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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)**

**SUPPLEMENTAL ANNOUNCEMENT TO  
FURTHER DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

References are made to announcement of China Infrastructure Investment Limited (the **“Company”**) dated 31 March 2022 in relation to the unaudited annual results for the year ended 31 December 2021 of the Company and the announcement of the Company dated 8 July 2022 in relation to, among other matters, further delay in publication of 2021 audited results and annual report (the **“AR Announcements”**). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the AR Announcements.

The board (the **“Board”**) of directors (the **“Directors”**) of the Company would like to provide supplemental information which renders further delay in publication of 2021 audited results and annual report. As at the date of the announcement, the Company is aware that the consolidated financial statements of the Group for the year ended 31 December 2021 may be subject to possible disclaimer opinion due to the following alleged audit issues (the **“Audit Issues”**). The Board wishes to supplement the following:

**(A) Scope limitation in relation to property, plant and equipment and right of use assets**

As disclosed in the Company’s announcement dated 24 May 2017, 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”**), a non wholly-owned subsidiary of the Company, had entered into an agreement with a PRC trust company (the **“Lender”**), to provide a pledge (the **“Pledge”**) of the properties of Tianjin Hui Li Yuan (**“Tianjin Properties”**) to secure a loan granted to the borrower (the **“Borrower”**) who is the 40% equity interest holder of Tianjin Hui Li Yuan in the sum of RMB80,000,000 (the **“Loan”**). The Borrower executed a counter indemnity in favour of the Group; and pledged its 40% equity interest in Tianjin Hui Li Yuan to the Group so as to indemnify the Group for its liabilities and loss which may arise from the Pledge (the **“Indemnity”**). Subsequent to the end of the financial reporting period, on 30 March 2022, 天津市南開區人民法院 (Tianjin Nankai District People’s Court\*) made a judgment (the **“Judgment”**) that amongst other things, the Borrower shall compensate 天津物產進出口貿易有限公司 (Tianjin Product Import & Export Trading Co., Ltd.\*), being a party which the Lender has transferred its interest in the Loan to (the **“Plaintiff”**), and Tianjin Hui Li Yuan shall bear any shortfall amount by the proceed from sale of the Properties. As at the date of this announcement, the Borrower has not yet settled judgment debt and the auditors took the view that they were unable to obtain sufficient appropriate audit evidence in relation to:

- (i) whether the subject matters of Judgment is an adjusting event in accordance with Hong Kong Accounting Standard (**“HKAS”**) 10 and whether the Group should have made provision for the outflow of resources embodying economic benefits which may arise in the future in respect of the Judgment as at and for the year ended 31 December 2021;

- (ii) the amount of provision in respect of the subject matters of the Judgment that should have been recognised as at 31 December 2021;
- (iii) the identity of the Plaintiff and whether the Plaintiff was related to the Group in accordance with HKAS 24;
- (iv) the financial implications of the Indemnity because (1) there was no supporting documentation showing that the Borrower was able to provide sufficient financial resources to compensate the Group in respect of the shortfall amount resulting from the judicial sale relating to the Judgment against the Properties; (2) the security, being the 40% shareholding in Tianjin Hui Li Yuan has yet transferred to the Group pursuant to the Indemnity; and (3) the Borrower had not yet made any compensation to the Group in respect of the Judgment;
- (v) the extent of construction works done and construction costs incurred by the Group as at 31 December 2021 and consequentially the carrying values of the construction in progress and related construction cost payables, if any, as at 31 December 2021;
- (vi) whether any carrying amounts of construction in progress should have been transferred to the appropriate classes of property, plant and equipment upon completion of construction during the year ended 31 December 2021 in accordance HKAS 16 and commenced recognition of depreciation charges thereon during the year then ended;
- (vii) the impairment assessment of the Properties as at 31 December 2021 and whether the impairment assessment had approximately reflected the effect of the proceedings and conditions relating to the Judgment before the end of the reporting period; and
- (viii) whether the carrying amounts of the Group's provision, property, plant and equipment, right-of-use assets and construction cost payables, if any, as at 31 December 2021 and the Group's depreciation charges and impairment loss recognised and other loss which was not recognised in respect of property, plant and equipment and provision for the year ended 31 December 2021 recognised in consolidated statement of profit or loss were free from material misstatements.

