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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

KEY HIGHLIGHTS

- Revenue is approximately HK\$48,432,000 for the year, while approximately HK\$51,780,000 was recorded in 2023, decreased by approximately 6.5%.
- The Group's net loss for the year is approximately HK\$65,785,000, decreased by approximately 40.9% compared with approximately HK\$111,332,000 recorded in the year of 2023.
- As at 31 December 2024, the Group's total assets amounted to approximately HK\$1,069,099,000, a decrease of approximately 13.1% from that of approximately HK\$1,229,839,000 as at 31 December 2023.
- As at 31 December 2024, the gearing ratio was approximately 57.9% compared with approximately 50.5% recorded in the year of 2023. The gearing ratio was measured by net debt (aggregated borrowings net of cash and cash equivalents) over the equity attributable to owners of the Company.

ANNUAL RESULT

The board (the “Board”) of directors (the “Directors”) of China City Infrastructure 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 2024 (the “Current Year”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	48,432	51,780
Cost of sales		(16,604)	(19,272)
Gross profit		31,828	32,508
Fair value loss on investment properties		(79,456)	(33,111)
Gain on disposal of subsidiaries		83,124	–
Allowance for expected credit losses on trade and other receivables, net of reversal		(1,878)	(3,574)
Other operating income		1,476	2,234
Other operating expenses		(50,377)	(31,174)
Selling and distribution expenses		(85)	(694)
Administrative expenses		(27,910)	(29,798)
Finance costs	5	(42,370)	(45,200)
Loss before tax		(85,648)	(108,809)
Income tax credit (expense)	6	19,863	(2,523)
Loss for the year	7	<u>(65,785)</u>	<u>(111,332)</u>
Loss for the year attributable to			
– Owners of the Company		(65,785)	(111,332)
– Non-controlling interest		–	–
		<u>(65,785)</u>	<u>(111,332)</u>
Loss per share	9	<i>HK cents</i>	<i>HK cents</i>
– Basic		<u>(2.10)</u>	<u>(3.56)</u>
– Diluted		<u>(2.10)</u>	<u>(3.56)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	<u>(65,785)</u>	<u>(111,332)</u>
Other comprehensive income (expense) 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	(25,514)	(24,733)
Release of translation reserve upon deregistration of a subsidiary	(270)	–
Release of translation reserve upon disposal of subsidiaries	<u>36,663</u>	<u>–</u>
Other comprehensive income (expense) for the year	<u>10,879</u>	<u>(24,733)</u>
Total comprehensive expense for the year (net of tax)	<u><u>(54,906)</u></u>	<u><u>(136,065)</u></u>
Total comprehensive expense for the year attributable to:		
– Owners of the Company	(54,906)	(136,065)
– Non-controlling interest	<u>–</u>	<u>–</u>
	<u><u>(54,906)</u></u>	<u><u>(136,065)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		288	4,089
Investment properties		1,036,596	1,051,648
Right-of-use assets		<u>3,659</u>	<u>13,404</u>
		<u>1,040,543</u>	<u>1,069,141</u>
Current assets			
Inventories		17	18
Inventory of properties		–	128,022
Trade and other receivables	10	18,818	20,092
Cash and cash equivalents		<u>9,721</u>	<u>12,566</u>
		<u>28,556</u>	<u>160,698</u>
TOTAL ASSETS		<u>1,069,099</u>	<u>1,229,839</u>
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital		312,828	312,828
Reserves		<u>288,668</u>	<u>343,571</u>
Equity attributable to owners of the Company		601,496	656,399
Non-controlling interest		<u>1</u>	<u>–</u>
		<u>601,497</u>	<u>656,399</u>

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		67,570	100,285
Borrowings – due after one year		349,576	314,594
Deposits received for lease of properties		2,774	4,720
Lease liabilities – due after one year		1,293	–
		<u>421,213</u>	<u>419,599</u>
Current liabilities			
Trade and other payables	<i>11</i>	26,042	33,527
Contract liabilities		1,437	1,240
Deposits received for lease of properties		7,625	6,809
Tax payable		338	81,175
Borrowings – due within one year		8,510	29,670
Lease liabilities – due within one year		2,437	1,420
		<u>46,389</u>	<u>153,841</u>
TOTAL LIABILITIES		<u>467,602</u>	<u>573,440</u>
TOTAL EQUITY AND LIABILITIES		<u>1,069,099</u>	<u>1,229,839</u>
NET (CURRENT LIABILITIES) CURRENT ASSETS		<u>(17,833)</u>	<u>6,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,022,710</u>	<u>1,075,998</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. General

