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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017.

Annual Results

The revenue of the Group for the year ended 31 December 2017 was approximately HK$26,144,000, as compared with approximately HK$15,691,000 in 2016. The loss attributable to owners of the Company for the year ended 31 December 2017 was approximately HK$44,700,000, compared with the loss attributable to owners of the Company of approximately HK$5,507,000 over the corresponding period of 2016.

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 7,200 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 2017, 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 2017, 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 2016, being HK$29,331,000, to the Group.

Tianjin Jun Hua Logistics Company Limited ("**Tianjin Jun Hua Logistics**") is principally engaged in the business of property rentals, development of a logistics base 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, which is being developed into a logistics base 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 and logistics project 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.

On 24 May 2017, the Group had entered into an equity transfer agreement to acquire 60% of the entire equity interest in Tianjin Hui Li Yuan Power Equipment Co. Ltd. ("**Tianjin Hui Li Yuan**"). 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, currently is for industrial use, would have greater development potential along with the economic growth of Tianjin. The directors of the Company are of the view that the acquisition of 60% equity interests in Tianjin Hui Li Yuan will have a synergy effect together with the acquisition of 51% equity interests in Tianjin Jun Hua Logistics. The acquisition was completed on 1 August 2017.

A disposal agreement dated 20 March 2013 in relation to the disposal of 49% equity interests in 北京中港綠能投資咨詢有限公司 (Beijing Zhonggang Green Energy Investment Consulting Co., Ltd.*) (the "**Intermediate Holding Company**") and the cancellation of the option to acquire the remaining 51% effective interest in the Intermediate Holding Company was entered into by the Company and the purchasers for an aggregate consideration of HK$315 million (the "**Changdongshun Disposal**"). The reasons for the Changdongshun Disposal were mainly due to the performance of the management of the Changdongshun Group has failed to meet the expectations of the Directors, in particular, in respect of provision of financial information to the Company. A circular of the Company setting out the details of the Changdongshun Disposal was published on 26 June 2013. The Group had received from the Purchasers an aggregate of the whole amount of the consideration of HK$315,000,000 for the Changdongshun Disposal, the whole amount of the advance amounting to HK$11,270,000 by the Group to 北京昌東順燃氣有限公司 (Beijing Changdongshun Gas Limited*) ("**Beijing Changdongshun**") and the loan amounting to RMB10,000,000 provided by the Group to Beijing Changdongshun plus the loan's interests. By then, all the conditions precedent for the Changdongshun Disposal has been fulfilled. The Changdongshun Disposal was completed on 28 June 2017.

Prospects

The management will continue to look for investment opportunities in relation to the real estate business and logistics services business 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 2017 together with comparative figures in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**26,144**	15,691
Cost of sales		**(23,593)**	(15,434)
		2,551	257
Other income	*4*	**57,916**	30,827
Share of results of associates		**(22,140)**	6,669
Gain on disposal of a subsidiary and associates		**17,358**	—
Other operating expenses		**(52,845)**	(40,734)
General and administrative expenses		**(16,438)**	(13,256)
Loss from operations		**(13,598)**	(16,237)
Finance costs	*5(a)*	**(25,652)**	(2,128)
Loss before taxation	*5*	**(39,250)**	(18,365)
Income tax	*6*	**(5,480)**	9,394
Loss for the year		**(44,730)**	(8,971)
Attributable to:			
— Owners of the Company		**(44,700)**	(5,507)
— Non-controlling interests		**(30)**	(3,464)
Loss for the year		**(44,730)**	(8,971)
Loss per share (HK cents per share)	*9*		
Basic		**(1.05) cents**	(0.13) cents
Diluted		**(1.05) cents**	(0.13) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(44,730)**	(8,971)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Net translation differences on foreign operations	**61,233**	(81,986)
Release of cumulative exchange difference on translation of foreign operations	**17,247**	—
Share of other comprehensive income of associates — Exchange reserve	**29,616**	(7,734)
Other comprehensive income/(loss) for the year, net of tax	**108,096**	(89,720)
Total comprehensive income/(loss) for the year	**63,366**	(98,691)
Attributable to:		
— Owners of the Company	**62,325**	(94,995)
— Non-controlling interests	**1,041**	(3,696)
Total comprehensive income/(loss) for the year	**63,366**	(98,691)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Investment properties		**65,439**	61,122
Property, plant and equipment		**127,873**	144
Land use rights		**1,935**	1,881
Goodwill		—	49,308
Interests in associates		**350,275**	342,799
		545,522	455,254
CURRENT ASSETS			
Inventories		—	53
Trade and other receivables, deposits and prepayment	*10*	**61,391**	624,780
Cash and bank balances		**636,920**	54,006
		698,311	678,839
Assets classified as held for sale		—	273,517
		698,311	952,356
CURRENT LIABILITIES			
Trade and other payables	*11*	**(55,660)**	(338,379)
Interest-bearing borrowings — current		**(250,000)**	(5,378)
Tax payables		**(5,913)**	(247)
		(311,573)	(344,004)
NET CURRENT ASSETS		**386,738**	608,352
TOTAL ASSETS LESS CURRENT LIABILITIES		**932,260**	1,063,606
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		—	(250,000)
Deferred tax liabilities		**(8,441)**	(7,884)
		(8,441)	(257,884)
NET ASSETS		**923,819**	805,722
CAPITAL AND RESERVES			
Share capital		**213,496**	213,496
Reserves		**637,013**	574,688
Total equity attributable to owners of the Company		**850,509**	788,184
Non-controlling interests		**73,310**	17,538
TOTAL EQUITY		**923,819**	805,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective

