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

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

CHAIRMAN'S STATEMENT

On behalf of the board of directors of China Infrastructure Investment Limited (the "**Company**"), I am pleased to present the final results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018.

Annual Results

The revenue of the Group for the year ended 31 December 2018 was approximately HK$56,182,000 as compared with approximately HK$26,144,000 in 2017. The loss attributable to owners of the Company for the year ended 31 December 2018 was approximately HK$20,088,000, compared with the loss attributable to owners of the Company of approximately HK$44,700,000 over the corresponding period of 2017.

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

The topping-up work of the commercial building had been completed in 2015 while the interior construction work had been completed in 2016 and the decoration work had been completed in 2017. Approximately 1,600 square meters of the gross floor area of the commercial building have been sold with average selling price of approximately RMB37,100 per square meters. Approximately 9,100 square meters of the gross floor area of the commercial building has been rented out. The construction of the service apartment building had been completed and the construction completion acceptance was granted in the first half of 2014. Pre-sale of service apartment building had commenced in 2012. As at 31 December 2018, it was confirmed that service apartment with approximately 20,100 square meters of the gross floor area were sold with average selling price of approximately RMB12,300 per square meters.

Pursuant to the subscription agreement, this investment will provide the annual return undertaking of not less than 12% of the consideration which can generate stable revenue streams and cash surplus for the Group. On 15 May 2018, the guarantors of the subscription agreement had fulfilled their obligations regarding the return undertaking and compensated the shortfall of the profit guarantee for the year ended 31 December 2017, being HK$36,000,000, to the Group.

Tianjin Jun Hua Logistics Company Limited ("**Tianjin Jun Hua Logistics**") is principally engaged in the business of property rentals and operation of storage units. Tianjin Jun Hua Logistics owns a property with a land use area of 11,331.30 square metres, comprising of one building with one storey of 704.16 square metres and another building with four storeys of 10,807.91 square metres at Tianjin Economic and Technological Development Zone, Tianjin City, the PRC. The property is located in the Tianjin Harbour, which is one of the main transportation hubs of the PRC. The Company is of the view that the acquisition allows the Group to invest in a property located within a promising district. It is believed that the acquisition will provide a steady rental income stream to the Group amid the current low interest rate environment as well as appreciation potential of the value of the property owned by Tianjin Jun Hua Logistics.

Tianjin Hui Li Yuan Power Equipment Co. Ltd. ("**Tianjin Hui Li Yuan**") is principally engaged in the business of property rentals and property development. Tianjin Hui Li Yuan is the legal owner of the land use right for a parcel of land with an area of approximately 29,012.72 square metres located at Tianjin Economic and Technological Development Zone, Tianjin City, the PRC. The land is now for industrial use and having two 4-storey buildings (namely Block Nos. 3 and 4) with a total gross floor area of 18,333 square metres under construction. Whilst the construction work for the other 2 buildings (namely Block Nos. 1 and 2) with a total gross floor area of 46,445 square metres was yet to commence. With the fast development of the Tianjin's logistics industry as well as the business and commercial sector, the directors of the Company anticipate the land would have greater development potential along with the economic growth of Tianjin.

Prospects

The management will continue to look for investment opportunities in the PRC so as to expand the development portfolio of the Group in the future. In this regard, investment opportunities which offer satisfactory returns to the Shareholders within the acceptable risk profile of the Group and expected return will be considered. As a result, the Group will strive to identify suitable projects with potential for development and satisfactory returns across various sectors in the PRC market.