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

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

2. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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 the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for current and prior period or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. Basis of preparation of consolidated financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going concern basis

The Group incurred a net loss of approximately HK\$65,785,000 for the year ended 31 December 2024, and as at that date, the Group had net current liabilities of approximately HK\$17,833,000, which included borrowings of approximately HK\$8,510,000 due within one year. In contrast, the Group had cash and cash equivalents of approximately HK\$9,721,000. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis. The Directors of the Company have given careful consideration to the future liquidity and the Group's available financing sources in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

- (a) the Group has secured loan facilities from a financial institution by pledging investment properties, with undrawn bank facilities amounting to approximately RMB95,960,000 as at 31 December 2024;
- (b) the Group will continue to seek for borrowings from other lenders. The Group has been received additional other borrowings of HK\$4,000,000 after the end of the reporting period;
- (c) the Group will accelerate the collection of outstanding trade and other receivables; and
- (d) the Group applies cost control measures in the cost of sales and administrative expenses and maintains containment of capital expenditures.

The Directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from the date of approval of these consolidated financial statements. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

4. Segment information

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

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

The Group's operating segments are as follows:

- Property Development Business Segment, which engages in development of property projects in the PRC
- Property Investment Business Segment, which engages in leasing of investment properties in the PRC
- Property Management Business Segment, which engages in provision of property management and other related services in the PRC

Segment revenues and results

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

For the year ended 31 December 2024

	Property Development Business HK\$'000	Property Investment Business HK\$'000	Property Management Business HK\$'000	Total HK\$'000
TOTAL REVENUE AND EXTERNAL SALES	<u>-</u>	<u>33,354</u>	<u>15,078</u>	<u>48,432</u>
RESULT				
Segment operating results	<u>(723)</u>	<u>13,768</u>	<u>1,130</u>	<u>14,175</u>
Fair value loss on investment properties	-	(79,456)	-	(79,456)
Impairment loss on inventory of properties on reclassification	(29,513)	-	-	(29,513)
Gain on disposal of subsidiaries				83,124
Unallocated corporate income				447
Unallocated corporate expenses				(32,055)
Finance costs				<u>(42,370)</u>
Loss before tax				(85,648)
Income tax credit				<u>19,863</u>
Loss for the year				<u><u>(65,785)</u></u>

For the year ended 31 December 2023

	Property Development Business HK\$'000	Property Investment Business HK\$'000	Property Management Business HK\$'000	Total HK\$'000
TOTAL REVENUE AND EXTERNAL SALES	<u>–</u>	<u>36,405</u>	<u>15,375</u>	<u>51,780</u>
RESULT				
Segment operating results	<u>(815)</u>	<u>9,751</u>	<u>3,820</u>	<u>12,756</u>
Fair value loss on investment properties	–	(33,111)	–	(33,111)
Impairment loss on inventory of properties	(24,767)	–	–	(24,767)
Unallocated corporate income				1,541
Unallocated corporate expenses				(20,028)
Finance costs				<u>(45,200)</u>
Loss before tax				(108,809)
Income tax expense				<u>(2,523)</u>
Loss for the year				<u><u>(111,332)</u></u>

Segment operating results represents the profit earned (loss incurred) by each segment without allocation of finance costs, fair value change on investment properties and central administration costs including staff costs, directors' emoluments and other expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. Finance costs

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expense on bank loans and other borrowings	42,188	45,066
Interest expense on lease liabilities	<u>182</u>	<u>134</u>
	<u>42,370</u>	<u>45,200</u>

6. Income tax (credit) expense

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax (“EIT”)	–	–
Land Appreciation Tax (“LAT”) in the PRC	<u>–</u>	<u>–</u>
Current tax expenses for the year	<u>–</u>	<u>–</u>
Under-provision in prior years:		
LAT in the PRC	<u>–</u>	<u>18,421</u>
Deferred tax credit for the year	<u>(19,863)</u>	<u>(15,898)</u>
	<u>(19,863)</u>	<u>2,523</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25% (2023: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2023: 16.5%). The profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%).

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. 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.

