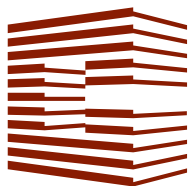


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**中國基建投資有限公司**

**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 2015**

**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 2015.

**Annual Results**

The turnover of the Group for the year ended 31 December 2015 was approximately HK\$22,133,000, as compared with approximately HK\$43,966,000 in 2014. The Group had exerted stringent cost control during the year so as to reduce the general and administrative costs from approximately HK\$18,126,000 for the year ended 31 December 2014 to approximately HK\$11,544,000 this year, being 36.3% deduction. The profit attributable to owners of the Company for the year ended 31 December 2015 was approximately HK\$5,249,000, compared with the profit attributable to owners of the Company of approximately HK\$16,370,000 over the corresponding period of 2014.

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 designed as a composite complex comprising two towers of commercial space and service apartments. A six-storey tower with a planned gross floor area of 39,241.48 square metres is planned to house the commercial space, and an 18-storey tower with a planned gross floor area of 20,882.52 square metres is planned to house the service apartments. The total planned 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 construction progress and the pre-sale of commercial building developed by Nanjing Taihe Yingke at Jiangning District of Nanjing performed well and in line with the expectation. The topping-up work of the commercial building has been completed in 2015 and it is expected that the interior construction work would be completed in 2016. Approximately 1,600 square meters of the gross floor area of the commercial building have been pre-sold with average selling price of approximately RMB37,100 per square meters. 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 2015, 360 service apartment units 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 2015, 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 2014, being HK\$36 million, to the Group.

A disposal agreement dated 20 March 2013 in relation to the disposal of 49% equity interests in 北京中港綠能投資諮詢有限公司(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\$315.0 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. Up to 7 January 2016, 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 Company and the Purchasers are applying to the Industry and Commerce Administration Bureau and the Taxation Bureau for transferring the 49% equity interest in the Intermediate Holding Company in order to complete the Changdongshun Disposal.

## **Prospects**

The management will continue to look for investment opportunities in relation to the city infrastructure projects in relation to real estate business and natural gas projects 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 2015 together with comparative figures in 2014, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>22,133</b>	43,966
Cost of sales		<b>(21,998)</b>	(43,704)
		<b>135</b>	262
Other income	4	<b>37,223</b>	36,158
Share of results of associates		<b>(777)</b>	(2,986)
Other operating expenses		<b>(30,798)</b>	—
General and administrative expenses		<b>(11,544)</b>	(18,126)
<b>(Loss)/profit from operations</b>		<b>(5,761)</b>	15,308
Finance costs		—	—
<b>(Loss)/profit before taxation</b>	5	<b>(5,761)</b>	15,308
Income tax	6	<b>8,394</b>	727
<b>Profit for the year</b>		<b>2,633</b>	16,035
<b>Attributable to:</b>			
— Owners of the Company		<b>5,249</b>	16,370
— Non-controlling interests		<b>(2,616)</b>	(335)
<b>Profit for the year</b>		<b>2,633</b>	16,035
<b>Earnings per share (HK cents per share)</b>	9		
Basic		<b>0.12 cents</b>	0.38 cents
Diluted		<b>0.12 cents</b>	0.38 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2015*