The board of directors (the "**Board**") of China Infrastructure Investment Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018 together with comparative figures in 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**56,182**	26,144
Cost of sales		**(54,318)**	(23,593)
		1,864	2,551
Other income	*4*	**38,315**	57,916
Share of results of associates		**(19,525)**	(22,140)
Gain on disposal of a subsidiary and associates		**—**	17,358
Other operating expenses		**—**	(52,845)
General and administrative expenses		**(15,841)**	(16,438)
Profit/(loss) from operations		**4,813**	(13,598)
Finance costs	*5(a)*	**(25,000)**	(25,652)
Loss before taxation	*5*	**(20,187)**	(39,250)
Income tax	*6*	**—**	(5,480)
Loss for the year		**(20,187)**	(44,730)
Attributable to:			
— Owners of the Company		**(20,088)**	(44,700)
— Non-controlling interests		**(99)**	(30)
Loss for the year		**(20,187)**	(44,730)
Loss per share (HK cents per share)	*9*		
Basic		**(0.47) cents**	(1.05) cents
Diluted		**(0.47) cents**	(1.05) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(20,187)**	(44,730)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Net translation differences on foreign operations	**(37,700)**	61,233
Release of cumulative exchange difference on translation of foreign operations	**—**	17,247
Share of other comprehensive income of associates — Exchange reserve	**(14,294)**	29,616
Other comprehensive (loss)/income for the year, net of tax	**(51,994)**	108,096
Total comprehensive (loss)/income for the year	**(72,181)**	63,366
Attributable to:		
— Owners of the Company	**(69,029)**	62,325
— Non-controlling interests	**(3,152)**	1,041
Total comprehensive (loss)/income for the year	**(72,181)**	63,366

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Investment properties		**62,623**	65,439
Property, plant and equipment		**122,349**	127,873
Land use rights		**1,774**	1,935
Goodwill		**—**	—
Interests in associates		**316,456**	350,275
		503,202	545,522
CURRENT ASSETS			
Inventories		**—**	—
Trade and other receivables, deposits and prepayment	*10*	**87,220**	61,391
Cash and bank balances		**553,114**	636,920
		640,334	698,311
CURRENT LIABILITIES			
Trade and other payables	*11*	**(44,166)**	(55,660)
Interest-bearing borrowings — current		**(234,000)**	(250,000)
Tax payables		**(5,654)**	(5,913)
		(283,820)	(311,573)
NET CURRENT ASSETS		**356,514**	386,738
TOTAL ASSETS LESS CURRENT LIABILITIES		**859,716**	932,260
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(8,078)**	(8,441)
		(8,078)	(8,441)
NET ASSETS		**851,638**	923,819
CAPITAL AND RESERVES			
Share capital		**213,496**	213,496
Reserves		**567,984**	637,013
Total equity attributable to owners of the Company		**781,480**	850,509
Non-controlling interests		**70,158**	73,310
TOTAL EQUITY		**851,638**	923,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

China Infrastructure Investment Limited (the "**Company**") was incorporated and registered in the Cayman Islands on 16 June 1992 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 2 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office of the Company in the Cayman Islands is The R&H Trust Co. Ltd., Windward 1, Regatta Office Park, West Bay Road, Grand Cayman, Cayman Islands. The address of the registered office and the principal place of business of the Company in Hong Kong is Suite 607, 6/F., Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") are property investment and natural gas business.

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

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

2.1 Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation ("**the new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2018:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*
Amendments to HKAS 40	*Transfers of Investment Property*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKFRS 15	*Revenue from Contracts with Customers (Clarifications to HKFRS 15)*

Except as described below, the adoption of the new and revised HKFRSs did not result in any significant impact on the results and financial position of the Group.

HKFRS 9 "Financial Instruments"

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

All of the Group's financial assets and financial liabilities were carried at amortised cost, therefore, the new guidance would not have a significant impact on the classification and measurement of its financial assets and financial liabilities.

The Group does not have any hedging instruments. There would have no significant impact arising from the new hedging accounting rules on the accounting for its hedging relationships.

In relation to the impairment of financial assets, the Group has adopted the simplified expected credit loss ("**ECL**") model for its trade receivables. This model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses under HKAS 39.

Impairment based on the expected credit loss model introduced by HKFRS 9 on the Group's financial assets, including trade receivables, have no significant financial impact on this financial information.

