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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)

SUPPLEMENTAL ANNOUNCEMENT UPDATE ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement (the “**2021 Results Announcement**”) of China City Infrastructure Group Limited (the “**Company**”) dated 31 March 2022 in relation to the unaudited annual results for the year ended 31 December 2021 (the “**2021 Unaudited Annual Results**”). Unless otherwise defined, terms defined in the 2021 Results Announcement shall have the same meanings in this supplemental announcement.

AUDITOR’S AGREEMENT ON THE 2021 ANNUAL RESULTS

The Company hereby announces that on 29 April 2022, the Company has obtained the agreement from its auditor, Confucius International CPA Limited, on the annual results for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”) (including the financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto). The 2021 Audited Annual Results have been reviewed by the Audit Committee.

The 2021 Audited Annual Results remain substantially the same as the 2021 Unaudited Annual Results, except for the following reclassifications and adjustments:

(1) Changes on consolidated statement of profit and loss and other comprehensive income

	2021 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)	Difference <i>HK\$'000</i>	<i>Notes</i>
Revenue	74,877	75,085	208	<i>(a)</i>
Cost of sales	<u>(36,173)</u>	<u>(34,087)</u>	<u>2,086</u>	<i>(a)</i>
Gross profit	38,704	40,998	2,294	
Fair value loss of investment properties	(76,495)	(76,495)	–	
Gain on disposal of subsidiaries	5	5	–	
Allowance for expected credit losses of trade and other receivables	(1,416)	(2,261)	(845)	<i>(c)</i>
Other operating income	10,285	8,805	(1,480)	<i>(a)</i>
Other operating expenses	(1,957)	(1,957)	–	
Selling and distribution expenses	(2,442)	(2,442)	–	
Administrative expenses	(56,695)	(56,695)	–	
Finance costs	<u>(91,878)</u>	<u>(96,193)</u>	<u>(4,315)</u>	<i>(b)</i>
Loss before tax	(181,889)	(186,235)	(4,346)	
Income tax credit	<u>19,124</u>	<u>19,124</u>	<u>–</u>	
Loss for the year	<u>(162,765)</u>	<u>(167,111)</u>	<u>(4,346)</u>	
Loss attributable to:				
Owners of the Company	(162,765)	(167,111)	(4,346)	
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	
	<u>(162,765)</u>	<u>(167,111)</u>	<u>(4,346)</u>	

	2021 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)	Difference HK\$'000	<i>Notes</i>
Loss per share	HK cents	HK cents	HK cents	
– Basic	<u>(5.20)</u>	<u>(5.34)</u>	<u>(0.14)</u>	
– Diluted	<u>(5.20)</u>	<u>(5.34)</u>	<u>(0.14)</u>	
Loss for the year	(162,765)	(167,111)	(4,346)	
Other comprehensive income for the year:				
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	<u>39,232</u>	<u>39,189</u>	<u>(43)</u>	
Other comprehensive income for the year	<u>39,232</u>	<u>39,189</u>	<u>(43)</u>	
Total comprehensive loss for the year (net of tax)	<u>(123,533)</u>	<u>(127,922)</u>	<u>(4,389)</u>	
Total comprehensive loss attributable to:				
Owners of the Company	(123,533)	(127,922)	(4,389)	
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	
	<u>(123,533)</u>	<u>(127,922)</u>	<u>(4,389)</u>	

(2) Changes on consolidated statement of financial position

	2021 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)	Difference <i>HK\$'000</i>	<i>Notes</i>
ASSETS				
Non-current assets				
Property, plant and equipment	5,874	5,874	–	
Investment properties	2,131,707	2,131,707	–	
Goodwill	151,598	151,598	–	
Right-of-use assets	22,628	22,628	–	
	<u>2,311,807</u>	<u>2,311,807</u>	<u>–</u>	
Current assets				
Inventories	16	16	–	
Inventory of properties	191,427	191,427	–	
Trade and other receivables	57,911	56,877	(1,034)	<i>(c)</i>
Pledged bank deposits	100,605	100,605	–	
Bank balances and cash	17,428	17,428	–	
	<u>367,387</u>	<u>366,353</u>	<u>(1,034)</u>	
TOTAL ASSETS	<u><u>2,679,194</u></u>	<u><u>2,678,160</u></u>	<u><u>(1,034)</u></u>	
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company				
Share capital	312,828	312,828	–	
Reserves	706,675	702,286	(4,389)	<i>(a),(b),(c)</i>
	<u><u>1,019,503</u></u>	<u><u>1,015,114</u></u>	<u><u>(4,389)</u></u>	

	2021 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)	Difference HK\$'000	<i>Notes</i>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	364,810	364,810	–	
Borrowings				
– due after one year	466,613	470,897	4,284	<i>(b)</i>
Deposits received for lease of properties	5,952	6,768	816	<i>(d)</i>
Lease liabilities				
– due after one year	4,177	3,974	(203)	<i>(e)</i>
	<u>841,552</u>	<u>846,449</u>	<u>4,897</u>	
Current liabilities				
Trade and other payables	144,463	143,770	(693)	<i>(a)</i>
Contract liabilities	1,070	1,070	–	
Deposits received for lease of properties	7,036	6,220	(816)	<i>(d)</i>
Tax payable	50,692	50,456	(236)	<i>(a)</i>
Borrowings				
– due within one year	142,622	142,622	–	
Convertible note				
– due within one year	416,404	416,404	–	
Promissory note				
– due within one year	53,229	53,229	–	
Lease liabilities				
– due within one year	2,623	2,826	203	<i>(e)</i>
	<u>818,139</u>	<u>816,597</u>	<u>(1,542)</u>	
TOTAL LIABILITIES	<u>1,659,691</u>	<u>1,663,046</u>	<u>3,355</u>	
TOTAL EQUITY AND LIABILITIES	<u>2,679,194</u>	<u>2,678,160</u>	<u>(1,034)</u>	
NET CURRENT LIABILITIES	<u>(450,752)</u>	<u>(450,244)</u>	<u>508</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,861,055</u>	<u>1,861,563</u>	<u>508</u>	

Notes:

- (a) Adjustment of revenue, cost of sales and other operating income.
- (b) Adjustment of underprovision of finance costs.
- (c) Adjustment of increase in allowance for expected credit losses.
- (d) Reclassification of part of the deposits received for lease of properties from current liability to non-current liability.
- (e) Reclassification of part of the lease liabilities from non-current liability to current liability.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2021.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2021 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 3 to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately HK\$167,111,000 for the year ended 31 December 2021, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK\$450,244,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in note 3 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income (“**Consolidated Financial Statements**”) and the related notes thereto for the year ended 31 December 2021 as set out in the 2021 Unaudited Annual Results Announcement or this supplemental announcement, as applicable, have been agreed by the Group's auditor, Confucius International CPA Limited, to the amounts set out in the Group's audited Consolidated Financial Statements for the year ended 31 December 2021 as approved by the board of the directors on 29 April 2022. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited on the 2021 Unaudited Results Announcement or this supplemental announcement.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 December 2021 of the Company will be despatched to the Shareholders and made available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.city-infrastructure.com respectively, on or before 15 May 2022.

By order of the Board
China City Infrastructure Group Limited
Li Chao Bo
Chairman

Hong Kong, 29 April 2022

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.