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Profit for the year</b>	<u>2,633</u>	<u>16,035</u>
<b>Other comprehensive income:</b>		
<u>Items that may be reclassified to profit or loss</u>		
Net translation differences on foreign operations	(31,153)	(2,412)
Share of other comprehensive income of associates		
— Exchange reserve	<u>(2,707)</u>	<u>(635)</u>
	<u>(33,860)</u>	<u>(3,047)</u>
<b>Other comprehensive loss for the year, net of tax</b>	<u>(33,860)</u>	<u>(3,047)</u>
<b>Total comprehensive (loss)/income for the year</b>	<u><u>(31,227)</u></u>	<u><u>12,988</u></u>
<b>Attributable to:</b>		
— Owners of the Company	(28,846)	13,294
— Non-controlling interests	<u>(2,381)</u>	<u>(306)</u>
<b>Total comprehensive (loss)/income for the year</b>	<u><u>(31,227)</u></u>	<u><u>12,988</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,328</b>	7,264
Goodwill		—	—
Intangible asset		<b>38,617</b>	72,192
Interests in associates		<b>343,864</b>	347,348
		<u><b>387,809</b></u>	<u>426,804</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>56</b>	60
Trade receivables	<i>10(a)</i>	—	—
Deposits, prepayment and other receivables	<i>10(b)</i>	<b>322,203</b>	166,799
Cash and bank balances		<b>90,669</b>	20,194
		<u><b>412,928</b></u>	<u>187,053</u>
Assets classified as held for sale		<b>315,739</b>	332,803
		<u><b>728,667</b></u>	<u>519,856</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>11</i>	<b>(219,097)</b>	(9,660)
		<u><b>(219,097)</b></u>	<u>(9,660)</u>
<b>NET CURRENT ASSETS</b>			
		<u><b>509,570</b></u>	<u>510,196</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u><b>897,379</b></u>	<u>937,000</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>(9,655)</b>	(18,049)
<b>NET ASSETS</b>			
		<u><b>887,724</b></u>	<u>918,951</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>213,496</b>	213,496
Reserves		<b>669,683</b>	698,529
<b>Total equity attributable to owners of the Company</b>			
		<b>883,179</b>	912,025
<b>Non-controlling interests</b>		<b>4,545</b>	6,926
<b>TOTAL EQUITY</b>			
		<u><b>887,724</b></u>	<u>918,951</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED 31 DECEMBER 2015*

### **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 1205, 12/F., Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Company are investment holding and property investment. The principal activities of the Company and its subsidiaries (the “Group”) are property investments and natural gas business.

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

### **2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

#### **2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Company. The following paragraph provides information on initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these consolidated financial statements.

## 2.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs under the historical cost convention, as modified by the other financial assets and other financial liabilities which are carried at fair value, as explained in the accounting policies set out below. In addition, the consolidated financial statements also include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance (“CO”).

The provisions of the new Hong Kong Companies Ordinance (cap 622) regarding preparation of accounts and directors’ reports and audits became effective for the company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

## 2.3 Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following HKFRSs:

Amendments to HKAS 19	<i>Defined benefit plans: Employee contributions</i>
Amendments to HKFRSs	<i>Annual improvements to HKFRSs 2010 — 2012 cycle</i>
Amendments to HKFRSs	<i>Annual improvements to HKFRSs 2011 — 2013 cycle</i>

The initial application of these financial reporting standards does not necessitate material changes in the Group’s accounting policies.

## 2.4 Hong Kong Financial Reporting Standards in issue but not yet effective

The following HKFRSs in issue at 31 December 2015 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 2015.

HKFRS 9	<i>Financial instruments</i> <sup>2</sup>
HKFRS 15	<i>Revenue from contracts with customers</i> <sup>2</sup>
Amendments to HKFRS 11	<i>Accounting for acquisitions of interests in joint operations</i> <sup>1</sup>
Amendments to HKAS 1	<i>Disclosure initiative</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of acceptable methods of depreciation and amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer plants</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or contribution of assets between an investor and its associate or joint venture</i> <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment entities: Applying the consolidation exception</i> <sup>1</sup>
Amendments to HKFRSs	<i>Annual improvements to HKFRSs 2012 — 2014 cycle</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The Group has commenced an assessment of the impact of these new and amended HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

## 3. REVENUE

	For the year ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of construction materials	<u>22,133</u>	<u>43,966</u>



#### 4. OTHER INCOME

	For the year ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income on bank deposit	16	76
Compensation income	36,000	36,000
Others	1,207	82
	<u>37,223</u>	<u>36,158</u>

#### 5. (LOSS)/PROFIT BEFORE TAXATION

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

	For the year ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs (including directors' emoluments)		
— salaries, wages and other benefits	1,245	6,371
— retirement benefits scheme contributions	18	64
Total staff costs	<u>1,263</u>	<u>6,435</u>
Auditors' remuneration	1,150	1,150
Amortisation of intangible assets	2,777	2,910
Cost of inventories sold	21,998	43,704
Depreciation of property, plant and equipment	913	1,025
Impairment loss recognised in respect of intangible assets	30,798	—
Operating lease charges for premises	1,226	1,214
Net exchange loss	283	416
	<u>37,223</u>	<u>36,158</u>