HKFRS 15 *"Revenue from Contracts with Customers"*

HKFRS 15 replaces HKAS 18 "Revenue" which covers contracts for goods and services and HKAS 11 "Construction Contracts" which covers construction contracts and related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following sources which arise from contracts with customers:

- Trading of construction materials; and
- Provision of property management services.

Summary of effects arising from initial application of HKFRS 15

The application on HKFRS 15 has no material impact on the Group's retained earnings at 1 January 2018. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accruals and other payables	30,061	(354)	29,707
Contract liabilities	—	354	354

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Accruals and other payables	19,130	349	19,479
Contract liabilities	349	(349)	—

2.2 HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 December 2018 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2018.

HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[2]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Amendments to HKFRS 3	*Definition of a Business*[4]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[4]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Amendments to HKFRSs	*Annual Improvement to HKFRS Standards 2015-2017 Cycle*[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2021.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

3. REVENUE

Disaggregation of revenue from contract with customers:

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Turnover from major business services:		
Revenue with the scope of HKAS 17		
Rental income from leasing of properties	**1,055**	12,978
Revenue with contract customers within the scope of HKFRS 15		
Property management fee income	**676**	487
Sales of construction materials	**54,451**	12,679
	56,182	26,144

Disaggregation by timing of revenue recognition:

At a point of time:		
Sales of construction materials	**54,451**	12,679
Over time:		
Property management fee income	**676**	487
	55,127	13,166

4. OTHER INCOME

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest income on bank deposit	**2,067**	291
Interest income on loan receivables	**—**	21,268
Compensation income arising from profit guarantee realisation	**36,000**	36,000
Other sundry income	**248**	357
	38,315	57,916

5. LOSS BEFORE TAXATION

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

(a) Finance costs

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest on interest-bearing borrowings		
— wholly repayable within five years	**25,000**	25,652
— not wholly repayable within five years	**—**	—
Total borrowing costs	**25,000**	25,652

(b) Other items

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Charging/(crediting):		
Staff costs (including directors' emoluments)		
— salaries, wages and other benefits	**2,498**	2,440
— retirement benefits scheme contributions	**194**	291
Total staff costs	**2,692**	2,731
Auditors' remuneration	**1,180**	1,960
Amortisation of land use rights	**79**	77
Depreciation of property, plant and equipment	**22**	19
Cost of inventories sold	**53,914**	12,574
Impairment loss recognised in respect of inventories	**—**	54
Impairment loss on goodwill	**—**	52,791
Operating lease charges for premises	**420**	747
Net exchange loss	**243**	—
Gross rental income from investment properties	**(1,055)**	(12,978)
Less: Direct operating expenses from investment properties that generated rental income during the year	**403**	11,019
	(652)	(1,959)

6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	—	—
The PRC Corporate Income Tax	—	5,480
Deferred tax credit	—	—
	—	5,480

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for the years ended 31 December 2018 and 2017.

The Group's subsidiaries in the PRC are subject to the PRC Corporate Income Tax at 25% (2017: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on prevailing legislation, interpretations and practice in respect thereof during the year.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2018 (2017: nil).

8. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the year (2017: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment performance is evaluated based on reportable segment profit, which is a measure of segment profit. The segment profit represents the result generated from each segment with allocation of (i) general and administrative expenses, selling and distribution costs and other operating expenses under the heading of other corporate expenses; (ii) share of results of associates; (iii) interest income; and (iv) compensation income and other sundry income under the heading of other operating income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

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

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

(b) Natural gas segment engages in sales of natural pipelined gases and its construction materials in the PRC; and

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

The following is an analysis of the Group's revenue and results by operating segment for the years ended 31 December 2018 and 2017:

