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

中國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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

KEY HIGHLIGHTS

— Group expands its businesses from property business into infrastructure industries, and obtained approval from all attending shareholders to change the Company name to "China City Infrastructure Group Limited" in December 2014. The Group will give special priority to infrastructure projects relating to environmental protection, clean energy and urbanisation in the PRC, including such as natural gas pipeline construction and operation of concession right, solid waste treatment and waste to energy, etc..

— Turnover for the year is approximately HK$232,170,000, compared with approximately HK$368,265,000 for the same period in 2013, decreased by 37%.

— The Group's gross profit margin for the year is about 37%, compared with 34% for the same period in 2013, increased by 3 percentage points.

— The investment properties recorded a fair value gain of approximately HK$199,603,000, compared with approximately HK$34,260,000 recorded in year 2013, increased by 483%.

— The Group's net profit for the year is approximately HK$57,900,000, compared with the same period in 2013 recorded a profit of approximately HK$137,798,000, decreased by 58%, it was mainly because there is no one-off net gain arising from disposal of an investment property (a land parcel located in Guangzhou) of approximately HK$235,139,000 recorded in year 2013.

— As at 31 December 2014, the Group's total assets recorded approximately HK$5,835,330,000, compared to approximately HK$5,148,891,000 in 31 December 2013, increased by 13%.

— In May 2014, the Group successfully issued HK$250 million 12.5% senior notes due 2016. In November 2014, the Group completed placing of shares of 185,872,000 at HK$0.774 per share, a discount of approximately 10%, raised net proceeds of approximately HK$140 million.

ANNUAL RESULT

The board (the "Board") of directors (the "Directors") of China City Infrastructure Group Limited, (formerly known as China Water Property Group Limited) (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 December 2014 (the "Current Period").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	NOTES	**2014** ***HK$'000***	2013 *HK$'000* (restated)
Turnover	*3*	**232,170**	368,265
Cost of sales		**(146,180)**	(243,833)
Gross profit		**85,990**	124,432
Fair value gain in respect of investment properties revaluation		**199,603**	34,260
Gain on disposal of investment properties		**–**	235,139
Other operating income		**6,561**	1,821
Other operating expenses		**(18,987)**	(23,755)
Selling and distribution expenses		**(21,683)**	(18,906)
Administrative expenses		**(97,182)**	(105,037)
Finance costs	*4*	**(32,053)**	(31,358)
Profit before tax		**122,249**	216,596
Income tax expense	*5*	**(64,349)**	(78,798)
Profit for the year	*6*	**57,900**	137,798
Profit for the year attributable to:			
Owners of the Company		**32,070**	85,591
Non-controlling interests		**25,830**	52,207
Profit for the year		**57,900**	137,798
		HK Cents	*HK Cents*
Earnings per share	*8*		
Basic		**1.71**	4.66
Diluted		**1.71**	4.42

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**57,900**	137,798
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating of foreign operations	**825**	29,319
Total comprehensive income for the year (net of tax)	**58,725**	167,117
Total comprehensive income attributable to:		
Owners of the Company	**32,895**	112,014
Non-controlling interests	**25,830**	55,103
	58,725	167,117

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTE	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Prepaid lease payments		**21,361**	40,348
Property, plant and equipment		**44,418**	56,984
Investment properties		**2,922,786**	2,081,013
Goodwill		**174,605**	174,605
Prepayment for acquisition of an intangible asset		**274,513**	56,051
Available-for-sale investments		**12,658**	12,658
		3,450,341	2,421,659
Current assets			
Inventories		**538**	858
Inventory of properties		**1,590,385**	1,711,400
Trade and other receivables	*9*	**288,578**	496,912
Prepaid tax		**–**	264
Prepaid lease payments		**18,988**	18,988
Available-for-sale investments		**37,000**	–
Pledged bank deposits		**–**	176,588
Bank balances and cash		**449,500**	322,222
		2,384,989	2,727,232
TOTAL ASSETS		**5,835,330**	5,148,891
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**204,459**	185,872
Reserves		**1,736,268**	1,581,130
Equity attributable to owners of the Company		**1,940,727**	1,767,002
Non-controlling interests		**259,639**	233,809
TOTAL EQUITY		**2,200,366**	2,000,811

