

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 together with the audited comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	4	127,414	56,935
Cost of sales		<u>(124,583)</u>	<u>(55,030)</u>
Gross profit		2,831	1,905
Other income	5	36,695	37,469
Loss arising on change in fair value of investment properties		(77,892)	(2,266)
Impairment loss recognised in respect of property, plant and equipment		(87,937)	—
Impairment loss recognised in respect of financial assets under expected credit losses model		(40,723)	—
Share of results of associates		(144,569)	(10,276)
General and administrative expenses		<u>(32,082)</u>	<u>(34,058)</u>
Loss from operations		(343,677)	(7,226)
Finance costs	6(a)	<u>(12,237)</u>	<u>(23,414)</u>
Loss before taxation	6	(355,914)	(30,640)
Income tax credit	7	7,417	566
Loss for the year		<u><u>(348,497)</u></u>	<u><u>(30,074)</u></u>
Attributable to:			
— Owners of the Company		(278,857)	(28,909)
— Non-controlling interests		<u>(69,640)</u>	<u>(1,165)</u>
Loss for the year		<u><u>(348,497)</u></u>	<u><u>(30,074)</u></u>
Loss per share (HK cents per share)	9		
Basic		<u><u>(6.53) cents</u></u>	<u><u>(0.68) cents</u></u>
Diluted		<u><u>(6.53) cents</u></u>	<u><u>(0.68) cents</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year	(348,497)	(30,074)
Other comprehensive income/(loss):		
<u>Items that may be reclassified to profit or loss</u>		
Net translation differences on foreign operations	22,642	(15,591)
Share of other comprehensive income of associates		
— Exchange reserve	11,360	(5,862)
Other comprehensive income/(loss) for the year, net of tax	34,002	(21,453)
Total comprehensive loss for the year	(314,495)	(51,527)
Attributable to:		
— Owners of the Company	(249,289)	(49,104)
— Non-controlling interests	(65,206)	(2,423)
Total comprehensive loss for the year	(314,495)	(51,527)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		52,086	59,227
Property, plant and equipment		110,981	120,064
Right-of-use assets		2,286	2,578
Goodwill		—	—
Interests in associates		167,109	300,318
Prepayment		—	133,441
		332,462	615,628
CURRENT ASSETS			
Trade receivables	<i>11</i>	117,752	18,112
Other receivables, deposits and prepayment		229,342	393,653
Cash and bank balances		18,491	2,024
		365,585	413,789
CURRENT LIABILITIES			
Trade payables	<i>12</i>	(15,579)	(29,877)
Accruals and other payables		(75,183)	(60,572)
Interest-bearing borrowings		(115,000)	(125,000)
Lease liabilities		(327)	(297)
Tax payables		(6,046)	(5,568)
		(212,135)	(221,314)
NET CURRENT ASSETS		153,450	192,475
TOTAL ASSETS LESS CURRENT LIABILITIES		485,912	808,103
NON-CURRENT LIABILITIES			
Lease liabilities		(296)	(623)
Deferred tax liabilities		—	(7,369)
		(296)	(7,992)
NET ASSETS		485,616	800,111
CAPITAL AND RESERVES			
Share capital		213,496	213,496
Reserves		269,591	518,880
Total equity attributable to owners of the Company		483,087	732,376
Non-controlling interests		2,529	67,735
TOTAL EQUITY		485,616	800,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 (“**HK\$**”), which is the same as the functional currency of the Company. The consolidated financial statements are presented in the nearest thousand (HK\$’000) unless otherwise stated.

2 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 include all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance (“**CO**”). These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group incurred a net loss of approximately HK\$348,497,000. In addition, the Group had interest-bearing borrowings of approximately HK\$115,000,000 which were expired while its cash and bank balances was approximately HK\$18,491,000 as at 31 December 2020.

The above events or conditions may cast significant doubt on the entity's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

- (i) The Group will apply stringent cost control in administrative expenses and capital expenditures;
- (ii) A substantial shareholder of the Company has agreed to provide financial support for the continuing operation of the Group;
- (iii) Subsequent to the end of the reporting period, the Group has obtained consent from the relevant lender not to demand for immediate repayment of such borrowings; and
- (iv) Other operation plan to mitigate the liquidity problem.

However, the appropriateness of the going concern basis of accounting is dependent on the assumption that (i) the management of the Group will be able to achieve its plans and measures as described above; (ii) the Group is able to obtain continuous external financial support from substantial shareholder; (iii) the Group will be able to improve its business operations; (iv) the Group is able to successfully negotiate with the lender in relation to the extension of interest-bearing borrowing and related interest; and (v) the Group is able to generate sufficient cash flow and implement exercises to control costs.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisable values, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

3.1 Amendments to HKFRSs that are mandatorily, effective for the current year

In the current year, the Group has applied, for the first time, the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are mandatorily effective for the preparation of the consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interests Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs during the current year has had no material impact on the results and financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendment to HKFRS 3	Reference to the Conceptual Framework ²
Amendment to HKFES 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁵
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendment to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendment to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