	For the year ended 31 December 2018				
	Properties investment	**Natural gas**	**Investment holding**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
From external customers	**1,731**	**54,451**	**—**	**—**	**56,182**
Segment profit	**1,327**	**537**	**—**	**—**	**1,864**
Interest income	**2**	**2,065**	**—**	**—**	**2,067**
Other operating income, net	**48**	**—**	**36,000**	**200**	**36,248**
Share of results of associates	**—**	**—**	**(19,525)**	**—**	**(19,525)**
Other corporate expenses	**(1,586)**	**(3,463)**	**(8,708)**	**(2,084)**	**(15,841)**
(Loss)/Profit from operations	**(209)**	**(861)**	**7,767**	**(1,884)**	**4,813**
Finance costs	**—**	**—**	**—**	**(25,000)**	**(25,000)**
(Loss)/Profit before taxation	**(209)**	**(861)**	**7,767**	**(26,884)**	**(20,187)**
Income tax	**—**	**—**	**—**	**—**	**—**
(Loss)/Profit for the year	**(209)**	**(861)**	**7,767**	**(26,884)**	**(20,187)**
Other segment information					
Amortisation	**(79)**	**—**	**—**	**—**	**(79)**
Depreciation	**(1)**	**(8)**	**(13)**	**—**	**(22)**
Segment assets	**198,912**	**591,497**	**352,963**	**164**	**1,143,536**
Segment liabilities	**33,721**	**6,884**	**17,293**	**234,000**	**291,898**

	For the year ended 31 December 2017				
	Properties investment	Natural gas	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
From external customers	13,466	12,678	—	—	26,144
Segment profit	2,447	104	—	—	2,551
Interest income	2	21,557	—	—	21,559
Other operating income, net	3	354	36,000	—	36,357
Gain on disposal of a subsidiary and associates	—	—	17,358	—	17,358
Share of results of associates	—	—	(22,140)	—	(22,140)
Other corporate expenses	(54,556)	(1,462)	(11,578)	(1,687)	(69,283)
(Loss)/Profit from operations	(52,104)	20,553	19,640	(1,687)	(13,598)
Finance costs	(652)	—	—	(25,000)	(25,652)
(Loss)/Profit before taxation	(52,756)	20,553	19,640	(26,687)	(39,250)
Income tax	(189)	(5,291)	—	—	(5,480)
(Loss)/Profit for the year	(52,945)	15,262	19,640	(26,687)	(44,730)
Other segment information					
Impairment loss recognised in respect of inventories	—	(54)	—	—	(54)
Impairment loss on goodwill	(52,791)	—	—	—	(52,791)
Amortisation	(77)	—	—	—	(77)
Depreciation	(2)	(4)	(13)	—	(19)
Segment assets	218,692	638,035	386,884	222	1,243,833
Segment liabilities	45,863	6,163	17,988	250,000	320,014

9. LOSS PER SHARE

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

Loss

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(20,088)**	(44,700)

Number of shares

	Number of shares	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**4,269,910,510**	4,269,910,510

Note:

For the year ended 31 December 2018 and 31 December 2017, there was no dilutive effect imposed on the basic loss per share and thus the basic and diluted loss per share are the same.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

(a) Trade receivables

	2018	2017
	HK$'000	*HK$'000*
Trade debtors	**775**	13,406
Less: Impairment loss recognised in respect of trade debtors	**—**	—
Trade debtors, net	**775**	13,406

Note:

Ageing analysis of trade debtors is as follows:

	2018	2017
	HK$'000	*HK$'000*
Due within 30 days or on demand	**666**	—
Due within 31 to 60 days	**—**	—
Due within 61 to 90 days	**—**	—
Due over 90 days	**109**	13,406
	775	13,406

(b) Other receivables, deposits and prepayment

	2018	2017
	HK$'000	*HK$'000*
Other receivables, deposits and prepayment	**86,445**	47,985
Less: Impairment loss recognised	**—**	—
Other receivables, deposits and prepayment, net	**86,445**	47,985

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade creditors *(Note 1)*	**13,153**	12,749
Contract liabilities	**349**	354
Accruals and other payables	**19,130**	29,707
Amounts due to substantial shareholder *(Note 2)*	**11,534**	12,850
	44,166	55,660

