中國城市基礎設施集團有限公司
China City Infrastructure Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2349)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Due to the impact of the COVID-19 outbreak, the auditing process for the annual results of the Group for the year ended 31 December 2019 has been delayed and not been fully completed as of the announcement date, while in order to keep the shareholders of the Company and the potential investors informed of the business operation and financial position of the Group, after our discussion with the Company's auditor, the Board decided to publish the unaudited annual results announcement of the Company for the year ended 31 December 2019 together with the audited comparative figures for the corresponding period in 2018 on the planned date of announcement first.

KEY HIGHLIGHTS

– Revenue is approximately HK$101,107,000 for the year, while approximately HK$293,593,000 was recorded in 2018, decreased by approximately 65.6%.

– Revenue from property development business is approximately HK$11,967,000 for the Current Year, a decrease of approximately 93.8% compared with that of approximately HK$191,940,000 in 2018.

– During Current Year, the Group incurred an one-off non-cash impairment loss on goodwill of approximately HK$13,000,000 for property development business.

– The Group's net loss for the year is approximately HK$176,870,000, increased by 0.3% compared with approximately HK$176,350,000 recorded in the year of 2018.

– As at 31 December 2019, the Group's total assets amounted to approximately HK$3,671,827,000, an increase of approximately 28.0% from that of approximately HK$2,867,835,000 as at 31 December 2018.

UNAUDITED ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of China City Infrastructure Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 December 2019 (the "Current Year"), together with the comparative figures for the previous financial year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	NOTES	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Audited)
Revenue		**101,107**	293,593
Cost of sales	*3*	**(45,398)**	(171,382)
Gross profit		**55,709**	122,211
Fair value gain (loss) in respect of investment properties revaluation		**2,085**	(28,863)
Gain on disposal of subsidiaries		**–**	7,644
Share of result of a joint venture		**731**	(1,331)
Other operating income		**31,447**	49,504
Other operating expenses		**(16,934)**	(39,776)
Selling and distribution expenses		**(5,358)**	(54,301)
Administrative expenses		**(65,516)**	(84,381)
Finance costs	*4*	**(140,952)**	(138,824)
Loss before tax		**(138,788)**	(168,117)
Income tax expense	*5*	**(38,082)**	(8,233)
Loss for the year	*6*	**(176,870)**	(176,350)
Loss attributable to:			
Owners of the Company		**(174,569)**	(174,883)
Non-controlling interests		**(2,301)**	(1,467)
		(176,870)	(176,350)
Loss per share	*8*	***HK cents***	*HK cents*
– Basic		**(5.62)**	(5.67)
– Diluted		**(5.62)**	(5.67)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year	**(176,870)**	(176,350)
Other comprehensive expenses for the year:		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(19,105)**	(68,241)
Release of translation reserve upon disposal of subsidiaries	**–**	(5,065)
Share of translation reserve of a joint venture	**(33)**	(188)
Other comprehensive expense for the year (net of tax)	**(19,138)**	(73,494)
Total comprehensive expenses for the year (net of tax)	**(196,008)**	(249,844)
Total comprehensive expenses attributable to:		
Owners of the Company	**(193,451)**	(251,141)
Non-controlling interests	**(2,557)**	1,297
	(196,008)	(249,844)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	NOTES	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**19,687**	1,924
Investment properties		**2,588,764**	1,988,636
Goodwill		**227,203**	48,605
Interest in a joint venture		**2,837**	2,139
Right-of-use assets		**25,982**	–
		2,864,473	2,041,304
Current assets			
Inventories		**92**	136
Inventory of properties		**385,146**	393,484
Trade and other receivables	*9*	**400,965**	382,931
Bank balances and cash		**21,151**	49,980
		807,354	826,531
TOTAL ASSETS		**3,671,827**	2,867,835
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital		**312,828**	308,228
Reserves		**855,525**	953,135
Equity attributable to owners of the Company		**1,168,353**	1,261,363
Non-controlling interests		**(12,178)**	–
TOTAL EQUITY		**1,156,175**	1,261,363

	NOTES	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**462,238**	232,307
Borrowings – due after one year		**612,076**	615,588
Convertible notes – due after one year		**378,989**	–
Promissory note – due after one year		**362,345**	–
Deposits received for sale and lease of properties – non-current portion		**11,780**	12,852
Lease liabilities – due after one year		**11,905**	–
		1,839,333	860,747
Current liabilities			
Trade and other payables	*10*	**158,387**	192,854
Contract liabilities		**158,495**	122,908
Tax payable		**71,592**	74,201
Borrowings – due within one year		**274,414**	333,502
Convertible notes – due within one year		**–**	22,260
Lease liabilities – due within one year		**13,431**	–
		676,319	745,725
TOTAL LIABILITIES		**2,515,652**	1,606,472
TOTAL EQUITY AND LIABILITIES		**3,671,827**	2,867,835
NET CURRENT ASSETS		**131,035**	80,806
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,995,508**	2,122,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. General

China City Infrastructure Group Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 October 2002.