	NOTE	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deferred tax liabilities		**412,546**	362,645
Borrowings — due after one year		**498,965**	604,060
Convertible notes		**72,335**	69,596
Senior notes		**569,970**	330,027
Deposits received for sale and lease of properties — non-current portion		**3,399**	39,211
Deferred income — non-current portion		**–**	2,929
		1,557,215	1,408,468
Current liabilities			
Trade and other payables	*10*	**713,127**	670,263
Deposits received for sale and lease of properties — current portion		**124,217**	134,601
Tax payable		**122,452**	114,948
Amounts due to non-controlling shareholders of subsidiaries		**2,608**	2,818
Amounts due to related parties		**102,604**	254,526
Borrowings — due within one year		**1,012,413**	561,139
Deferred income — current portion		**328**	1,317
		2,077,749	1,739,612
TOTAL LIABILITIES		**3,634,964**	3,148,080
TOTAL EQUITY AND LIABILITIES		**5,835,330**	5,148,891
NET CURRENT ASSETS		**307,240**	987,620
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,757,581**	3,409,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. BASIS OF PREPARATION

China City Infrastructure Group Limited (formerly known as China Water Property 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 are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 June 2003. The addresses of its registered office and principal place of business are disclosed in the section headed "Corporate Information" of the Group's Annual Report.

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, to as the "Group") are infrastructure businesses, property investment, property development, hotel business and property management in the People's Republic of China ("PRC").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The adoption of the new or revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
HKFRS 10 and HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[2]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]
HKAS 1 (Amendments)	Disclosure Initiative[2]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[2]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[2]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions. Earlier application is permitted.

The directors of the Company do not anticipate that the application of the above amendments will have a significant impact on the Group's consolidated financial statements.

New Hong Kong Companies Ordinance

In addition, the requirements of Part 9, "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) ("Ordinance") come into operation from the Group's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far, it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

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 on the basis of annual reports about 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 engages in development of property project in the PRC
- — Property Investment Business Segment engages in leasing of investment properties in the PRC
- — Hotel Business Segment engages in operation of hotel in the PRC
- — Property Management Business Segment 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 revenue and results by reportable segments.

For the year ended 31 December 2014

	Property Development Business *HK$'000*	Property Investment Business *HK$'000*	Hotel Business *HK$'000*	Property Management Business *HK$'000*	Total *HK$'000*
TOTAL REVENUE AND EXTERNAL SALES	**162,871**	**21,484**	**41,954**	**5,861**	**232,170**
RESULT					
Segment operating results before impairment	**9,447**	**14,298**	**(12,710)**	**(45)**	**10,990**
Fair value gain in respect of investment properties revaluation	**–**	**199,603**	**–**	**–**	**199,603**
Unallocated corporate income					**4,984**
Unallocated corporate expense					**(61,275)**
Finance costs					**(32,053)**
Profit before tax					**122,249**
Income tax expense					**(64,349)**
Profit for the year					**57,900**

For the year ended 31 December 2013

	Property Development Business *HK$'000*	Property Investment Business *HK$'000*	Hotel Business *HK$'000*	Property Management Business *HK$'000*	Total *HK$'000*
TOTAL REVENUE AND EXTERNAL SALES	287,818	31,269	42,396	6,782	368,265
RESULT					
Segment operating results before impairment	33,375	14,256	(8,524)	(165)	38,942
Fair value gain in respect of investment properties revaluation	–	34,260	–	–	34,260
Gain on disposal of investment properties	–	235,139	–	–	235,139
Unallocated corporate income					305
Unallocated corporate expense					(60,692)
Finance costs					(31,358)
Profit before tax					216,596
Income tax expense					(78,798)
Profit for the year					137,798

4. FINANCE COSTS

	2014 *HK$'000*	2013 *HK$'000*
Interest expense on bank loans, and other borrowings wholly repayable within five years	**93,170**	112,799
Effective interest expense on convertible notes	**5,333**	5,111
Effective interest expense on senior notes	**71,510**	4,501
	170,013	122,411
Less: amounts capitalised in the cost of qualifying assets	**(137,960)**	(91,053)
	32,053	31,358

5. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax ("EIT")	**4,876**	65,756
Land Appreciation Tax ("LAT") in the PRC		
— Current year	**11,679**	34,819
— (Over) under provision in prior year	**(2,107)**	10,228
Current tax charge for year	**14,448**	110,803
Deferred tax charge (credit) for the year	**49,901**	(32,005)
	64,349	78,798