## 6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
<b>Current tax:</b>		
Hong Kong Profits Tax	—	—
The PRC Corporate Income Tax	—	—
<b>Deferred tax credit</b>	<b>(8,394)</b>	<b>(727)</b>
	<u>(8,394)</u>	<u>(727)</u>
	<b><u>(8,394)</u></b>	<b><u>(727)</u></b>

Hong Kong Profits Tax was not provided in the consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for the year ended 31 December 2015 and 2014.

The Group's subsidiaries in the PRC are subject to the PRC Corporate Income Tax at 25% (2014: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the subsidiaries of 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 2015 (2014: nil).

## 8. SEGMENT INFORMATION

Segment revenue represents revenue generated from external customers and the sales of natural gas pipeline construction materials. There were no inter-segment sales during the year (2014: 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/(loss), which is a measure of segment profit/(loss). The segment profit/(loss) represent 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) interests income and (iv) net exchange difference and compensation income under 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) Natural gas segment engages in sales of natural pipelined gases and natural gas pipeline construction materials in the PRC; and
- (b) 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 2015 and 2014:

	<b>For the year ended 31 December 2015</b>			
	<b>Natural gas</b>	<b>Investment holding</b>	<b>Unallocated</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment revenue</b>				
From external customers	22,133	—	—	22,133
<b>Segment profit</b>	135	—	—	135
Interest income	16	—	—	16
Other operating income, net	1	36,000	1,206	37,207
Share of results of associates	—	(777)	—	(777)
Other corporate expenses	(35,545)	(4,669)	(2,128)	(42,342)
<b>(Loss)/profit from operations</b>	(35,393)	30,554	(922)	(5,761)
Finance costs	—	—	—	—
<b>(Loss)/profit before taxation</b>	(35,393)	30,554	(922)	(5,761)
Income tax	8,394	—	—	8,394
<b>(Loss)/profit for the year</b>	(26,999)	30,554	(922)	2,633
<b>Other segment information</b>				
Impairment loss recognised in respect of intangible assets	(30,798)	—	—	(30,798)
Amortisation	(2,777)	—	—	(2,777)
Depreciation	(780)	—	(133)	(913)
Segment assets	420,209	379,950	316,317	1,116,476
Segment liabilities	5,289	213,808	9,655	228,752

For the year ended 31 December 2014

	Investment			
	Natural gas	holding	Unallocated	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Segment revenue</b>				
From external customers	43,966	—	—	43,966
<b>Segment profit</b>	262	—	—	262
Interest income	76	—	—	76
Other operating income, net	—	36,000	82	36,082
Share of results of associates	—	(2,986)	—	(2,986)
Other corporate expenses	(5,298)	(4,284)	(8,544)	(18,126)
<b>(Loss)/profit from operations</b>	(4,960)	28,730	(8,462)	15,308
Finance costs	—	—	—	—
<b>(Loss)/profit before taxation</b>	(4,960)	28,730	(8,462)	15,308
Income tax	727	—	—	727
<b>(Loss)/profit for the year</b>	(4,233)	28,730	(8,462)	16,035
<b>Other segment information</b>				
Amortisation	—	(2,910)	—	(2,910)
Depreciation	(712)	—	(313)	(1,025)
Segment assets	469,736	403,324	73,600	946,660
Segment liabilities	5,051	3,410	19,248	27,709

## 9. EARNINGS PER SHARE

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

### Earnings

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Profit for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>5,249</u>	<u>16,370</u>

### Number of shares

	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>4,269,910,510</u>	<u>4,269,910,510</u>

*Note:*

For the year ended 31 December 2015 and 31 December 2014, there was no dilutive effect imposed on the basic earnings per share and thus the basic and diluted earnings per share are the same.