The shares of the Company have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 25 June 2003. The Directors of the Company consider Linkway Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of the Company.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively, the "Group") are property investment, property development, hotel business and property management in the People's Republic of China (the "PRC").

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

New and Amendments to HKFRSs that are Mandatorily Effective for the Current Year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

HKFRS 16 replaces HKAS 17 and related interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 January 2019 (i.e. the date of initial application, the "DIA") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated losses or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As a lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating lease or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee – leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Adjusted the right-of-use assets at the DIA by the provision for onerous leases recognised immediately before the DIA by applying HKAS 37, as an alternative to performing an impairment review at the DIA.

(c) Did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.

(d) Excluded initial direct costs from the measurement of the right-of-use assets at the DIA.

(e) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, right-of-use assets were, on a lease-by-lease basis, measured at either,

(a) their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the DIA; or

(b) an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA is 7.5%.

	As at 1 January 2019 HK$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	42,118
Discounted using the lessee's incremental borrowing rate at the DIA	39,656
Less: short-term leases and other leases with remaining lease term ending on or before 31 December 2019	–
Total lease liabilities as at 1 January 2019	39,656

As lessee

At the DIA, all right-of-use assets were presented within the line item "right-of-use assets" on the consolidated statement of financial position. Besides, lease liabilities were shown separately on the consolidated statement of financial position.

As lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and those leases are accounted for by applying HKFRS 16 from the DIA.

New and Amendments to HKFRSs Issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[3]

1 *Effective for annual periods beginning on or after 1 January 2021*

2 *Effective for annual periods beginning on or after a date to be determined*

3 *Effective for annual periods beginning on or after 1 January 2020*

4 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. Segment information

The accounting policies of the operating segments are the same as the Group's accounting policies in the preparation of the Group's consolidated financial statements.

The Group's operating segments are identified based on the components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. Specifically, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions, which is the same information reported to the chief operating decision maker.

The Group's operating segments are as follows:

– Property Development Business Segment, which engages in development of property projects in the PRC

– Property Investment Business Segment, which engages in leasing of investment properties in the PRC

– Hotel Business Segment, which engages in operation of a hotel in the PRC

– Property Management Business Segment, which engages in provision of property management and other services in the PRC

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments.

For the year ended 31 December 2019

	Property Development Business *HK$'000* (Unaudited)	Property Investment Business *HK$'000* (Unaudited)	Hotel Business *HK$'000* (Unaudited)	Property Management Business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
TOTAL REVENUE AND EXTERNAL SALES	**11,967**	**35,970**	**23,335**	**29,835**	**101,107**
RESULT					
Segment operating results	**(16,455)**	**9,076**	**1,095**	**10,545**	**4,261**
Fair value gain in respect of investment properties revaluation	**–**	**2,085**	**–**	**–**	**2,085**
Share of result of a joint venture					**731**
Unallocated corporate income					**33,461**
Unallocated corporate expenses					**(38,374)**
Finance costs					**(140,952)**
Loss before tax					**(138,788)**
Income tax expenses					**(38,082)**
Loss for the year					**(176,870)**

For the year ended 31 December 2018

	Property Development Business *HK$'000* (Audited)	Property Investment Business *HK$'000* (Audited)	Hotel Business *HK$'000* (Audited)	Property Management Business *HK$'000* (Audited)	Total *HK$'000* (Audited)
TOTAL REVENUE AND EXTERNAL SALES	191,940	39,569	34,050	28,034	293,593
RESULT					
Segment operating results	(17,549)	29,613	(20,520)	13,195	4,739
Fair value loss in respect of investment properties revaluation	–	(28,863)	–	–	(28,863)
Gain on disposal of subsidiaries					7,644
Share of result of a joint venture					(1,331)
Unallocated corporate income					16,323
Unallocated corporate expenses					(27,805)
Finance costs					(138,824)
Loss before tax					(168,117)
Income tax expenses					(8,233)
Loss for the year					(176,350)

4. Finance costs

	2019 ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Audited)
Interest expense on bank loans, and other borrowings wholly repayable within five years	**117,441**	135,860
Effective interest expense on convertible notes	**16,742**	2,964
Imputed interest on promissory note	**5,936**	–
Lease finance cost	**833**	–
	140,952	138,824
Less: amounts capitalised in the cost of qualifying assets	**–**	–
	140,952	138,824