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in Hong Kong 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. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**56,318**	53,971
Equity-settled share-based payment	**–**	19,849
Retirement benefits scheme contributions, including contributions for directors	**1,020**	1,605
Total staff costs	**57,338**	75,425
Auditors' remuneration	**1,177**	1,173
Amortisation of prepaid lease payments	**18,987**	3,906
Depreciation of property, plant and equipment	**12,580**	14,639
Loss on disposal of property, plant and equipment	**2**	–
Write-off of property, plant and equipment	**154**	294
Operating lease rental expenses in respect of rented premises	**30,445**	28,229

	2014	2013
	HK$'000	*HK$'000*
Gross rental income from investment properties	**(21,484)**	(31,269)
Less: Direct operating expenses from investment properties that generate rental income during the year	**3,193**	7,276
	(18,291)	(23,993)

7. DIVIDENDS

The directors do not recommend the payment of a dividend for both years ended 31 December 2014 and 2013.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable is based on the earnings attributable to the owners of the Company of approximately HK$32,070,000 (2013: approximately HK$85,591,000) and on the weighted average ordinary share of 1,874,509,250 (2013: 1,835,572,176 shares) deemed to be in issue during the year.

The calculation of diluted earnings per share is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**32,070**	85,591
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**–**	5,111
Earnings for the purpose of diluted earnings per share	**32,070**	90,702

	2014	2013
	share(s)	*share(s)*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,874,509,250**	1,835,572,176
Effect of dilutive potential ordinary shares:		
Convertible notes	**–**	215,683,682
Share options	**–**	2,829,640
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,874,509,250**	2,054,085,498

For the year ended 31 December 2014, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes and share options since their exercise would result in an increase in earnings per share.

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**39,579**	12,425
Less: Allowance for doubtful debts	**–**	–
	39,579	12,425
Prepayments for construction work	**110,714**	44,893
Receivable on disposal of subsidiaries	**879**	879
Receivable on disposal of investment properties	**56,456**	372,911
Other receivables, prepayments and other deposits	**80,950**	65,804
	288,578	496,912

An aging analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**34,738**	11,704
91 to 180 days	**44**	213
Over 180 days	**4,797**	508
	39,579	12,425

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

10. TRADE AND OTHER PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**483,783**	291,237
91 to 180 days	**1,153**	1,139
Over 180 days	**30,446**	20,906
Trade payables	**515,382**	313,282
Interest payables	**32,466**	52,743
Accrued expenses	**11,495**	22,100
Other tax payables	**–**	10,667
Other payables	**153,784**	271,471
	713,127	670,263

Trade payables principally comprise amounts outstanding for purchase of 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 amount of trade and other payables approximate to their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is dedicated to the infrastructure businesses, with primitive focus on infrastructure projects relating to environmental protection, clean energy, and urbanisation in PRC, including such as natural gas pipeline construction and operation of concession right, solid waste treatment and waste to energy, etc.

With the deepening of reform and social development in PRC, the rapid development of urbanisation, growing public awareness of environmental issues, to promote the development of environmental protection industry and use of clean energy has become a trend, environmental protection and clean energy policy of the PRC government launched will benefit the Group and provide the Group's related infrastructure businesses a broad and bright development future.

The Group is currently expanding into natural gas pipeline construction and operating concession right market and able to increase business opportunities and market shares for the Group's development and infrastructure businesses. The Group will continue to evaluate the investment opportunities in infrastructure projects relating to environmental protection, clean energy and urbanisation in PRC. It is in line with national development priorities in PRC and the Group's existing business strategy.

The Group is also engaged in property related businesses and develops a well-diversified portfolio, which can provide a sustainable cash inflow and potential capital appreciation to the Group.

Business Review

The PRC Property Development Business

During the year ended 31 December 2014, the Group's revenue from property development business amounted to approximately HK$162.9 million, representing a decrease of approximately 43%, compared with approximately HK$287.8 million in 2013. Aggregate gross floor area ("GFA") sold for the year was 10,615 square meters ("sq.m."), representing a decrease of 50% from 21,299 sq.m. in 2013. Average selling price ("ASP") was approximately HK$15,343 for the year.

The Group's development projects now include Zhongshui • Longyang Plaza in Wuhan and Mei Lai International Centre and Qiandao Lake Villa in Hangzhou.

All projects are under development in accordance with their development plans.