## 10. TRADE AND OTHER RECEIVABLES

### (a) Trade receivables

	2015 HK\$'000	2014 HK\$'000
Trade debtors	30	30
Less: Impairment loss recognised in respect of trade debtors	<u>(30)</u>	<u>(30)</u>
Trade debtors, net	<u>—</u>	<u>—</u>

### (b) Deposits, prepayment and other receivables

	2015 HK\$'000	2014 HK\$'000
Deposits, prepayment and other receivables	322,203	166,799
Less: Impairment loss recognised in respect of deposits, prepayment and other receivables	<u>—</u>	<u>—</u>
Deposits, prepayment and other receivables, net	<u>322,203</u>	<u>166,799</u>

## 11. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade creditors ( <i>Note</i> )	3,132	3,312
Accruals and other payables	215,778	4,571
Due to non-controlling interests	187	1,777
	<u>219,097</u>	<u>9,660</u>

*Note:*

An ageing analysis of trade creditors is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Due within 30 days or on demand	—	—
Due within 31 to 60 days	—	—
Due within 61 to 90 days	—	—
Due over 90 days	3,132	3,312
	<u>3,132</u>	<u>3,312</u>

## 12. SUBSEQUENT EVENTS

A disposal agreement dated 20 March 2013 in relation to the disposal of 49% equity interests in 北京中港綠能投資諮詢有限公司 (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\$315.0 million (the “Changdongshun Disposal”). Up to 7 January 2016, 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 Company is in the process of transferring the 49% equity interest in the Intermediate Holding Company to the Purchasers in order to complete the Changdongshun Disposal.

## 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 2014 contained a qualified opinion on the limitation on the audit scope in relation to non-current assets held for sale; and details of which had been set out in the auditor's report dated 30 March 2015.

As the consolidated financial statements of the Group for the year ended 31 December 2014 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 consolidated financial position of the Group as at 31 December 2015 and the results and the related disclosures for the year ended 31 December 2015.

#### *Scope limitation — Non-current assets held for sale*

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 sales since the Company announced to disposal of the Associate on 20 March 2013 ("Disposal"). As at the date of this report, the Disposal has not been completed.

Due to the fact that the directors of the Company were unable to obtain sufficient financial information of the Associate since 1 July 2012, the directors of the Company have not stated the assets of the Associate at the lower of carrying amount and fair value less cost to sell. Under these circumstances, the assets of the Associate classified as held for sales included in the consolidated statement of financial position as at 31 December 2013, 2014 and 2015 were measured at the carrying amount at cost since 1 July 2012.

As a result, we were unable to obtain sufficient appropriate audit evidence in respect of the measurement and valuation of the non-current assets held for sales as at 31 December 2013, 2014 and 2015 and whether they were free from material misstatements.

Any adjustments found to be necessary in respect thereof would have a significant and consequential effect on the consolidated financial position of the Group as at 31 December 2015, the results and cash flows for the year ended 31 December 2015 and related disclosure thereof in the consolidated financial statements of the Group for the year ended 31 December 2015.

## **QUALIFIED OPINION**

In our opinion, except for the effects of the matters described in the basis of qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2015 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Reporting on matters under section 406 and 407 of the Hong Kong Companies Ordinance**

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

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether proper books of account had been kept.

## **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 designed as a composite complex comprising two towers of commercial space and service apartments. A six-storey tower with a planned gross floor area of 39,241.48 square metres is planned to house the commercial space, and an 18-storey tower with a planned gross floor area of 20,882.52 square metres is planned to house the service apartments. The total planned 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 construction progress and the pre-sale of commercial building developed by Nanjing Taihe Yingke at Jiangning District of Nanjing performed well and in line with the expectation. The topping-up work of the commercial building has been completed in 2015 and it is expected that the interior construction work would be completed in 2016. Approximately 1,600 square meters of the gross floor area of the commercial building have been pre-sold with average selling price of approximately RMB37,100 per square meters. 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 2015, 360 service apartment units 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 2015, 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 2014, being HK\$36 million, to the Group.