5. Income tax expense

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The tax expenses (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax ("EIT")	**842**	1,395
Land Appreciation Tax ("LAT") in the PRC	**1,670**	14,340
Current tax expenses for the year	**2,512**	15,735
Deferred tax expense (credit) for the year	**35,570**	(7,502)
	38,082	8,233

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

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

The Group's PRC EIT is calculated based on the applicable tax rates on assessable profits, if applicable. PRC LAT is levied at the applicable tax rate on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

6. Loss for the year

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year has been arrived at after charging (crediting):		
Cost of inventory of properties sold	**32,359**	116,812
Staff costs, including directors' emoluments	**32,359**	35,879
Retirement benefits scheme contributions, including contributions for directors	**1,957**	2,048
Total staff costs	**34,316**	37,927
Auditors' remuneration	**1,120**	1,070
Depreciation of property, plant and equipment	**1,032**	10,342
Depreciation of right-of-use assets	**13,430**	–
Impairment loss of goodwill*	**13,000**	31,000
Operating lease rental expenses in respect of rented premises	**–**	28,757

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross rental income from investment properties	**(35,970)**	(39,569)
Less: Direct operating expenses from investment properties that generated rental income during the year	**5,736**	6,187
	(30,234)	(33,382)

* *Those expenses for the year are included in "other operating expenses".*

7. Dividends

The directors do not recommend the payment of a dividend for the years ended 31 December 2019 and 2018.

8. Loss per share

The calculation of the basic and diluted loss per share is based on the loss attributable to the owners of the Company of approximately HK$174,569,000 (2018: approximately HK$174,883,000) and on the weighted average number of ordinary shares of 3,105,845,665 (2018: 3,082,278,542 shares) deemed to be in issue during the year.

For the years ended 31 December 2019 and 2018, the computation of diluted loss per share has not taken into account the conversion of the Company's outstanding convertible notes and share options since their exercise would result in a decrease in loss per share.

9. Trade and other receivables

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**24,050**	42,959
Less: Allowance for credit losses	**–**	–
	24,050	42,959
Prepayments and deposits *(note a)*	**42,616**	42,885
Other receivables *(note b)*	**334,299**	297,087
	400,965	382,931

notes:

(a) Included in prepayments and deposits are amounts of approximately HK$11,866,000 (2018: approximately HK$9,431,000) for the repair and maintenance deposit to the government and amounts of approximately HK$8,270,000 (2018: approximately HK$7,155,000) for utility deposits. The remaining balance represents the prepayment for construction work and other prepaid expenses.

(b) Included in other receivables are receivables from a property agent related to property development business of approximately HK$4,431,000 (2018: HK$31,710,000). The other receivables also include approximately HK$294,224,000 (2018: approximately HK$119,801,000), being other loan receivables due from independent third parties bearing interest ranging from 6% to 9% (2018: 7% to 9%) per annum. Furthermore, no amount due from Hangzhou Pu Tian Property Development Company Limited ("Pu Tian") (2018: HK$98,677,000), the disposed subsidiary, is included in the other receivables.

As at 31 December 2018 and 1 January 2018. trade receivables from contracts with customers amounted to approximately HK$26,713,000 and HK$33,717,000 respectively.

An aging analysis of trade receivables (net of allowance for credit losses) based on invoice dates at the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**24,050**	42,446
91 to 180 days	**–**	144
Over 180 days	**–**	369
	24,050	42,959

The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

10. Trade and other payables

The following is an aging analysis of the Group's trade payables based on the invoice dates at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**4,020**	2,645
91 to 180 days	**182**	372
Over 180 days	**41,564**	40,857
Trade payables	**45,766**	43,874
Interest payables	**45,995**	57,320
Accrued expenses and other tax payables	**8,928**	7,563
Consideration payables *(note a)*	**2,515**	4,860
Other payables *(note b)*	**55,183**	79,237
	158,387	192,854

Trade payables principally comprise amounts outstanding for purchase of hotel consumables, construction materials and construction work of properties under development and investment properties.

The average credit period of trade payables is three to six months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The directors consider that the carrying amounts of trade and other payables approximate their fair value.

notes:

(a) The consideration payable represents the amount payable for acquisition of additional interests in subsidiaries.

(b) The other payables included approximately HK$2,417,000 (2018: approximately HK$4,090,000) of deposits received from contractors for construction work and approximately HK$6,913,000 (2018: approximately HK$14,569,000) of deposit received from tenant.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is engaged in property related business and started to dedicate to the infrastructure business in late 2014. Pursuant to the Company's announcement dated 3 January 2019 and the Company's circular dated 21 June 2019, the Group entered into a conditional sale and purchase agreement with an independent third party for the acquisition of an entire interest in a target group which holds land and properties in Longgang, Shenzhen ("Longgang Project"). The completion of acquisition has taken place on 19 July 2019. In order to devote more resources to meet the strategic direction of the Group's business, the Group may sell the whole or a portion of Group's property portfolio depending on the market and market value of the property portfolio. In support of further business development of the Group, the management is actively looking for the potential projects which is compatible with the Group's principal activities.