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

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

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

Revenue from major business services:

	For the year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Property management fee income	1,022	748
Sales of construction materials	125,097	55,087
	<u>126,119</u>	<u>55,835</u>
<i>Revenue within the scope of HKFRS 16</i>		
Rental income from leasing of properties	1,295	1,100
	<u>127,414</u>	<u>56,935</u>
Disaggregation by timing of revenue recognition:		
At a point of time:		
Sales of construction materials	125,097	55,087
Over time:		
Property management fee income	1,022	748
	<u>126,119</u>	<u>55,835</u>

5. OTHER INCOME

	For the year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Interest income on bank deposit	307	1,469
Compensation income arising from profit guarantee realisation	36,000	36,000
Government grants (<i>Note</i>)	108	—
Other sundry income	280	—
	<u>36,695</u>	<u>37,469</u>

Note: During the year ended 31 December 2020, the Group recognised government grants of HK\$108,000 in respect of Covid-19-related subsidies, which is related to Employment Support Scheme provided by the Hong Kong Government.

6. LOSS BEFORE TAXATION

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

(a) Finance costs

	For the year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Interest on interest-bearing borrowings	12,166	23,400
Interest on lease liabilities	71	14
	<u>12,237</u>	<u>23,414</u>

(b) Other items

	For the year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Staff costs (including directors' emoluments)		
— salaries, wages and other benefits	3,377	2,756
— retirement benefits scheme contributions	162	387
	<u>3,539</u>	<u>3,143</u>
Total staff costs	3,539	3,143
Auditors' remuneration	1,000	1,000
Depreciation of right-of-use assets	397	129
Depreciation of property, plant and equipment	9	19
Loss arising on change in fair value of investment properties	77,892	2,266
Impairment loss recognised in respect of property, plant and equipment	87,937	—
Impairment loss recognised in respect of financial assets under expected credit losses model	40,723	—
Cost of inventories sold	124,241	54,690
Lease payments under short term leases	—	282
Net exchange loss	—	87
	<u>(1,295)</u>	<u>(1,100)</u>
Gross rental income from investment properties	(1,295)	(1,100)
Less: Direct operating expenses from investment properties that generated rental income during the year	342	340
	<u>(953)</u>	<u>(760)</u>

7. INCOME TAX CREDIT

Taxation in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Current tax	—	—
Deferred tax		
Credit for the year	7,417	566
	<u>7,417</u>	<u>566</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The Group’s subsidiaries in the PRC are subject to the PRC Enterprise Income Tax at 25% for both years.

No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in, nor deriving from Hong Kong for the years ended 31 December 2020 and 2019.

No provision for PRC Enterprise Income Tax has been made as the Group had no assessable profit arising in or derived from PRC for both years.

8. DIVIDENDS

Board does not recommend the payment of any dividend for the year ended 31 December 2020 (2019: nil).

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:

(a) Basic Loss per share

The calculation of basic loss per share amount is based on the net loss for the year of approximately HK\$278,857,000 (2019: HK\$28,909,000) attributable to equity holders of the Company, and weighted average of 4,269,910,510 (2019: 4,269,910,510) ordinary shares in issue during the year.

(b) Diluted Loss per share

The Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2020 and 2019. The basis and diluted loss per share are the same for both years.

10. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the year (2019: 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 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 2020 and 2019:

	For the year ended 31 December 2020				Total HK\$'000
	Properties	Natural gas HK\$'000	Investment	Unallocated HK\$'000	
	investment HK\$'000		holding HK\$'000		
Segment revenue					
From external customers	2,317	125,097	—	—	127,414
Segment profit	1,975	856	—	—	2,831
Interest income	2	305	—	—	307
Other operating income, net	6	274	36,000	108	36,388
Loss arising on change in fair value of investment properties	(77,892)	—	—	—	(77,892)
Impairment loss recognised in respect of property, plant and equipment	(87,937)	—	—	—	(87,937)
Impairment loss recognised in respect of financial assets under expected credit losses model	—	(40,723)	—	—	(40,723)
Share of results of associates	—	—	(144,569)	—	(144,569)
Other corporate expenses	(1,949)	(19,583)	(8,056)	(2,494)	(32,082)
Loss from operations	(165,795)	(58,871)	(116,625)	(2,386)	(343,677)
Finance costs	—	—	—	(12,237)	(12,237)
Loss before taxation	(165,795)	(58,871)	(116,625)	(14,623)	(355,914)
Income tax credit	7,417	—	—	—	7,417
Loss for the year	(158,378)	(58,871)	(116,625)	(14,623)	(348,497)
Other segment information					
Depreciation of right-of-use assets	(75)	—	—	(322)	(397)
Depreciation of property, plant and equipment	(1)	(8)	—	—	(9)
Segment assets	177,112	315,950	203,866	1,119	698,047
Segment liabilities	27,250	10,255	59,303	115,623	212,431