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 ("Shopping Centre") owned by the Group, which held its grand opening in late August 2011. The Shopping Centre has total leasable area of approximately 55,362 sq.m. with car park included. The Shopping Centre now becomes a fashionable, dynamic and international shopping centre to cater 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.

Since last year, a tenancy-mix optimisation project was initiated in order to further improve the earning efficiency of the Shopping Centre. A decrease in both rental income and occupancy rate were noted during the project was carried out. During the year ended 31 December 2014, the rental income arising from the Shopping Centre was approximately HK$12.1 million and the average occupancy rate is approximately 24%. As at 31 December 2014, the fair value of the Shopping Centre recorded approximately HK$1,325.3 million. The operation of the Shopping Centre provided a steady cash inflow to the Group in addition to the possible capital appreciation.

Mei Lai International Centre is completed its construction in December 2013. The commercial part has approximately 57,922 sq.m. with car park included. 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, which is already in use in late 2012, it is expected Mei Lai International Centre can meet the increasing needs from residential and office customers nearby. During the year ended 31 December 2014, the rental income arising from the commercial part was approximately HK$6.2 million and the average occupancy rate is approximately 53%. As at 31 December 2014, the fair value of the commercial part of Mei Lai International Centre recorded approximately HK$867.1 million.

Commercial part of Zhongshui • Longyang Plaza is expected to complete in 2015. The commercial part has approximately 61,415 sq. m. with car park included. 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 and is atop the Longyang Station of metro line No. 3 which is currently under construction. This integrated complex will be developed for splendorous shopping mall and luxurious office apartments. As at 31 December 2014, the fair value of the commercial part of Zhongshui • Longyang Plaza recorded approximately HK$730.4 million.

Further, upon the foods business discontinued by the Group in mid-2013, the industrial land in Guangzhou was held as investment properties under redevelopment. With reference to the announcement made by the Company dated 16 September 2013, the land was disposed through the tendering processes held by Guangzhou Municipal Land Resources and Housing Administrative Bureau and the Group recorded a net gain of approximately HK$235.1 million arising from the disposal. There was no this one-off gain recorded in 2014.

** For identification purposes only.*

On 22 July 2013, a lease agreement was entered into among Beijing Huangcheng Club & Culture Company Limited* ("Huangcheng Club") and Shenzhen Zhongshui Property Company Limited* ("Zhongshui Property")(an indirect wholly own subsidiary of the Company) and Beijing Qianmen Tianshi Property Development Company Limited* (the "Landlord"), pursuant to which the Landlord agrees to lease to the Group the Qianmen Avenue land parcel B14 (the "Qianmen Land"), Beijing, the PRC, mainly for the use of as a theme hotel and culture club and related property business. As the Qianmen Land is located at the core area of Central Beijing City, which is a Beijing traditional commercial street near Tiananmen Square and Dashilar Street, as well as significant political and administrative areas, the lease will enhance the Group's property portfolio and generate a stable income stream for the Group. It offers the Group a good opportunity to expand its business in central district of Beijing.

On 22 July 2013, the joint venture agreement was entered into between Zhongshui Property and Huangcheng Club, pursuant to which Beijing Shenglong Culture Company Limited (the "Joint Venture Company") was established in Beijing, the PRC, during the year ended 31 December 2014. The Joint Venture Company is owned as to 70% and 30% by each of Zhongshui Property and Huangcheng Club respectively. The purpose of establishing the Joint Venture Company is to develop and operate the Land.

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 400 rooms, which is featured as one of the largest all suite business hotels in number of rooms in Central China. Easy access to the East Lake and universities and government authorities attracts travelers 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 2014, the revenue arising from Future City Hotel was approximately HK$40.5 million and the average occupancy rate is approximately 84%.

Chunan Yuehuzhuang Hotel Company Limited* was formed by the Group to operate 3 villas, the clubhouse and the yacht berths of Qiandao Lake Villa project as a featured hotel under the name "Yuehuzhuang Hotel". The hotel commenced its trial operation and, during the year ended 31 December 2014, recorded a revenue of approximately HK$1.4 million.

The PRC Property Management Business

Wuhan Future City Property Management Company Limited*, an indirect wholly owned subsidiary of the Company, provides residents and tenants with safe, modern, comfortable and high quality property management services.

** For identification purposes only.*

During the year ended 31 December 2014, the revenue from property management was approximately HK$5.9 million.