Business Review

The PRC Property Development Business

During the year ended 31 December 2019, the Group's revenue from property development business amounted to approximately HK$12.0 million, representing a decrease of approximately 93.8%, compared with approximately HK$191.9 million in 2018. Aggregate gross floor area (the "GFA") sold for the Current Year was 786 square meters ("sq.m."), representing a decrease of 94.6% from 14,494 sq.m. in 2018. Average selling price (the "ASP") was approximately HK$15,267 (2018: HK$13,240) per sq.m. for the Current Year.

The PRC Property Investment Business

Wuhan Future City Commercial Property Management Company Limited ("Commercial Company") was formed by the Group to operate the Future City Shopping Centre ("Future City") owned by the Group. The Future City is located at Luo Shi Road South within close proximity to the Luoyu Road shopping belt and the Jiedao Kou station of metro line No. 2. The total leasable area of Future City is approximately 55,362 sq.m. with car park included. Future City is situated in the heart of business and commercial centre of Hongshan District in Wuhan City, convenient to East Lake, Wuhan University, Wuhan University of Technology and other landmarks. Future City now becomes a fashionable, dynamic and international shopping centre to cater for the growing demand from the surrounding business centres and university region (more than twenty universities and tertiary education institutions including Wuhan University and Wuhan University of Technology) with 1,000,000 students and residential consumers. As at 31 December 2019, the occupancy rate of Future city was over 94% (31 December 2018: 91%).

Hangzhou Mei Lai Commercial Property Management Company Limited was formed by the Group to prepare for the operation of the commercial part of Mei Lai International Centre in Yuhang district of Hangzhou. The commercial part has approximately 55,980.22 sq.m., of which approximately 18,565.43 sq.m. was disposed of under a mandatory auction ordered by Hangzhou Intermediate People's Court in July 2019. As the Group did not suffer any loss from the disposal, the management considered that there is no material impact on the Group's overall operation and the consolidated statement of profit or loss arising from the disposal. Mei Lai International Centre is located in new Central Business District in Yuhang district of Hangzhou and adjacent to the south station of Shanghai-Hangzhou High-Speed Railway and also the terminal of Hangzhou metro line No. 1, it is expected that Mei Lai International Centre can meet the increasing needs from residential and office customers nearby.

The Group completed the acquisition of the entire issued share capital of Precious Palace Enterprises Limited ("Precious Palace") on 19 July 2019. Fengzhen Industrial Development (Shenzhen) Co. Limited ("SZ Fengzhen"), a company established in the PRC and an indirect wholly owned subsidiary of Precious Palace. SZ Fengzhen is currently holding properties located in Longgang, Shenzhen, the PRC. The properties comprise property complex with land area of approximately 14,971.1 square meters and total gross floor area of approximately 36,875.72 square meters ("Longgang Properties). Longgang Properties located in Longcheng Road which is in close proximity of Shenzhen metro Line 3 of Nanlian station and Shuanglong station.

As at 31 December 2019, the aggregate fair value of the Future City, the commercial part of Mei Lai International Centre and the Longgang Properties held by the Group was approximately HK$2,588.8 million. During the year ended 31 December 2019, the rental income generated from the investment properties was approximately HK$36.0 million and the average occupancy rate was around 84.4% (31 December 2018: 84.7%).

The PRC Hotel Business

Wuhan Future City Hotel Management Company Limited ("Hotel Company"), an indirect wholly owned subsidiary of the Company, manages a business hotel ("Future City Hotel") with around 281 rooms, which is featured as one of the largest all suite business hotels in term of room number in Central China. Easy access to the East Lake and universities and government authorities attracts travellers from different levels. Future City Hotel is well-equipped with function rooms and conference rooms to provide services of banquet and business conference and team of hospitality professionals was recruited to deliver personalised services to customers.

During the year ended 31 December 2019, the revenue arising from Future City Hotel was approximately HK$23.3 million and the average occupancy rate was around 79.1% (2018: 80.0%).

The PRC Property Management Business

Wuhan Future City Property Management Company Limited and Wuhan Chengji Commodity City Management Company Limited, the indirect wholly owned subsidiaries of the Company, provides residents and tenants with safe, modern, comfortable and high quality property management services. During the year ended 31 December 2019, the revenue from property management was approximately HK$29.8 million (2018: HK$28.0 million).