## **(B) Scope limitation on trade receivables**

The auditors took the view that they were unable to obtain sufficient appropriate audit evidence in relation to:

- (i) the recoverability and valuation of trade receivables with carrying amount of approximately HK\$105,941,000 as at 31 December 2021, as the amounts were overdue over one year and were not yet settled up to the date of this announcement. The auditors considered that no supporting documentation, information and explanation on the expected credit loss assessment was made available to them to ascertain the settlements were made by the respective customers and for the settlement amounts. Consequentially, the auditors were also unable to be satisfied about the recording accuracy of impairment loss of approximately HK\$31,338,000 recorded for the year ended 31 December 2021; and
- (ii) the occurrence of the recorded amount of settlement of trade receivables of approximately HK\$1,415,000 during the year ended 31 December 2021.

The auditors were further unable to satisfy whether the movements and carrying amounts of the Group's trade receivables as at and for the year ended 31 December 2021 and impairment loss recognised for the year ended 31 December 2021 were free from material misstatements.

**(C) Scope limitation on other receivables, deposits and prepayment**

The auditors were unable to obtain sufficient appropriate audit evidence in relation to:

- (i) whether prepayments of approximately HK\$2,554,000 as at 31 December 2021 which represented prepaid construction cost of property, plant and equipment had been utilised during the year ended 31 December 2021;
- (ii) the validity, existence, valuation and recording accuracy of trade deposits paid of approximately HK\$225,659,000 which represented trade deposits paid for construction materials because the underlying contracts were expired but no renewal contracts were entered into between the suppliers and the Group as at 31 December 2021;
- (iii) the recoverability of the carrying amounts of other receivables, deposits and prepayment as at 31 December 2021 and recording accuracy of impairment loss of approximately HK\$15,030,000 recognised for the year ended 31 December 2021;
- (iv) the validity of compensation income arising from profit guarantee realisation recognised as other income of HK\$36,000,000 for the year ended 31 December 2021;
- (v) the recoverability of the related compensation income receivable as at 31 December 2021 because the amount is overdue and no supporting documentation of the impairment assessment under expected credit loss model for the compensation income receivable as at 31 December 2021 was made available to the auditor; and
- (vi) the recoverability of pledged deposit included in other receivables paid to an entity related to the lender of the Group's interest bearing borrowings with principal amount of HK\$115,000,000 as at 31 December 2021.

Therefore, the auditors were unable to satisfy whether the carrying amounts of the Group's other receivables, deposits and prepayment as at 31 December 2021 and impairment loss recognised and compensation income arising from profit guarantee realisation for the year ended 31 December 2021 were free from material misstatements.

**(D) Scope limitation on accruals and other payables and finance costs**

The auditors were unable to obtain sufficient appropriate audit evidence in relation to:

- (i) the completeness and recording accuracy of finance costs of approximately HK\$11,500,000 recognised for the year ended 31 December 2021;
- (ii) the completeness and recording accuracy of interest payable and accrued bank charges included in accruals and other payables of approximately HK\$49,150,000 and HK\$10,000,000 respectively as at 31 December 2021 because of the circumstances as described in (i) above;
- (iii) the validity and recording accuracy of movement of the finance costs recorded in accruals and other payables of approximately HK\$11,500,000 during the year ended 31 December 2021; and
- (iv) there is no supporting documentation, information and explanation made available to the auditors concerning the differences in the amount of interests payables stated in the direct audit confirmation received by the auditors from the respective counter party for the audit purposes and the amount of interest payables of approximately HK\$49,150,000 recorded in the consolidated statement of financial position as at 31 December 2021.

Therefore, the auditors were unable to satisfy as to whether the movements and carrying amounts of the interest payable and accrued bank charges included in accruals and other payables as at 31 December 2021 and the recorded amounts of finance costs and other related costs for the year ended 31 December 2021 were free from material misstatements and whether there existed material amounts of accruals and other payables of the Group and the Company as at 31 December 2021 which were not accounted for in the consolidated financial statements of the Group and the financial statements of the Company.

**(E) Multiple uncertainties relating to going concern**

The Group incurred substantial net loss and an operating cash out flow for the year ended 31 December 2021. As at 31 December 2021, the Group had interest-bearing borrowings of approximately HK\$115,000,000 which were matured and past due, and had incurred interest payables while its cash and bank balances were approximately HK\$1,862,000 as at 31 December 2021. These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position and to meet its liabilities as and when they fall due. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the eventual successful outcome of these measures, which are subject to multiple uncertainties, including whether (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 financial support from the Company's 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.

**The Company's plan to resolve the Audit Issues**

The management of the Company is now in the course of discussion and negotiation with the auditors to formulate the plan to resolve the Audit Issues. As at the date of this announcement, the Company and the auditors have not yet come to an agreement with the plan. Further announcement will be made by the Company if the Company has adopted a definite plan and detailed timetable to resolve the Audit Issues.

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

Hong Kong, 29 July 2022

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