	For the year ended 31 December 2019				
	Properties		Investment		Total
	investment	Natural gas	holding	Unallocated	
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Segment revenue					
From external customers	1,848	55,087	—	—	56,935
Segment profit	1,507	398	—	—	1,905
Interest income	1	1,468	—	—	1,469
Other operating income, net	—	—	36,000	—	36,000
Loss arising on change in fair value of investment properties	(2,266)	—	—	—	(2,266)
Share of results of associates	—	—	(10,276)	—	(10,276)
Other corporate expenses	(2,479)	(20,062)	(8,943)	(2,574)	(34,058)
(Loss)/profit from operations	(3,237)	(18,196)	16,781	(2,574)	(7,226)
Finance costs	—	—	—	(23,414)	(23,414)
(Loss)/profit before taxation	(3,237)	(18,196)	16,781	(25,988)	(30,640)
Income tax credit	566	—	—	—	566
(Loss)/profit for the year	(2,671)	(18,196)	16,781	(25,988)	(30,074)
Other segment information					
Depreciation of right-of-use assets	(75)	—	—	(54)	(129)
Depreciation of property, plant and equipment	(1)	(8)	—	(10)	(19)
Segment assets	192,231	498,210	337,805	1,171	1,029,417
Segment liabilities	32,734	25,168	46,404	125,000	229,306

11. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables, gross	138,298	18,112
Less: Allowance for credit losses	(20,546)	—
	<hr/>	<hr/>
Trade receivables, net	117,752	18,112
	<hr/> <hr/>	<hr/> <hr/>

Ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for credit losses, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1 to 30 days	—	18,112
31 to 60 days	—	—
61 to 90 days	—	—
Over 90 days	117,752	—
	<hr/>	<hr/>
	117,752	18,112
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE PAYABLES

Ageing analysis of trade payables, based on the invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1 to 30 days	—	—
31 to 60 days	—	—
61 to 90 days	—	—
Over 90 days	15,579	29,877
	<hr/>	<hr/>
	15,579	29,877
	<hr/> <hr/>	<hr/> <hr/>

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.

As at 31 December 2020, 39,241.48 square meters of the gross floor area of the commercial building have been sold. Approximately 20,100 square meters of the gross floor area of the service apartment have been sold.

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 2020, 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 2019, 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 2020, the Group had a total of approximately 29 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 2020 was approximately HK\$127,414,000, as compared with approximately HK\$56,935,000 for the year ended 31 December 2019. The loss attributable to owners of the Company for the year ended 31 December 2020 was approximately HK\$278,857,000 as compared with the loss attributable to owners of the Company of approximately HK\$28,909,000 for the year ended 31 December 2019. The increase in loss for the year ended 31 December 2020 was primarily due to (i) the loss arising on change in fair value of investment properties amounting to approximately HK\$77,892,000 (2019: approximately HK\$2,266,000); (ii) the impairment loss recognised in respect of property, plant and equipment amounting to approximately HK\$87,937,000 (2019: nil); (iii) the impairment loss recognised in respect of financial assets under expected credit losses model amounting to approximately HK\$40,723,000 (2019: nil); and (iv) the share of losses of associates amounting to approximately HK\$144,569,000 (2019: HK\$10,276,000).

Capital Structure

The capital structure of the Group consisted of debt (which included borrowings), cash and bank balances, 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 2020, the underlying current ratio, defined as current assets over current liabilities, was approximately 1.72 (2019: 1.87). At 31 December 2020, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 24% (2019: 16%) while the current liabilities to the total assets ratio was approximately 30% (2019: 21%).

At 31 December 2020, the Group's equity attributable to owners of the Company was approximately HK\$483,087,000, a decrease of approximately 34.0% over last year end which was approximately HK\$732,376,000. The net current assets at 31 December 2020 was approximately HK\$153,450,000 (2019: HK\$192,475,000) while cash and bank balances at 31 December 2020 was approximately HK\$18,491,000 (2019: HK\$2,024,000).

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\$95,352,000 (equivalent to RMB80,000,000) granted by the PRC trust company in favour of the independent third party. As at 31 December 2020, the outstanding loan amount of the independent third party was approximately HK\$95,352,000 (equivalent to RMB80,000,000) and the carrying amount of the pledged properties was approximately HK\$110,882,000.

The Group had no other material contingent liabilities.

Charge on Assets

At 31 December 2020, property, plant and equipment of approximately HK\$110,882,000 (2019: HK\$119,962,000) 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 States Dollars. The Group had no material foreign exchange exposure risks during the year.

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 2020, 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 2020 Annual Report.

FINAL DIVIDEND

The Board has resolved not to propose any final dividend for the year ended 31 December 2020 (2019: 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 2020.

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 2020.

AUDIT COMMITTEE

The audit committee of the Company (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 2020.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN

The Company's auditors draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK\$348,497,000. In addition, the Group had interest-bearing borrowings of approximately HK\$115,000,000 which were expired while its cash and bank balances was approximately HK\$18,491,000 as at 31 December 2020. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The auditors' opinion is not modified in respect of this matter.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.china-infrastructure.com). The annual report of the Company for the year ended 31 December 2020 containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

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

Hong Kong, 31 March 2021

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*