Group Projects

Property related business

Wuhan City, Hubei

Future City

Future City is a large-scale integrated composite development located at Luo Shi Road South within close proximity to the Luoyu Road shopping belt and the Jiedao Kou stations of metro line No. 2. Future City is situated in the heart of business and commercial centre of Hongshan District in Wuhan City, convenient to East Lake, Wuhan University, Wuhan University of Technology and other landmarks in the neighbourhood with 1,000,000 students and residential consumers. Future City covers a total site area of 19,191 sq.m. with a total GFA of approximately 145,273 sq.m. and comprises of five high-rise residential towers, a four-story premier shopping centre and parking spaces.

Future Mansion

Future Mansion is located at a prime location at Wuluo Road in Hongshan District in Wuhan City, just 600 meters from Future City project. It is near the conjunction of metro line No. 2 and 7. It has a total site area of 5,852 sq.m. and been developed for a composite building of residential apartments and retail shops with GFA of approximately 42,149 sq.m..

Wuhan City, Hubei

Zhongshui • Longyang Plaza

Zhongshui • Longyang Plaza is strategically situated in the prime location between the Wangjiawan business area and national level Wuhan Economic & Technological Development Zone, delineated in the western Wuhan Middle Ring Road, next to the Hanyang bus terminal and adjacent to Longyang Avenue. The project has a land site of 30,625 sq.m. and is atop the Hanyang Station of metro line No. 3. This integrated complex will be developed for splendorous shopping mall and luxurious office apartments with planned GFA of approximately 135,173 sq.m..

Hangzhou City, Zhejiang

Mei Lai International Centre

Mei Lai International Centre is strategically located in Yuhang District, which is designated as part of the new Central Business Centre of Hangzhou City, delineated in the southern of intersection of Yingbin Road, Wengmei Road and Nanyuan Street. The integrated complex occupies a total site area of 16,448 sq.m. and is adjacent to the south station of Shanghai-Hangzhou High-Speed Railway and also the terminal of Hangzhou metro line No. 1. The total GFA is approximately 114,610 sq.m. which comprised of commercial buildings and carpark of approximately 55,980 sq.m. under investment property and commercial buildings for sale of approximately 58,630 sq.m.. The development comprises of one grade-A office block with work loft setting, two high-rise premium apartment towers and a premier shopping centre and parking spaces. As at 31 December 2019, the remaining GFA of approximately 24,091 sq.m. are under sale.

Longgong, ShenZhen

Longgong Properties

Longgong Properties comprise property complex located in Shenzhen, the PRC, with land area of approximately 14,971 square meters and total gross floor area of approximately 36,876 square meters. The construction of the Properties have been completed and comprise (1) Huajiang Building with a total gross floor area of approximately 3,786 square meters was used for rental purpose; (2) Meizhou Building with a total gross floor area of approximately 12,249 square meters of which approximately 9,785 square meters was used for rental purpose and approximately 2,464 square meters was vacant; and (3) two factory premises and two staff quarters with a total gross floor area of approximately 20,841 square meters were used for rental purpose (the ''Industrial Property''). An urban renewal program is now being carried out in certain areas of Longgang District, which covers the location where the Longgang properties are situated. The Group considered that the Longgang Properties are of redevelopment potentials.

The following table set forth an overview of the Group's property projects at 31 December 2019:

Project	City	Equity Interest in the Project	Site Area *sq.m.*	Total GFA/ Planned GFA *sq.m.*
Completed Projects				
Future City	Wuhan	100%	19,191	145,273
Future Mansion	Wuhan	100%	5,852	42,149
Zhongshui • Longyang Plaza	Wuhan	100%	30,625	135,173
Mei Lai International Centre	Hangzhou	70%	16,448	114,610
Longgang Properties	Shenzhen	100%	14,971	36,876
Subtotal			87,087	474,081

Financial Review

Revenue

Revenue of the Group for the year decreased to approximately HK$101.1 million from approximately HK$293.6 million, a decrease of 65.6% compared with that of last year. The revenue of property development decreased from approximately HK$191.9 million in 2018 to approximately HK$12.0 million in 2019. The decrease was mainly due to a decrease in revenue from sales of properties, in which the total GFA recognised during the year was 786 sq.m., representing a decrease of 94.6%, compared with the total GFA of 14,494 sq.m. recognised in last year.

The revenue from property leasing and hotel business decreased from approximately HK$39.6 million in 2018 to approximately HK$36.0 million in 2019 and from approximately HK$34.1 million in 2018 to approximately HK$23.3 million in 2019 respectively. The revenue from property management business increased from approximately HK$28.0 million in 2018 to approximately HK$29.8 million in 2019.

Cost of Sales

The cost of sales decreased from approximately HK$171.4 million in 2018 to approximately HK$45.4 million in 2019, where the cost of properties sold including development costs, land costs and borrowing costs. The decrease in cost of sales was primarily due to the decrease in total GFA of Mei Lai International Centre recognised in 2019 (2019: 786 sq.m.; 2018: 13,392 sq.m.).

