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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

KEY HIGHLIGHTS

- During Current Period, revenue was approximately HK\$25,594,000, while approximately HK\$30,166,000 was recorded for the same period in 2023. It is due to a decrease in revenue from property investment business and property management business during Current Period.
- Gross profit for the Current Period increased by approximately 3.6% to HK\$17,696,000 and gross profit margin increased by approximately 11.6 percentage points to approximately 68.2% as compared with the same period in 2023.
- The Group's investment properties recorded a fair value loss of approximately HK\$24,565,000.
- The Group's net loss for the period is approximately HK\$36,433,000, whereas approximately HK\$30,358,000 was recorded for that of the same period in 2023.
- As at 30 June 2024, the total assets of the Group amounted to approximately HK\$1,183,841,000 (31 December 2023: HK\$1,229,839,000).

INTERIM RESULT

The board (the “Board”) of directors (the “Directors”) of China City Infrastructure Group Limited, (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively refer to as the “Group”) for the six months ended 30 June 2024 (the “Current Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	25,954	30,166
Cost of sales		<u>(8,258)</u>	<u>(13,085)</u>
Gross profit		17,696	17,081
Fair value (loss) gain of investment properties		(24,565)	1,395
Loss on disposal of a subsidiary		(957)	–
Allowance for expected credit losses on trade and other receivables, net of reversal		(19)	(1,166)
Other operating income		185	1,059
Other operating expenses		(21)	(29)
Selling and distribution expenses		(85)	(564)
Administrative expenses		(13,884)	(25,270)
Finance costs	4	<u>(20,924)</u>	<u>(22,516)</u>
Loss before tax		(42,574)	(30,010)
Income tax credit (expense)	5	<u>6,141</u>	<u>(348)</u>
Loss for the period	6	<u>(36,433)</u>	<u>(30,358)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	8		
– Basic and diluted		<u>(1.16)</u>	<u>(0.97)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period	(36,433)	(30,358)
Other comprehensive expense for the period:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operation	(14,636)	(40,426)
Release of translation reserve upon disposal of a subsidiary	506	–
Release of translation reserve upon deregistration of a subsidiary	(270)	–
	<hr/>	<hr/>
Total comprehensive expense for the period (net of tax) attributable to owners of the Company	<u>(50,833)</u>	<u>(70,784)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June	31 December
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment		3,920	4,089
Investment properties		1,004,731	1,051,648
Right-of-use assets		16,539	13,404
		<u>1,025,190</u>	<u>1,069,141</u>
Current assets			
Inventories		17	18
Inventory of properties		126,507	128,022
Trade and other receivables	9	22,136	20,092
Bank balances and cash		9,991	12,566
		<u>158,651</u>	<u>160,698</u>
TOTAL ASSETS		<u>1,183,841</u>	<u>1,229,839</u>
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital		312,828	312,828
Reserves		292,738	343,571
Equity attributable to owners of the Company		<u>605,566</u>	<u>656,399</u>

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		92,277	100,285
Borrowings – due after one year		332,454	314,594
Deposits received for lease of properties		4,317	4,720
Lease liabilities – due after one year		<u>2,536</u>	<u>–</u>
		<u>431,584</u>	<u>419,599</u>
Current liabilities			
Trade and other payables	<i>10</i>	32,022	33,527
Contract liabilities		765	1,240
Deposits received for lease of properties		6,393	6,809
Tax payable		76,137	81,175
Borrowings – due within one year		29,032	29,670
Lease liabilities – due within one year		<u>2,342</u>	<u>1,420</u>
		<u>146,691</u>	<u>153,841</u>
TOTAL LIABILITIES		<u>578,275</u>	<u>573,440</u>
TOTAL EQUITY AND LIABILITIES		<u>1,183,841</u>	<u>1,229,839</u>
NET CURRENT ASSETS		<u>11,960</u>	<u>6,857</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>1,037,150</u>	<u>1,075,998</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

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 address of the registered office and principal place of business of the Company is disclosed in the “Corporate Information” section of the interim report.

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 (the “Directors”) consider that Linkway Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, is a substantial shareholder 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 and property management in the People’s Republic of China (the “PRC”).