Group Projects

Property related businesses

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 upcoming stations of metro line No. 2 and 7, in which line No. 2 was completed and in use since late 2012. 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. The project is completed stepwisely in 2010 and 2011 and the Future City shopping centre held its grand opening in late August 2011.

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, in which line No. 2 was completed and in use since late 2012. 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.. The project is completed and under sale since second half year of 2012.

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 Longyang Station of metro line No. 3 which is currently under construction. This integrated complex will be developed for splendorous shopping mall and luxurious office apartments with planned GFA of approximately 135,173 sq.m. The project is under construction and under pre-sell in 2014.

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, which is already in use since late 2012. The total GFA is approximately 114,610 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. The project is completed its construction and under sale since late 2013.

Qiandao Lake Villa

This development occupies a site area of approximately 44,016 sq.m. in Qiandao Lake in Hangzhou City. It is a low-density lakefront precinct with 26 detached villas featuring luxurious settings, inclusive of lift, garage, swimming pool, yards and complemented by a full-facility clubhouse. The total planned GFA is approximately 33,493 sq.m.. The location enjoys spectacular unobstructed lake view and conveniently accessible to Hangzhou City, Shanghai and Mount Huang by either high-speed railway or expressway. The project will be completed in three phases, in which phase one is completed, and phases two and three are under construction.

Nanjing City, Jiangsu

Hohai Project

The project is located at Nangjing Gulou District No. 1 Xikang Road, next to the main campus entrance of Hohai University. As the Jiangsu province government office is situated along Xikang Road, it is the political, economic and academic centre of Nanjing. The project has a total land site of 5,030 sq.m. and total planned GFA of approximately 34,759 sq.m. with five-star hotels, international meeting areas and commercial centres. The project is under construction and planned to complete in 2015.

Beijing

Qianmen Project

The project is situated at Qianmen Avenue land parcel B14 (the "Qianmen Land"), Beijing, the PRC, with a land site area of approximately 10,487 sq.m.. The Qianmen Land is located at the core area of central Beijing City, which is a Beijing traditional commercial street near Tiananmen Square and Dashilar Street as well as significant political and administrative areas. Upon the completion of the premises, its planned total GFA is approximately 38,876 sq.m. and comprise of 1 storey and 3 levels below ground, mainly for the use of as a theme hotel and culture club and related property businesses (subject to government approval). The Group have the rights to develop and operate the structures aboveground and the area located on the first floor belowground, which have an aggregate GFA of approximately 17,660 sq.m.. The project is under planning.

Financial Review

Turnover

Turnover of the Group for the year decreased to approximately HK$232.2 million from approximately HK$368.3 million, a decrease of 37% compared with last year. The revenue of property development decreased from approximately HK$ 287.8 million in 2013 to approximately HK$162.9 million in 2014. The decrease was mainly due to a decrease in revenue from sales of residential properties, in which the total GFA recognised during the year was 10,615 sq.m., representing a decrease of 50%, compared with the total GFA of 21,299 sq.m. recognised in last year.

The revenue from property leasing and property management business decreased from approximately HK$31.3 million in 2013 to approximately HK$21.5 million in 2014 and from approximately HK$6.8 million in 2013 to approximately HK$5.9 million in 2014 respectively, while revenue from hotel business decreased from approximately HK$42.4 million in 2013 to approximately HK$41.9 million in 2014.

Cost of Sales

The cost of sales decreased from approximately HK$243.8 million in 2013 to approximately HK$146.2 million in 2014, primarily due to the decrease in total GFA recognised in 2014, where the cost of properties sold including development costs, land costs and borrowing costs.

During the year, the Group's cost of sales was also attributable by property investment segment of approximately HK$3.2 million, a decrease of approximately HK$4.1 million compared with 2013, and by hotel business and property management business of approximately HK$46.5 million and approximately HK$4.0 million respectively, an increase of approximately HK$2.9 million and a decrease of approximately HK$0.9 million compared with 2013 respectively.

Gross Profit and Gross Profit Margin

The gross profit decreased by approximately HK$38.4 million from approximately HK$124.4 million in 2013 to approximately HK$86.0 million in 2014. The Group has a gross profit margin of 37% in 2014, as compared with 34% in 2013. The slightly increase in the gross profit margin was primarily due to a shift in sales-mix of properties, in which a higher proportion of properties with higher profit margin were sold including properties of Mei Lai International Centre during the year.