During the year, the Group's cost of sales included cost of sale in respect of property investment and hotel business segment of approximately HK$5.7 million and 18.9 million respectively, a decrease of approximately HK$0.5 million and approximately HK$17.7 million compared with that of 2018 respectively, and of property management business of approximately HK$14.7 million, an increase of approximately 4.4 million with that of 2018.

Gross Profit and Gross Profit Margin

The gross profit decreased by approximately HK$66.5 million from approximately HK$122.2 million in 2018 to approximately HK$55.7 million in 2019, which was mainly due to a decrease in gross profit from property sales business (2019: HK$5.9 million; 2018: HK$73.7 million). The Group has a gross profit margin of 55.1% in 2019, as compared with 41.6% in 2018. The increase of gross profit margin was mainly due to an increase in contribution from property investment business (2019: 54%; 2018: 27%), the gross profit margin of which was 84% for both years.

Other Operating Income

Other operating income decreased to approximately HK$31.4 million in 2019 from approximately HK$49.5 million in 2018. The decrease was primarily due to the compensation for compulsory land acquisition by PRC Government of approximately HK$22.9 million in last year.

Other Operating Expenses

Other operating expenses decreased to approximately HK$16.9 million in 2019 from approximately HK$39.8 million in 2018. The decrease was primarily due to the decrease of impairment loss on goodwill of property development business of approximately HK$18.0 million.

Change in Fair Value of the Investment Properties

There was a net gain of approximately HK$2.1 million in 2019 (2018: loss of HK$28.9 million) arising from change in fair value of the investment property portfolio in the PRC held by the Group.

Selling and Distribution Expenses

The selling and distribution expenses decreased by 90.1% to approximately HK$5.4 million in 2019 from approximately HK$54.3 million in 2018, primarily due to decrease in advertising and promotion, and commission expenses for properties sales.

Administrative Expenses

The administrative expenses decreased by 22.4% to approximately HK$65.5 million in 2019 from approximately HK$84.4 million in 2018. The decrease was due to the decrease in administrative expenses arising from Pu Tian, which was disposal in last year.

Finance Costs

The finance costs increased to approximately HK$141.0 million in 2019 from that of approximately HK$138.8 million in 2018. The increase was primarily due to an increase in interest expense on convertible notes and promissory note.

Income Tax Expenses

The Group recorded income tax expenses of approximately HK$38.1 million during the year (2018: HK$8.2 million). The increase in income tax expenses was primarily attributable to the increase in deferred tax expenses resulting from an increase in the fair value gain of investment properties.

Loss Attributable to Owners of the Company

The loss attributable to owners of the Company decreased from approximately HK$174.9 million in 2018 to that of approximately HK$174.6 million in 2019.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2019, total bank deposits and cash (including pledged bank deposits) of the Group amounted to approximately HK$21.2 million (31 December 2018: approximately HK$50.0 million), representing a decrease of HK$28.8 million as compared to that as at 31 December 2018.

Borrowings and Charges on the Group's Assets

At 31 December 2019, the Group's total borrowings included bank loans, other loans, convertible notes and promissory notes, in which bank loans and other loans amounted to approximately HK$886.5 million (31 December 2018: approximately HK$949.1 million), liability component of convertible notes of approximately HK$379.0 million (31 December 2018: approximately HK$22.3 million) and promissory notes of approximately HK$362.3 million (31 December 2018: nil). Amongst the borrowings, approximately HK$274.4 million (31 December 2018: approximately HK$333.5 million) will be repayable within one year and approximately HK$612.1 million (31 December 2018: approximately HK$615.6 million) will be repayable after one year. The convertible notes and promissory notes are due in July 2022.

At 31 December 2019, certain inventory of properties together with relevant land use rights and certain investment properties with an aggregate amounts of approximately HK$1,276.4 million (2018: HK$835.2 million) were pledged as security for certain banking facilities granted to the Group.

Gearing Ratio

The gearing ratio was 137.5% as at 31 December 2019 (31 December 2018: 73.0%). The gearing ratio was measured by net debt (aggregated borrowings, convertible notes and promissory notes net of bank balances and cash and pledged bank deposits) over the equity attributable to owners of the Company. The increase in gearing ratio was mainly due to a increase in convertible notes and promissory notes of approximately HK$719.1 million. The current ratio (current assets divided by current liabilities) was 1.19 (31 December 2018: 1.11).