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

The condensed consolidated interim financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

In the current interim period, the Group has applied the following new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA for the first time:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of these new and amended HKFRSs did not have any material impact on the Group’s condensed consolidated interim financial information.

The Group has not early adopted the new and amendments HKFRSs, which have been issued but are not yet effective for the current period. The Group has commenced an assessment of the related impact, but is not yet in a position to state whether any substantial changes to the Group’s accounting policies and presentation of the financial information will be resulted.

3. SEGMENT INFORMATION

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 engaging in development of property projects in the PRC
- Property Investment Business Segment engaging in leasing of investment properties in the PRC
- Property Management Business Segment engaging 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 six months ended 30 June 2024

	Property Development Business <i>HK\$'000</i> (unaudited)	Property Investment Business <i>HK\$'000</i> (unaudited)	Property Management Business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
TOTAL REVENUE AND EXTERNAL SALES	<u>–</u>	<u>17,867</u>	<u>8,087</u>	<u>25,954</u>
RESULT				
Segment operating results	<u>(401)</u>	<u>9,188</u>	<u>2,227</u>	<u>11,014</u>
Fair value gain in respect of investment properties revaluation	–	(24,565)	–	(24,565)
Loss on disposal of a subsidiary				(957)
Unallocated corporate income				129
Unallocated corporate expense				(7,271)
Finance costs				<u>(20,924)</u>
Loss before tax				(42,574)
Income tax credit				<u>6,141</u>
Loss for the period				<u><u>(36,433)</u></u>

For the six months ended 30 June 2023

	Property Development Business <i>HK\$'000</i> (unaudited)	Property Investment Business <i>HK\$'000</i> (unaudited)	Property Management Business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
TOTAL REVENUE AND EXTERNAL SALES	–	19,219	10,947	30,166
RESULT				
Segment operating results	(121)	(2,844)	2,268	(697)
Fair value gain in respect of investment properties revaluation	–	1,395	–	1,395
Unallocated corporate income				916
Unallocated corporate expense				(9,108)
Finance costs				(22,516)
Loss before tax				(30,010)
Income tax expenses				(348)
Loss for the period				<u>(30,358)</u>

4. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest expense on bank loans and other borrowings	20,909	22,432
Interest expense on lease liabilities	15	84
	<u>20,924</u>	<u>22,516</u>

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax (“EIT”)	–	–
PRC Land Appreciation Tax (“LAT”)	–	–
	<u>–</u>	<u>–</u>
Current tax charge for the period	–	–
Deferred tax (credit) charge for the period	(6,141)	348
	<u>(6,141)</u>	<u>348</u>

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profit subject to Hong Kong Profits Tax during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The Group's PRC EIT is calculated based on the applicable tax rates on assessable profits, if applicable.

LAT in the PRC 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 PERIOD

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Staff costs, including directors' emoluments	9,515	10,632
Retirement benefits scheme contributions, including contributions for directors	547	589
Total staff costs	10,062	11,221
Depreciation of property, plant and equipment	82	64
Depreciation of right-of-use assets	1,486	1,506
Gross rental income from investment properties	(17,867)	(19,219)
Less: Direct operating expenses from investment properties that generate rental income	3,835	6,445
	(14,032)	(12,774)

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

8. LOSS PER SHARE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss attributable to equity holders of the Company	<u>(36,433)</u>	<u>(30,358)</u>
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>3,128,278,542</u>	<u>3,128,278,542</u>
	HK cents per share	
Basic loss per share	<u>(1.16)</u>	<u>(0.97)</u>

Diluted loss per share was not presented for both periods because the impact of the exercise of share options was anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Trade receivables		
– contracts with customers	4,008	8,932
– property investment business	11,413	6,825
Less: accumulated allowance for credit expected losses	<u>(4,446)</u>	<u>(6,453)</u>
	<u>10,975</u>	<u>9,304</u>
Prepayments and deposits	9,092	8,875
Other receivables	6,361	6,228
Less: accumulated allowance for expected credit losses	<u>(4,292)</u>	<u>(4,315)</u>
	<u>11,161</u>	<u>10,788</u>
	<u><u>22,136</u></u>	<u><u>20,092</u></u>

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:

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Within 90 days	5,842	2,173
91 to 180 days	2,328	676
Over 180 days	<u>2,805</u>	<u>6,455</u>
	<u><u>10,975</u></u>	<u><u>9,304</u></u>