Other Operating Income

Other operating income increased by 267% to approximately HK$6.6 million in 2014 from approximately HK$1.8 million in 2013. This increase was primarily due to an increase in bank interest income and exchange gain .

Other Operating Expense

Other operating expense, which mainly represented amortisation of prepaid lease payment and share-based payment, decreased by 20% to approximately HK$19.0 million in 2014 from approximately HK$23.8 million in 2013. This decrease was primarily due to absence of one-off share-based payment incurred in 2013.

Change In Fair Value of the Investment Properties

There was a net gain of approximately HK$199.6 million in 2014 arising from change in fair value of the investment property portfolio in the PRC held by the Group.

Gain on Disposal of Investment Properties

The net gain of disposal of investment properties of approximately HK$235.1 million was arising from the disposal of the land parcels in Guangzhou, which was classified as investment properties under redevelopment in previous year. The land was disposed through the tendering processes held by Guangzhou Municipal Land Resources and Housing Administrative Bureau, details of which were disclosed in the announcement of the Company dated 16 September 2013. There was no this one-off gain in 2014.

Selling and Distribution Expenses

The selling and distribution expenses increased by 15% to approximately HK$21.7 million in 2014 from approximately HK$18.9 million in 2013, primarily due to increased expenses of advertising and promotion for properties sales.

Administrative Expenses

The administrative expenses decreased by 7% to approximately HK$97.2 million in 2014 from approximately HK$105.0 million in 2013, primarily because the property related businesses becomes stable and mature, which result in certain reduction of its expenses through certain cost control measure.

Finance Costs

The finance costs increased by 2% to approximately HK$32.1 million in 2014 from approximately HK$31.4 million in 2013. As the Group raised more borrowings including senior notes for the property development projects and Group's operation, the finance cost increased.

Income Tax Expense

The income tax decreased by 18% to approximately HK$64.3 million in 2014 from approximately HK$78.8 million in 2013. The decrease was primarily attributable to the income tax which was contributed mainly by the decrease in sales of properties and profit arising from the properties sold during the year.

Profit Attributable to owners of the Company

The profit attributable to owners of the Company for the year decreased by 63% to approximately HK$32.1 million in 2014 from approximately HK$85.6 million in 2013.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2014, total bank deposits and cash (including pledged bank deposits) of the Group amounted to approximately HK$449.5 million (31 December 2013: approximately HK$498.8 million), representing a decrease of 10% as compared to that as at 31 December 2013.

Borrowings and Charges on the Group's Assets

As at 31 December 2014, the Group's total debts included borrowings, senior notes and convertible notes, which the borrowing of approximately HK$1,511.4 million (31 December 2013: approximately HK$1,165.2 million), senior notes of approximately HK$570.0 million (31 December 2013: approximately HK$330.0 million) and liability component of convertible notes of approximately HK$72.3 million (31 December 2013: approximately HK$69.6 million). Amongst the borrowings, approximately HK$1,012.4 million (31 December 2013: approximately HK$561.1 million) will be repayable within one year and approximately HK$499.0 million (31 December 2013: approximately HK$604.1 million) will be repayable after one year. The senior notes and convertible notes are due in November 2016 and November 2017 respectively.

As at 31 December 2014, certain land and buildings together with relevant land use rights and certain investment properties with an aggregate carrying amount of approximately HK$3,656.4 million were pledged as security for certain banking facilities granted to the Group. The senior notes were guaranteed by certain subsidiaries of the Company and by pledge of their shares.

Gearing Ratio

The gearing ratio was 77% as at 31 December 2014 (31 December 2013: 53%). The gearing ratio was measured by net debt (aggregated borrowings, senior notes and convertible notes net of bank balances and cash and pledged bank deposits) over the total equity. The current ratio (current assets divided by current liabilities) was 1.15 (31 December 2013: 1.57).

Exposure To Fluctuation In Foreign Exchange And Interest Rate

The Group principally operates the infrastructure businesses, property development, property investment, hotel business and property management in the PRC and most of the transactions are settled in Renminbi. The conversion of Renminbi into foreign currencies or Hong Kong dollars is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The usual treasury policy of the Group is to manage significant currency exposure and minimise currency risk whenever it may have material impact on the Group. The Group did not engage in hedging activities designed or intended to manage currency risk during the year ended 31 December 2014.