Note 1:

Ageing analysis of trade creditors is as follows:

	2018	2017
	HK$'000	*HK$'000*
Due within 30 days or on demand	**—**	—
Due within 31 to 60 days	**—**	—
Due within 61 to 90 days	**—**	—
Due over 90 days	**13,153**	12,749
	13,153	12,749

Note 2:

The amount is unsecured, interest free and has no fixed term of repayment.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

BASIS FOR QUALIFIED OPINION

Corresponding figures

As previously explained in our report dated 29 March 2018 on the Group's consolidated financial statements for the year ended 31 December 2017, we were not provided with sufficient evidence to enable us to assess as to whether the gain on disposal of Associates included in the consolidated statement of comprehensive income of the Group were free from material misstatements. We qualified our opinion on the Group's consolidated financial statements for the year ended 31 December 2017 in respect of this scope limitation accordingly. Any adjustments that might have been found necessary in respect of the above would have had a consequential impact on the Group's result for the year ended 31 December 2017 and the related disclosures made in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

PRC Projects

Properties development and investment

Forward Investment (PRC) Company Limited

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

The topping-up work of the commercial building had been completed in 2015 while the interior construction work had been completed in 2016 and the decoration work had been completed in 2017. Approximately 1,600 square meters of the gross floor area of the commercial building have been sold with average selling price of approximately RMB37,100 per square meters. Approximately 9,100 square meters of the gross floor area of the commercial building has been rented out. The construction of the service apartment building had been completed and the construction completion acceptance was granted in the first half of 2014. Pre-sale of service apartment building had commenced in 2012. As at 31 December 2018, it was confirmed that service apartment with approximately 20,100 square meters of the gross floor area were sold with average selling price of approximately RMB12,300 per square meters.

Pursuant to the subscription agreement, this investment will provide the annual return undertaking of not less than 12% of the consideration which can generate stable revenue streams and cash surplus for the Group. On 15 May 2018, the guarantors of the subscription agreement had fulfilled their obligations regarding the return undertaking and compensated the shortfall of the profit guarantee for the year ended 31 December 2017, being HK$36,000,000, to the Group.

Properties investment

天津俊華物流有限公司 (Tianjin Jun Hua Logistics Company Limited)*

Tianjin Jun Hua Logistics Company Limited ("**Tianjin Jun Hua Logistics**") is principally engaged in the business of property rentals and operation of storage units. Tianjin Jun Hua Logistics owns a property with a land use area of 11,331.30 square metres, comprising of one building with one storey of 704.16 square metres and another building with four storeys of 10,807.91 square metres at Tianjin Economic and Technological Development Zone, Tianjin City, the PRC. The property is located in the Tianjin Harbour, which is one of the main transportation hubs of the PRC. The Company is of the view that the acquisition allows the Group to invest in a property located within a promising district. It is believed that the acquisition will provide a steady rental income stream to the Group amid the current low interest rate environment as well as appreciation potential of the value of the property owned by Tianjin Jun Hua Logistics.

天津滙力源動力設備有限公司 (Tianjin Hui Li Yuan Power Equipment Co. Ltd.)*

Tianjin Hui Li Yuan Power Equipment Co. Ltd. ("**Tianjin Hui Li Yuan**") is principally engaged in the business of property rentals and property development. Tianjin Hui Li Yuan is the legal owner of the land use right for a parcel of land with an area of approximately 29,012.72 square metres located at Tianjin Economic and Technological Development Zone, Tianjin City, the PRC. The land is now for industrial use and having two 4-storey buildings (namely Block Nos. 3 and 4) with a total gross floor area of 18,333 square metres under construction. Whilst the construction work for the other 2 buildings (namely Block Nos. 1 and 2) with a total gross floor area of 46,445 square metres was yet to commence. With the fast development of the Tianjin's logistics industry as well as the business and commercial sector, the directors of the Company anticipate the land would have greater development potential along with the economic growth of Tianjin.

