins to stabilize. With the inflow of the visitors and investors from the mainland China, the local consumption shows improvement. Again, on the continuing support from the central government, the local micro economic environment has overcome the worst time of the global financial tsunami. However, the global economic condition is still severe and the worldwide consumption demand is rather low. Against these backgrounds, the Company's decision to secure a reliable and stable interest income return from the Chinese Estates Group by lending to the latter the principal sum of HK\$853 million proved to be prudent and positive during the Year. The fund of the Company has been preserved intact with continuous growth from the interest income. The rentals of the carpark in Gemstar Tower and the interest income from various FRN continue to produce stable income to the Company. Overall, the foundations of the Company remain stable and the interests of the shareholders of the Company are secured.

The local economy is on the way to the right track. The Company will continue to honour its contractual funding promise to the Chinese Estates Group. At the same time, the Company will constantly monitor its operation in tandem with the economic trend and will take prudent business strategy to exploit new business opportunity.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in order to ensure high transparency and protection of interests of the shareholders and the Company as a whole. Since 2005, the Company adopted the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the “Code”) under Appendix 14 to the Listing Rules.

The Board believed that the Company had applied the principles and complied with the code provisions of the Code throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by the Directors. The Company has also adopted a code of conduct regarding securities transactions by the relevant employees on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors and the relevant employees, all Directors confirmed that they had complied with the required standard set out in the Model Code and the relevant employees had complied with the code of conduct regarding securities transactions adopted by the Company throughout the Year.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF FINANCIAL RESULTS

The financial results for the Year have been reviewed by the Audit Committee of the Company.

APPRECIATION

I would like to take this opportunity to thank the shareholders of their continuing support. I also thank my fellow Directors and staff members for their dedication and hard work.

By Order of the Board
Matthew Cheong, Veng-va
Chairman

Hong Kong, 12th March, 2010

As at the date of this announcement, the Board comprised Mr. Matthew Cheong, Veng-va and Ms. Teresa Poon, Mun-chie as Executive Directors and Mr. Lai, Yun-hung, Mr. Mok, Hon-sang and Mr. Wong, Tik-tung as Independent Non-executive Directors.

Website: <http://www.chicheung.com>