The Group is exposed to interest rate risks, primarily related to the borrowings with floating interest rates as at 31 December 2014. The Group undertook primarily debt obligations to support its property development and general working capital needs. The fluctuations in interest rates affect the cost of financing and may lead to fluctuations in the fair value of the debt obligations of the Group. The results of the Group are also affected by changes in interest rates due to the impact such changes have on interest income from the bank deposits.

Future Plans and Prospects

The Group is principally engaged in the infrastructure businesses, and looking forward to benefiting from China's vast market opportunities, rapid urbanisation, rising environmental requirements. The Group will give special priority to infrastructure projects relating to environmental protection, clean energy and urbanisation in PRC, including such as natural gas pipeline construction and operation of concession right, solid waste treatment and waste to energy, etc.

Operation of concession right in natural gas business

Operation of concession right in natural gas business is the first infrastructure sector that the Group entered. So far, the Group has successfully signed sale and purchase agreement in acquiring three natural gas companies, two in Hunan and one in Jiangxi. Natural gas, as a sustainable development clean energy, not only can significantly reduce sulfur dioxide and nitrogen oxide emissions, but also the important elements of urbanisation development and improvement of people's livelihood, having obvious environmental benefits and social benefits. Recently, the PRC government has launched a series of air pollution control policies, to accelerate control management over high energy consumption and high pollution industry, and gradually promote the transformation and upgrade of traditional industries, promote the implementation of "coal to gas" project, orderly replacement of coal-fired boilers for industrial and commercial use and the implementation of natural gas price reform, and gradually stabilise and improve the natural gas supply so as to ensure the healthy development of the national clean energy industries. Natural gas in PRC will be widely used further, the natural gas industry will usher in a new round of rapid growth in the future and entered into a new stage in a faster and broader way. The Group will seize the opportunity, and leverage their strengths, and is actively seeking acquisition opportunities in the regions of huge development potential through a number of channels and networks, so that the Group's natural gas business grows considerably.

Other environmental and clean energy business (such as solid waste treatment and waste to energy)

With the deepening of reform and social development in PRC, the rapid development of urbanisation, growing public awareness of environmental issues, to promote the development of environmental protection industry and use of clean energy has become a trend, environmental protection and clean energy policy of the PRC government launched will benefit the Group and provide the Group's related infrastructure businesses a broad and bright development future.

With years extensive experience in its infrastructure and in the field of environmental protection industry, the Group's management will put its business strategy into practice and competitive advantage to enhance the share in the Chinese market. According to business development strategy, the Group continues to expand its footprint in PRC, contribute to PRC infrastructure and environmental management, while bringing exceptional value to our shareholders.

The Group will adhere to prudent financial management philosophy, to maintain a healthy balance sheet and financial position, and will optimise the Group's capital structure and businesses portfolio, to create maximum value for shareholders of the Company.

CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2014, the Group had capital commitments in respect of its construction of properties, contracted but not provided in the consolidated financial statements, amounting to approximately HK$452.6 million (2013: approximately HK$480.7 million).

The Group had capital commitments in respect of its acquisition of an intangible asset, authorised but not contracted in the consolidated financial statements, amounting to not more than HK$132.9 million (2013: HK$229.9 million).

The Group had capital commitments in respect of acquisition agreement announced at 31 December 2014, contracted but not provided in the consolidated financial statements, amounting to approximately HK$25.3 million (2013: Nil).

The Group has not recognised any deferred income for the guarantees given in respect of borrowing and other banking facilities as their fair value cannot be reliably measured and transaction was minimal.

The directors consider that the above contingent liabilities are unlikely to materialise. No provision was therefore made in this respect at 31 December 2014 and 2013.

EVENT AFTER REPORTING PERIOD

As at 31 December 2014, Zhongshui Property into the Acquisition Agreement with Hunan Zhongtian Huayi Investment Company Limited (the “Hunan Vendor”) to acquire 70% registered capital of Yongxing Zhongtian Gas Company Limited and Rucheng Zhongtian Gas Company Limited (the “Target Companies”). The Target Companies are two companies established in Hunan Province, the PRC and are based in Yongxing and Rucheng counties, Chenzhou city, Hunan Province, the PRC. The principal activities of the Target Companies include operating of two exclusive natural gas pipeline distribution network construction rights and exclusive thirty-years natural gas pipeline network and piped-natural gas sales and distribution operating rights projects. Details of the acquisition are set out in the Company’s announcement dated 31 December 2014.