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

10. TRADE AND OTHER PAYABLES

An aging analysis of the Group's trade payables at the end of the reporting period based on invoice date is as follows:

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Within 90 days	–	218
91 to 180 days	1	19
Over 180 days	<u>10,170</u>	<u>10,691</u>
Trade payables	10,171	10,928
Interest payables	6,394	6,750
Accrued expenses and other tax payable	1,571	2,540
Other payables	<u>13,886</u>	<u>13,309</u>
	<u>32,022</u>	<u>33,527</u>

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

The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is engaged in property related business. 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 Property Investment Business

Wuhan Future City Commercial Property Management Company Limited was formed by the Group to operate the Future City Shopping Centre ("Future City") owned by the Group. 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 55,029 sq.m. with carparks 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 30 June 2024, the aggregate fair value of the Future City was approximately HK\$988.2 million. During the six months ended 30 June 2024 (the "Current Period"), the rental income generated from the Future City was approximately HK\$17.4 million (six months ended 30 June 2023: approximately HK\$18.9 million) and the average occupancy rate was around 89.8% (30 June 2023: 89.4%).

The Group has total gross floor area of Future Mansion's carparks of 7,723.06 sq.m.. The Future Mansion's carparks comprise 84 car parking spaces on basement Level 1 and basement Level 2. As at 30 June 2024, the fair value of the carparks was appropriately HK\$16.5 million.

As at 30 June 2024, the aggregate fair value of the Future City and Future Mansion's carparks held by the Group was approximately HK\$1,004.7 million (30 June 2023: approximately HK\$1,062.4 million). During the Current Period, the rental income generated from the investment properties was approximately HK\$17.9 million (30 June 2023: approximately HK\$19.2 million).

The Property Management Business

Wuhan Future City Property Management Company Limited, the indirect wholly owned subsidiary of the Company, provides residents and tenants with safe, modern, comfortable and high quality property management services. During the Current Period, the revenue generated from property management was approximately HK\$8.1 million (six months ended 30 June 2023: approximately HK\$10.9 million).

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Period decreased to approximately HK\$26.0 million (six months ended 30 June 2023: approximately HK\$30.2 million). The decrease was mainly due to the reduction in the rental income and property management income of Future City.

Comparing the six months ended 30 June 2023 to the Current Period, revenue from property management business decreased from approximately HK\$10.9 million to approximately HK\$8.1 million, whereas revenue from property investment business decreased from approximately HK\$19.2 million to approximately HK\$17.9 million.

Cost of Sales

Cost of sales decreased from approximately HK\$13.1 million for the six months ended 30 June 2023 to approximately HK\$8.2 million for the Current Period, primarily due to the benefit from the cost control of the business activities.

During the Current Period, the Group's cost of sales comprises of those from property investment segment of approximately HK\$3.8 million (six months ended 30 June 2023: HK\$6.4 million) and property management business of approximately HK\$4.4 million (six months ended 30 June 2023: HK\$6.6 million).

Gross Profit and Gross Profit Margin

Gross profit increased from HK\$17.1 million for the six months ended 30 June 2023 to approximately HK\$17.7 million for the Current Period. The Group had an overall gross profit margin of 68.2% for the Current Period, as compared to 56.6% for the corresponding six months in 2023. The increase in the gross profit margin was primarily attributable to the increase in the gross profit margin of the property investment business.

Other Operating Income

Other operating income decreased to approximately HK\$0.2 million for the Current Period from approximately HK\$1.1 million for the corresponding six months in 2023. The decrease was primarily due to the decrease in the interest income from the promissory note of approximately HK\$0.8 million.

Change in Fair Value of the Investment Properties

There was a loss of approximately HK\$24.6 million for the Current Period arising from change in fair value of the investment property portfolio in the PRC held by the Group comparing to that of a gain of approximately HK\$1.4 million for the six months ended 30 June 2023.

Selling and Distribution Expenses

The selling and distribution expenses decreased to approximately HK\$0.1 million for the Current Period from approximately HK\$0.6 million for the corresponding six months in 2023, primarily due to the decrease in advertising and promotion, and commission expenses for the property investment business.