The following HKFRSs in issue at 31 December 2017 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 2017.

HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[4]
Amendments to HKFRS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKFRS 40	*Transfers of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements 2014–2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*[1]
Annual Improvements 2015–2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*[2]

[1] Effective for annual periods beginning on or after 1 January 2018.

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

[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 2021.

3. REVENUE

The amount of each significant category of revenue recognised during the years is analysed as follows:

	For the year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Rental income from investment properties	**13,466**	81
Sales of construction materials	**12,678**	15,610
	26,144	15,691

4. OTHER INCOME

	For the year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Interest income on bank deposit	**291**	40
Interest income on loan receivables	**21,268**	1,454
Compensation income arising from profit guarantee realisation	**36,000**	29,331
Other sundry income	**357**	2
	57,916	30,827

5. LOSS BEFORE TAXATION

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

(a) Finance costs

	For the year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Interest on interest-bearing borrowings		
— wholly repayable within five years	**25,652**	2,128
— not wholly repayable within five years	**—**	—
Total borrowing costs	**25,652**	2,128

(b) Other items

	For the year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Charging/(crediting):		
Staff costs (including directors' emoluments)		
— salaries, wages and other benefits	**2,440**	1,613
— retirement benefits scheme contributions	**291**	158
Total staff costs	**2,731**	1,771
Auditors' remuneration	**1,960**	1,200
Amortisation of intangible asset	**—**	1,486
Amortisation of land use rights	**77**	6
Depreciation of property, plant and equipment	**19**	690
Cost of inventories sold	**12,574**	15,434
Impairment loss recognised in respect of property, plant and equipment	**—**	3,603
Impairment loss recognised in respect of intangible asset	**—**	37,131
Impairment loss recognised in respect of inventories	**54**	—
Impairment loss on goodwill	**52,791**	—
Operating lease charges for premises	**747**	1,186
Net exchange loss	**—**	43
Gross rental income from investment properties	**(13,466)**	(81)
Less: Direct operating expenses from investment properties that generated rental income during the year	**11,019**	3
	(2,447)	(78)

6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**—**	—
The PRC Corporate Income Tax	**5,480**	261
Deferred tax credit	**—**	(9,655)
	5,480	(9,394)

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 2017 and 2016.

The Group's subsidiaries in the PRC are subject to the PRC Corporate Income Tax at 25% (2016: 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 2017 (2016: nil).

8. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the year (2016: 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 2017 and 2016:

	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**

	For the year ended 31 December 2016				
	Properties investment	Natural gas	Investment holding	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
From external customers	81	15,610	—	—	15,691
Segment profit	78	179	—	—	257
Interest income	—	1,494	—	—	1,494
Other operating income, net	—	2	29,331	—	29,333
Share of results of associates	—	—	6,669	—	6,669
Other corporate expenses	(330)	(44,788)	(6,382)	(2,490)	(53,990)
(Loss)/Profit from operations	(252)	(43,113)	29,618	(2,490)	(16,237)
Finance costs	(45)	—	—	(2,083)	(2,128)
(Loss)/Profit before taxation	(297)	(43,113)	29,618	(4,573)	(18,365)
Income tax	—	9,394	—	—	9,394
(Loss)/Profit for the year	(297)	(33,719)	29,618	(4,573)	(8,971)
Other segment information					
Impairment loss recognised in respect of property, plant and equipment	—	(3,603)	—	—	(3,603)
Impairment loss recognised in respect of intangible asset	—	(37,131)	—	—	(37,131)
Amortisation	(6)	(1,486)	—	—	(1,492)
Depreciation	—	(610)	(80)	—	(690)
Segment assets	112,588	624,972	396,009	274,041	1,407,610
Segment liabilities	29,502	3,391	318,995	250,000	601,888

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	
	2017	2016
	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)	**(44,700)**	(5,507)

Number of shares

	Number of shares	
	2017	2016
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 2017 and 31 December 2016, 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

	2017	2016
	HK$'000	*HK$'000*
Trade debtors	**13,406**	30
Less: Impairment loss recognised in respect of trade debtors	**—**	(30)
Trade debtors, net	**13,406**	—

Note:

Ageing analysis of trade debtors is as follows:

	2017	2016
	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	**13,406**	—
	13,406	—

(b) Other receivables, deposits and prepayment

	2017	2016
	HK$'000	*HK$'000*
Other receivables, deposits and prepayment	**41,882**	624,780
Amount due from non-controlling interest *(Note)*	**6,103**	—
Other receivables, deposits and prepayment, net	**47,985**	624,780

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

11. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade creditors *(Note 1)*	**12,749**	3,933
Accruals and other payables	**30,061**	334,271
Amounts due to substantial shareholder *(Note 2)*	**12,850**	—
Amounts due to non-controlling interests	—	175
	55,660	338,379

Note 1:

Ageing analysis of trade creditors is as follows:

	2017	2016
	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	**12,749**	3,933
	12,749	3,933

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

Prior year's audit scope limitation affecting opening balance and comparative figures

The auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2016 contained a qualified opinion on the limitation on the audit scope in relation to non-current assets held for sale. Details of which had been set out in the auditor's report dated 31 March 2017.

As the consolidated financial statements of the Group for the year ended 31 December 2016 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the carrying amount of the non-current assets held for sale would have a significant effect on the opening balances and consequential effect on the results and the related disclosures for the year ended 31 December 2017.

Scope limitation — gain on disposal of associates

The Group had interests in an associate in respect of 49% equity interests in Beijing Zhonggang Green Energy Investment Consulting Co., Ltd. and its subsidiaries (the "**Associate**") which has been classified as non-current assets held for sale since the Company announced to disposal of the Associate on 20 March 2013 ("**Disposal**"). The Disposal was completed on 28 June 2017. Gain on disposal of associates of approximately HK$17,358,000 included in the consolidated profit or loss for the year ended 31 December 2017 was based on the carrying amount at cost since 1 July 2012. As the Group was unable to obtain sufficient financial information of the Associate since 1 July 2012 and there were no other satisfactory audit procedure that we could adopt to satisfy ourselves whether the net assets value of the Associate as at the date of Disposal, the Group's share of results of associates for the period up to the date of Disposal and gain on disposal of associates of approximately HK$17,358,000 for the year ended 31 December 2017 were free from material misstatements. Any adjustment to the above figures might have a significant consequential effect on the results and cash flows for the year ended 31 December 2017 and related disclosure thereof in the consolidated financial statements of the Group for the year ended 31 December 2017.

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 2017, 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.

Reporting on other matters under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the matters described in the basis for qualified opinion's paragraph:

— We were unable to determine whether proper books of account had been kept; and

— We have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of our audit.