As at 6 February 2015, Zhongshui Property entered into the Acquisition Agreement with Xiong Sisong and Xiong Wei (the “Tonggu Vendors”) to acquire 90% registered capital of Tonggu County Tongcheng Natural Gas Company Limited (the “Target Company”). The Target Company is a company established in Tonggu County, Jiangxi Province, the PRC. The principal activities of the Target Company include an exclusive thirty-years natural gas pipeline network construction and operating rights projects for urban use (including residential, industrial and commercial use) in Tonggu County, Jiangxi Province, the PRC. Details of the acquisition are set out in the Company’s announcement dated 6 February 2015.

As at 27 February 2015, the ordinary resolutions approving the grant of the share options to Mr. Duan Chuan Liang and Ms. Wang Wenxia, and the transactions contemplated thereunder have been duly passed by the Independent Shareholders by way of poll and the ordinary resolution approving the refreshment of the 10% mandate limit under the share options scheme of the Company has been duly passed by the Shareholders by way of poll. The further details of the share options is set out in the Company's announcement dated 27 February 2015.

As at 25 March 2015, China Water Property (Hong Kong) Development Limited (the "Purchaser") entered into the acquisition agreement with Zheng Tingyu* (the "Hangzhou Vendor") to acquire 40% equity interests of two non-wholly own subsidiaries, HK Mei Lai International (Canada) Limited and Hangzhou Mei Lai Commercial Corporation Management Company Limited* (the "Hong Kong and Hangzhou Target Companies"). The Hangzhou Vendor is the registered holder of 40% of the registered capital of the Hong Kong and Hangzhou Target Companies, the Hangzhou Vendor is a connected person of the Company at the subsidiary level and the transactions contemplated thereunder will also constitute connected transaction on the part of the Company under Chapter 14A of the Listing Rules. The consideration for the possible acquisition will be settled by the Purchaser by procuring the Hangzhou Niagra Real Estates Company Limited* (an indirect wholly own subsidiary of the Company) to transfer certain apartment, office and carpark units of the property located in southern side of intersection of Yingbin Road and Wengmei Road, Nanyuan Street, Yuhang District, Hangzhou City to the Hangzhou Vendor. Details of the possible acquisition are set out in the Company's announcement dated 25 March 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the total number of employees stood at approximately 334. Total staff costs for the year under review was approximately HK$57.3 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 2014 (2013: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Except the shares placement made in December 2014 by the Company, 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 2014.

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 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 2014.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2014, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised 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.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 of the Board of the Company (the "Chairman") 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 roles of the chairman provide the Group with strong and consistent leadership and allow 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.

(3) Code Provision A.6.7

Under this code provision A.6.7 of the CG Code, which stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, one Executive Director and certain Non-executive Directors could not attend the EGM of the Company held on 1 December 2014 and one Executive Director, certain Non-executive Directors and one Independent Non-executive Director could not attend the annual general meeting of the Company held on 10 June 2014 (the "2014 AGM"). However, at the respective general meeting of the Company, there were one Executive Director and at least two Independent Non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company (the "Shareholders").

(4) Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Due to another business engagement, Mr. Duan Chuan Liang, the Chairman of the Board, was unable to attend the EGM and the 2014 AGM. However, Ms. Wang Wenxia, the Vice Chairman and Executive Director, took the chair of that meetings, and at least two Independent Non-executive Directors, being the delegate of the audit, remuneration and nomination committees of the Company were present thereat to be available to answer any question to ensure effective communication with the Shareholders.

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. The audit committee currently comprises Mr. Wong Chi Ming, Mr. Chan Pok Hiu and Mr. Wang Jian, who are the independent non-executive Directors.

The audit committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2014.

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.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in this announcement have been agreed by the Group's auditor, HLM CPA Limited ("HLM") to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM 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 HLM on this announcement.

By order of the Board
China City Infrastructure Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 26 March 2015

* *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 Ms. Wang Wenxia (Vice Chairman and Chief Executive Officer) and Mr. Ren Qian as executive Directors, Mr. Duan Chuan Liang (Chairman) and Mr. Zhou Kun as non-executive Directors and Mr. Chan Pok Hiu, Mr. Wong Chi Ming and Mr. Wang Jian as independent non-executive Directors.