Administrative Expenses

The administrative expenses mainly comprised of staff costs of approximately HK\$7.7 million, depreciation of property, plant and equipment and right-of-use assets of approximately HK\$1.5 million, legal and professional fee of approximately HK\$1.1 million and entertainment and travelling expenses of approximately HK\$1.2 million. The administrative expenses decreased to approximately HK\$13.9 million for the Current Period from approximately HK\$25.3 million for the corresponding six months in 2023, primarily due to the decrease in administrative expenses related to the property investment business in the Current Period.

Finance Costs

The finance costs decreased to approximately HK\$20.9 million for the Current Period from approximately HK\$22.5 million for the corresponding six months in 2023 due to the decrease in interest expense on borrowings of approximately HK\$1.5 million.

Income Tax Credit (Expense)

The income tax credit for the Current Period was approximately HK\$6.1 million (six months ended 30 June 2023: expense of approximately HK\$0.3 million). The amount was primarily attributable to the deferred tax credit arising from fair value loss in respect of investment properties revaluation during the Current Period.

Loss Attributable to Owners of the Company

The loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately HK\$36.4 million (six months ended 30 June 2023: approximately HK\$30.4 million). The increase was mainly attributable to the fair value loss of the investment properties during the Current Period.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2024, total bank balances and cash of the Group amounted to approximately HK\$10.0 million (31 December 2023: HK\$12.6 million).

Borrowings and Charges on the Group's Assets

As at 30 June 2024, the Group's total debts included borrowings of approximately HK\$361.5 million (31 December 2023: HK\$344.3 million). Amongst the borrowings, approximately HK\$29.0 million (31 December 2023: approximately HK\$29.7 million) was repayable within one year and approximately HK\$332.5 million (31 December 2023: approximately HK\$314.6 million) was repayable after one year.

At 30 June 2024, certain investment properties with an aggregate carrying amount of approximately HK\$446.9 million (31 December 2023: approximately HK\$471.1 million) were pledged as security for certain banking facilities granted to the Group.

Gearing and Current Ratios

The gearing ratio was 58.0% as at 30 June 2024 (31 December 2023: 50.5%). The gearing ratio was measured by net debt (aggregated borrowings net of bank balances and cash) over the equity attributable to owners of the Company. The current ratio (current assets divided by current liabilities) was 1.08 (31 December 2023: 1.04).

OUTLOOK AND FUTURE PLAN

Looking forward to the second half of 2024, the global political situation is experiencing a high degree of unrest, the business environment remains complicated and grim. The Group will continue to pay close attention to the domestic and international political and economic developments, as well as changes in market trends, respond flexibly and make prudent decisions. The Group will also exercise a tight control on operation costs. The management is actively looking for the potential projects which is compatible with the Group's principal activities including infrastructure related business.

CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had no significant contingent liabilities and commitments.

EVENT AFTER THE REPORTING PERIOD

There was no significant event subsequent to 30 June 2024 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the total number of employees stood at approximately 114 (30 June 2023: 122). Total staff costs for the Current Period was approximately HK\$10.1 million (six months ended 30 June 2023: approximately HK\$11.2 million). The Group offers its workforce comprehensive remuneration and employees' benefits packages.

INTERIM DIVIDEND

The Board resolved that the Company would not declare the payment of an interim dividend for the Current Period (six months ended 30 June 2023: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S SHARES

During the Current Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s ordinary shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code set out in Appendix C3 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 Current Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE

During the six months ended 30 June 2024, 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 C1 of the Listing Rules, except for certain deviations which are summarised below:

(1) 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 is acting as both the chairman of the Board (the “Chairman”) and the Chief Executive Officer (the “CEO”). 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. In addition, under the supervision of the Board which is comprised of two executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

(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 the articles of association of the Company, 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 (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.

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. Ng Chi Ho, Dennis (the chairman of audit committee), Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally, who are the independent non-executive Directors of the Company.

The audit committee has reviewed the unaudited condensed consolidated financial results of the Group for the Current Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is required to be published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.city-infrastructure.com. The 2024 interim report of the Company will be dispatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
China City Infrastructure Group Limited
Chan Hoi Yin Anthony
Company Secretary

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Li Chao Bo (Chairman and Chief Executive Officer) and Mr. Ji Jiaming 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.