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 7,200 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 2017, 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 2017, 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 2016, being HK$29,331,000, 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, development of a logistics base 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, which is being developed into a logistics base 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 and logistics project 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.)*

On 24 May 2017, the Group had entered into an equity transfer agreement to acquire 60% of the entire equity interest in Tianjin Hui Li Yuan Power Equipment Co. Ltd. ("**Tianjin Hui Li Yuan**"). 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, currently is for industrial use, would have greater development potential along with the economic growth of Tianjin. The directors of the Company are of the view that the acquisition of 60% equity interests in Tianjin Hui Li Yuan will have a synergy effect together with the acquisition of 51% equity interests in Tianjin Jun Hua Logistics. The acquisition was completed on 1 August 2017.

Infrastructure

北京昌東順燃氣有限公司 (Beijing Changdongshun Gas Limited)*

A disposal agreement dated 20 March 2013 in relation to the disposal of 49% equity interests in the Intermediate Holding Company and the cancellation of the option to acquire the remaining 51% effective interest in the Intermediate Holding Company was entered into by the Company and the purchasers for an aggregate consideration of HK$315 million (the "**Changdongshun Disposal**"). The reasons for the Changdongshun Disposal were mainly due to the performance of the management of the Changdongshun Group has failed to meet the expectations of the Directors, in particular, in respect of provision of financial information to the Company. A circular of the Company setting out the details of the Changdongshun Disposal was published on 26 June 2013. The Group had received from the Purchasers an aggregate of the whole amount of the consideration of HK$315,000,000 for the Changdongshun Disposal, the whole amount of the advance amounting to HK$11,270,000 by the Group to Beijing Changdongshun Gas Limited ("**Beijing Changdongshun**") and the loan amounting to RMB10,000,000 provided by the Group to Beijing Changdongshun plus the loan's interests. By then, all the conditions precedent for the Changdongshun Disposal has been fulfilled. The Changdongshun Disposal was completed on 28 June 2017.

Outlook

The management will continue to look for investment opportunities in relation to the real estate business and logistics services business 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 2017, the Group had a total of approximately 23 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. The Company has a share option scheme for the purpose of providing incentives and rewards to the eligible persons including the employees of the Company for their contributions to the long term success and prosperity of the Group.

FINANCIAL REVIEW

Results

The revenue of the Group for the year ended 31 December 2017 was approximately HK$26,144,000, as compared with approximately HK$15,691,000 for the year ended 31 December 2016. The loss attributable to owners of the Company for the year ended 31 December 2017 was approximately HK$44,700,000 as compared with the loss attributable to owners of the Company of approximately HK$5,507,000 for the year ended 31 December 2016. This was mainly due to increase of finance costs from approximately HK$2,128,000 for the year ended 31 December 2016 to HK$25,652,000 this year and the share of loss of associates of approximately HK$22,140,000 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 2017, the underlying current ratio, defined as current assets over current liabilities, was approximately 2.24 (2016: 2.77). At 31 December 2017, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 27% (2016: 32%) while the current liabilities to the total assets ratio was approximately 25% (2016: 24%).

At 31 December 2017, the Group's equity attributable to owners of the Company was approximately HK$850,509,000, an increase of approximately 8% over last year end which was approximately HK$788,184,000. The net current assets at 31 December 2017 was approximately HK$386,738,000 (2016: HK$608,352,000) while cash and bank balances at 31 December 2017 was approximately HK$636,920,000 (2016: HK$54,006,000).

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$95,184,000 (equivalent to RMB80,000,000) granted by the PRC trust company in favour of the independent third party. As at 31 December 2017, the outstanding loan amount of the independent third party was approximately HK$95,184,000 (equivalent to RMB80,000,000) and market value of the properties pledged was approximately HK$136,827,000 (equivalent to RMB115,000,000) which was determined by an independent valuer. The carrying amount of the pledged properties was approximately HK$127,723,000 as at 31 December 2017. At the reporting date, the Directors were of the opinion that the risk of default by the independent third party is low. The charge is expected to be discharged on 11 February 2019.

The Group had no other material contingent liabilities.

Charge on Assets

As 31 December 2017, property, plant and equipment of approximately HK$127,723,000 was pledged as securities for payment obligation of an independent third party.

At 31 December 2016, investment properties of approximately HK$61,122,000 and land use rights of approximately HK$1,881,000 were pledged as securities for borrowings.

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 2017 (2016: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 2017.

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 2017, 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 2017 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 2017.

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 2017.

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 2017 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 2018

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*