Use of Proceeds From Fund Raising

Reference is made to the announcement of the Group dated 29 June 2017, the Group placed 460,000,000 new shares at a price of HK$0.5 per placing share, representing approximately 14.92% of the issued share capital of the Group as at 31 December 2018. The net proceeds from the placing were approximately HK$229.7 million. An analysis of the planned use of the net proceeds from placing and the actual utilised amount as at 31 December 2018 and 31 December 2019 are set out below respectively:

	Planned use of proceeds	Change in use of proceeds in 2018	Actual utilised amount as at 31 December 2018	Change in use of proceeds in 2019	Actual utilised amount during the period from 1 January 2019 to 31 December 2019	The remaining proceeds as at 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Repayment of loans	70,000	60,000	(130,000)	25,000	(25,000)	–
Settlement of construction costs	50,000	10,000	(60,000)	–	–	–
Use for potential investments and future development	99,900	(70,000)	(3,659)	(26,241)	–	–
Use for daily operations	9,800	–	(9,800)	1,241	(1,241)	–
	229,700	–	(203,459)	–	(26,241)	–

Reference is made to the announcement of the Group dated on 18 May 2017, in which the Group entered into a framework agreement with a vendor for a possible acquisition of 51% equity interests in a target company ("Possible Acquisition"). The wholly-owned subsidiary of the target company owned a plant, two buildings and related land at Shenzhen. The Group originally planned to allocate part of proceeds to the Possible Acquisition. However, no formal agreement in relation to the Possible Acquisition has been entered into as at 31 December 2018. On 19 July 2019, the Group completed the acquisition of Precious Palace Enterprises Limited and the Convertible Bonds in the principal amount of HK$431,500,000 and the Promissory Note in the principal amount of HK$363,500,000 have been issued to the seller as the consideration of the acquisition. Therefore, the Group has reallocated the portion of proceeds originally planned for utilization in potential investments and future development to repayment of loans and use for daily operations in order to improve its current capital structure, raise the utilization efficiency of its capital and reduce finance expenses which is in the best interest of the Group and its shareholders as a whole.

OUTLOOK AND FUTURE PLAN

The Group is principally engaged in the property related business and started to dedicate to the infrastructure businesses in late 2014. The outbreak of new coronavirus pneumonia ("COVID-19") across the PRC in the beginning of 2020, especially in Wuhan, has challenged the Group's hotel business and real estate business. Although the PRC government has continued to implement large-scale emergency measures to mitigate the negative effects of COVID-19, it is expected that business environment will remain weak in the short term. Most of the social and economic activities with severe epidemics have been stagnant and economic growth become increasingly challenging. The outbreak is expected to have an adverse impact to the Group in 2020.

This short-term anomaly will not change our business foundation. If the outbreak remains protracted, the world's economy may be adversely affected and the Group's operating environment will become increasingly challenging. It is difficult for us to estimate the full impact of the incident in the coming months, but we expected that the occupancy rate of the hotel will decline in 2020. Further announcements may be made as and when appropriate in due course. The Group maintains a long-term focus and is optimistic about our prospects. We will unswervingly implement our strategic initiatives to enhance our business.

CONTINGENT LIABILITIES AND COMMITMENTS

(a) As at 31 December 2019, the Group had capital commitments in respect of its capital injection of a joint venture, contracted but not provided in the consolidated financial statement amounting to approximately RMB9,000,000, equivalent to approximately HK$10,112,000 (31 December 2018: RMB9,000,000, equivalent to approximately HK$10,227,000).

(b) As at 31 December 2019, a subsidiary was exposed to litigations in relation to joint and several guarantees provided to certain financial institutions and independent third parties regarding loans and the interest thereon totalling approximately RMB615,000 (equivalent to approximately HK691,000) (2018: RMB10,015,000 (equivalent to approximately HK$11,381,000)) granted to certain independent third parties. The guarantees will be released after the full repayment of the loan and interest thereon. The Group has reached an agreement with other joint guarantors and the lenders that the other joint guarantors are committed to bear the loans and the interest. Therefore, the directors consider the risk to the Company is remote and does not affect the operation of the group. As at 31 December 2019, the Group had settled approximately RMB9,400,000(equivalent to approximately HK$10,562,000) for the guarantees provided.

The Directors consider that the above contingent liabilities are unlikely to materialise. No provision was therefore made in this respect at 31 December 2019 and 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

On 3 January 2019, Green City Development Limited, a wholly-owned subsidiary of the Group, entered into the conditional sale and purchase agreement with Sky Climber Development Limited ("Sky Climber"), pursuant to which Green City Development Limited agreed to acquire an 100% equity interest in Precious Palace for an aggregate consideration of HK$795,000,000, which will be satisfied by the issue of the convertible bonds in the principal amount of HK$431,500,000 and the issue of the promissory note in the principal amount of HK$363,500,000 by the Company to Sky Climber. The equity transfer was completed on 19 July 2019. Following the completion of equity transfer, Precious Palace became a wholly-owned subsidiary of the Group.