### ***Infrastructure***

#### *新安中京燃氣有限公司 (Xinan Zhongjing Gas Company Limited\*)*

Xinan Zhongjing Gas Company Limited (“Xinan Zhongjing”) is engaged in the operation of natural gas supply network in 新安產業集聚區(Xinan Industrial Consolidation Park\*), Xinan County, Luoyang City, Henan Province, the PRC. The first phase of pipeline construction was completed in June 2012 and ventilation test was successfully completed in October 2012. Xinan Zhongjing is required to obtain a gas operating license in accordance with the relevant laws and regulations, before it can formally commence operation.

As of the date of this announcement, the license application is still under process but the relevant authorities have not yet given a timetable for approval of the gas operating license as the application involves several different governmental departments and the schedule of these governmental departments are uncertain. As such, the management of Xinan Zhongjing has tried to approach some other natural gas companies for strategic cooperation opportunities. In the Xinan Zhongjing management’s point of view, with the assistance of the strategic partners, it can facilitate the gas operating license application process. The management of Xinan Zhongjing is under negotiation with some potential strategic partners but no binding agreement is closed as at the date of this announcement.

## 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\$315.0 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. Up to 7 January 2016, 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 Company and the Purchasers are applying to the Industry and Commerce Administration Bureau and the Taxation Bureau for transferring the 49% equity interest in the Intermediate Holding Company in order to complete the Changdongshun Disposal.

### **Outlook**

The management will continue to look for investment opportunities in relation to the city infrastructure projects in relation to real estate business and natural gas projects 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 2015, the Group had a total of 7 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 turnover of the Group for the year ended 31 December 2015 was approximately HK\$22,133,000, as compared with approximately HK\$43,966,000 for the year ended 31 December 2014. The profit attributable to owners of the Company for the year ended 31 December 2015 was approximately HK\$5,249,000 as compared with the profit attributable to owners of the Company of approximately HK\$16,370,000 for the year ended 31 December 2014. This was mainly due to an impairment loss recognised in respect of intangible assets amounting to approximately HK\$30,798,000 for the year ended 31 December 2015.

### **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 2015, the underlying current ratio, defined as current assets over current liabilities, was approximately 3.33 (2014: 53.82). At 31 December 2015, the underlying gearing ratio, defined as the total borrowings over total equity (including non-controlling interests), was approximately 0% (2014: 0%) while the current liabilities to the total assets ratio was approximately 20% (2014: 1%).

At 31 December 2015, the Group's equity attributable to owners of the Company was approximately HK\$883,179,000, a decrease of approximately 3.2% over last year end which was approximately HK\$912,025,000. The net current assets at 31 December 2015 was approximately HK\$509,570,000 (2014: HK\$510,196,000) while cash and bank balances at 31 December 2015 was approximately HK\$90,669,000 (2014: HK\$20,194,000).

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 December 2015.

### **Charge on Assets**

At 31 December 2015, none of the assets of the Group were pledged.

## **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.

## **FINAL DIVIDEND**

The Board has resolved not to propose any final dividend for the year ended 31 December 2015 (2014: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 2015.

## **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 2015, 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. Ye De Chao, the former Chief Executive Officer of the Company, had been appointed as the Chairman of the Company since 28 February 2013. On 9 March 2015, Mr. Ye De Chao had resigned from his position as the Chief Executive Officer of the Company and continued to serve as the Chairman of the Company and since then, the roles of chairman and chief executive officer of the Company had been separate.

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.

Code Provision F of the CG Code stipulates that the Board should appoint a company secretary to support the Board by ensuring good information flow within the Board and that board policy and procedures are followed. Due to the resignation of Mr. Chan Kim Sun, the ex-company secretary of the Company, on 30 September 2014, the Company has not met the requirement under Rule 3.28 and Code Provision F of the Listing Rules since then. Nevertheless, the Company appointed a new company secretary, Mr. Tso Ping Cheong Brian on 9 March 2015 to ensure Rule 3.28 of the Listing Rules are now being complied with.

Full details on the subject of the CG Code will be set out in the Company's 2015 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 2015.

### **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 2015.

### **SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditors, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners 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 Elite Partners 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**  
*Chairman*

Hong Kong, 31 March 2016

*As at the date of this announcement, the Board comprises Mr. Ye De Chao, Mr. Xu Xiao Jun 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*