Outlook

The management will continue to look for investment opportunities in the PRC so as to expand the development portfolio of the Group in the future. In this regard, investment opportunities which offer satisfactory returns to the Shareholders within the acceptable risk profile of the Group and expected return will be considered. As a result, the Group will strive to identify suitable projects with potential for development and satisfactory returns across various sectors in the PRC market.

HUMAN RESOURCES

At 31 December 2018, the Group had a total of approximately 21 staff in Hong Kong and the PRC. The Group remunerates employees based on their performance, experience and prevailing industry practices so as to retain the competent and talented employees.

FINANCIAL REVIEW

Results

The revenue of the Group for the year ended 31 December 2018 was approximately HK$56,182,000, as compared with approximately HK$26,144,000 for the year ended 31 December 2017. The loss attributable to owners of the Company for the year ended 31 December 2018 was approximately HK$20,088,000 as compared with the loss attributable to owners of the Company of approximately HK$44,700,000 for the year ended 31 December 2017. The difference was mainly due to the one-off items such as gain on disposal of a subsidiary and associates and impairment loss on goodwill recognised for the year ended 31 December 2017.

Capital Structure

The capital structure of the Group consisted of debt (which included borrowings), cash and bank balances, loan receivables, and equity attributable to owners of the Company, comprising issued share capital and reserves of the Group.

Liquidity and Financial Resources

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. At 31 December 2018, the underlying current ratio, defined as current assets over current liabilities, was approximately 2.26 (2017: 2.24). At 31 December 2018, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 27% (2017: 27%) while the current liabilities to the total assets ratio was approximately 25% (2017: 25%).

At 31 December 2018, the Group's equity attributable to owners of the Company was approximately HK$781,480,000, a decrease of approximately 8% over last year end which was approximately HK$850,509,000. The net current assets at 31 December 2018 was approximately HK$356,514,000 (2017: HK$386,738,000) while cash and bank balances at 31 December 2018 was approximately HK$553,114,000 (2017: HK$636,920,000).

Contingent Liabilities

Certain properties of a subsidiary were pledged in favour of a PRC trust company to secure the payment obligation of an independent third party in the sum of approximately HK$91,088,000 (equivalent to RMB80,000,000) granted by the PRC trust company in favour of the independent third party. As at 31 December 2018, the outstanding loan amount of the independent third party was approximately HK$91,088,000 (equivalent to RMB80,000,000) and market value of the properties pledged was approximately HK$129,800,000 (equivalent to RMB114,000,000) which was determined by an independent valuer. The carrying amount of the pledged properties was approximately HK$122,227,000 as at 31 December 2018. At the reporting date, the Directors were of the opinion that the risk of default by the independent third party is low.

The Group had no other material contingent liabilities.

Charge on Assets

At 31 December 2018 and 31 December 2017, property, plant and equipment of approximately HK$122,227,000 (HK$127,723,000) was pledged as securities for payment obligation of an independent third party.

Foreign Currencies

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

FINAL DIVIDEND

The Board has resolved not to propose any final dividend for the year ended 31 December 2018 (2017: nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2018, except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Xu Xiao Jun, the Chief Executive Officer of the Company, had also been appointed as the Chairman of the Company since 31 July 2017. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

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

Full details on the subject of the CG Code will be set out in the Company's 2018 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. In response to the Company's enquiry, all Directors confirm that they have complied with the provisions of the Model Code throughout the year ended 31 December 2018.

AUDIT COMMITTEE

The Audit Committee presently comprises three independent non-executive Directors. The Audit Committee has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting process including the review of the consolidated financial statements for the year ended 31 December 2018.

SCOPE OF WORK OF CENTURION ZD CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditors, Centurion ZD CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Centurion ZD CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Centurion ZD CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The detailed results containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By order of the Board
China Infrastructure Investment Limited
YE De Chao
Executive Director

Hong Kong, 29 March 2019

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

* *For identification purpose only*