Save for the above, the Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the total number of employees stood at approximately 224. Total staff costs for the year was approximately HK$34.3 million. The Group offers its workforce comprehensive remuneration and employees' benefits packages.

FINAL DIVIDEND

The Board resolved that the Company would not declare the payment of a dividend for the year ended 31 December 2019 (2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's ordinary shares during the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of the Listing Rules (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by Directors.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2019, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised as below:

(1) Code Provision A.1.3

Under this code provision A.1.3, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. Although the ad-hoc meetings of the Board had convened when the circumstances required, which has given the sufficient notice to all directors and validly convened pursuant to the articles of association (the "Articles") of the Company.

(2) Code Provision A.2.1

Under this code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, Mr. Li Chao Bo was acting as both the chairman of the Board (the "Chairman") and the Chief Executive Officer (the "CEO") from 31 May 2018 to 17 December 2019. The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. With effect from 19 December 2019, in order to promote the good corporate governance of the Group to differentiate the roles between the chairman and the chief executive officer under the Listing Rule, Mr. Li Chao Bo resigned and Mr. Ye Tianfang was appointed as the Chief Executive Officer of the Company. Following the resignation of Mr. Li Chao Bo and the appointment of Mr. Ye Tianfang as the Chief Executive Officer of the Company, the Company is able to comply with paragraph A.2.1 of the Corporate Governance Code, which requires that the roles of Chairman and the Chief Executive Officer should be separate and not be performed by the same individual. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors and has a strong independence element in its composition.

(3) Code Provision A.4.2

Under this code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. According to Articles, at each annual general meeting, one third of the Directors shall retire from office by rotation provided that notwithstanding anything therein, the chairman (the "Chairman") of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the role of the chairman provides the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategy. As such, the Board is of the view that the Chairman should not be subject to retirement by rotation.

Except as stated above, the Company has continued to comply with the applicable code provisions of the CG Code.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee is accountable to the Board and the primary duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. During the year ended 31 December 2019, the audit committee comprised Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa (appointed on 4 June 2019), Ms. Kwong Mei Wan, Cally (appointed on 22 July 2019), Mr. Wang Jian (resigned on 22 July 2019) and Mr. Ji Yehong (resigned on 4 June 2019), who are/were the independent non-executive Directors.

The audit committee has reviewed the unaudited consolidated results of the Group for the year ended 31 December 2019.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company establishes different communication channels with Shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules; (ii) the annual general meeting provides a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its Shareholders and stakeholders; and (v) the branch share registrar of the Company deals with shareholders for share registration and related matters.

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the impact of the COVID-19 coronavirus outbreak in Hubei, the PRC, where certain major subsidiaries of the Group are located, the auditing process for the annual results of the Group for the year ended 31 December 2019 has been delayed and not been fully completed as of the announcement date. The unaudited annual results for the year ended 31 December 2019 presented herein have not been agreed with the Company's auditor. Shareholders and potential investors are advised to read carefully the announcement in relation to the audited annual results of the Group for the Current Year to be published.

The unaudited annual results for the year ended 31 December 2019 contained herein have been reviewed by the audit committee of the Company.

PUBLICATION OF ANNUAL REPORT AND THE AUDITED CONSOLIDATED FINANCIAL RESULTS OF THE GROUP FOR THE CURRENT YEAR

Publication of the annual report of the Group for the year ended 31 December 2019 (the "Annual Report") containing all the information required by the Listing Rules and the audited consolidated financial results of the Group for the Current Year was delayed due to the outbreak of the COVID-19 which caused a disruption in the auditing process. Since the completion of the auditing process depends on the travel restrictions and quarantine arrangements in relation to the COVID-19, it is therefore difficult to estimate a completion date for the auditing process with reasonable preciseness. However, the Group is closely monitoring the current situations in respect of the travel restrictions and quarantine arrangements both in Hong Kong and Mainland China, and hopefully, expects to publish the Annual Report and the audited consolidated financial results of the Group for the Current Year as soon as practicable by or around 15 May 2020 in accordance with further guidance on the joint statement issued by the Stock Exchange and the Securities and Futures Commission dated 16 March 2020.

The financial information contained herein in respect of the annual results of the Group for the year ended 31 December 2019 have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China City Infrastructure Group Limited
Ye Tianfang
Chief Executive Officer

Hong Kong, 30 March 2020

* *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the Board comprises Mr. Li Chao Bo (Chairman), Mr. Ji Jiaming and Mr. Ye Tianfang (Chief Executive Officer) as executive Directors; Mr. Zhang Guiqing as non-executive Director; and Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally as independent non-executive Directors.