7. Loss for the year

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Staff costs, including directors’ emoluments	14,668	15,492
Retirement benefits scheme contributions, including contributions for directors	<u>1,618</u>	<u>1,661</u>
Total staff costs	<u>16,286</u>	<u>17,153</u>
Auditor’s remuneration	600	580
Allowance for expected credit losses on trade and other receivables, net of reversal	1,878	3,574
Depreciation of property, plant and equipment	103	132
Depreciation of right-of-use assets	2,856	2,997
Impairment loss on property, plant and equipment*	3,663	–
Impairment loss on right-of-use assets*	11,636	–
Impairment loss on inventory of properties*	29,513	24,767
Loss on write-off of other receivable*	–	53
Loss on write-off of property, plant and equipment*	<u>54</u>	<u>155</u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gross rental income from investment properties	(33,354)	(36,405)
Less: direct operating expenses from investment properties that generated rental income during the year	<u>8,436</u>	<u>10,985</u>
	<u>(24,918)</u>	<u>(25,420)</u>

* *These expenses for the year are included in “other operating expenses”.*

8. Dividends

The Directors of the Company do not recommend the payment of a dividend for the years ended 31 December 2024 and 2023.

9. Loss per share

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year for the purpose of calculating basic and diluted loss per share	<u>(65,785)</u>	<u>(111,332)</u>
Number of shares		
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>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2024 and 2023.

10. Trade and other receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		
– contracts with customers (<i>Note a</i>)	2,561	8,932
– property investment business	12,761	6,825
Less: accumulated allowance for expected credit losses	<u>(4,822)</u>	<u>(6,453)</u>
	<u>10,500</u>	<u>9,304</u>
Prepayments and deposits (<i>Note b</i>)	5,246	8,875
Other receivables	7,677	6,228
Less: accumulated allowance for expected credit losses	<u>(4,605)</u>	<u>(4,315)</u>
	<u>8,318</u>	<u>10,788</u>
	<u>18,818</u>	<u>20,092</u>

Notes:

- (a) As at 1 January 2023, trade receivables from contracts with customers amounted to approximately HK\$7,811,000.
- (b) Included in prepayments and deposits are an amount of approximately HK\$3,809,000 (2023: approximately HK\$3,935,000) for the repair and maintenance deposit deposited with the government and an amount of approximately HK\$1,018,000 (2023: approximately HK\$1,249,000) for utility deposits.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	2,536	2,173
91 to 180 days	1,251	676
Over 180 days	6,713	6,455
	<u>10,500</u>	<u>9,304</u>

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

The following table shows the amounts of receivable which are past due but not impaired as the balances related to debtors with sound repayment history and there has not been a significant change in credit quality and the amounts are still considered recoverable.

An aging analysis of trade receivables past due but not impaired is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue by:		
1-30 days	323	177
31-60 days	269	246
61-180 days	1,484	936
Over 180 days	6,713	6,455
	<u>8,789</u>	<u>7,814</u>

The movement in the allowance for expected credit losses on trade receivables is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	6,453	2,526
Allowances for expected credit losses	1,588	3,927
Derecognised on disposal of subsidiaries	(3,219)	–
At end of the year	<u>4,822</u>	<u>6,453</u>

The movement in the allowance for expected credit losses on other receivables is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	4,315	4,668
Allowances (reversal) for expected credit losses	290	(353)
At end of the year	<u>4,605</u>	<u>4,315</u>

11. Trade and other payables

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	53	218
91 to 180 days	131	19
Over 180 days	6,003	10,691
Trade payables	6,187	10,928
Interest payables	1,150	6,750
Accrued expenses and other tax payables	6,736	2,540
Other payables	11,969	13,309
	26,042	33,527

Trade payables principally comprise amounts outstanding for dismantling costs of prior hotel business, construction materials and construction work of inventory of properties and investment properties.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is engaged in property related business and started to dedicate to the infrastructure business since late 2014. 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 conditions 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.

Result Summary

The consolidated revenue of the Group decreased by 6.5% from approximately HK\$51.8 million for the year ended 31 December 2023 to approximately HK\$48.4 million for the Current Year. The revenue from property investment and property management business was approximately HK\$33.4 million (2023: HK\$36.4 million) and HK\$15.0 million (2023: HK\$15.4 million) respectively.

The overall gross profit decreased by 2.1% to approximately HK\$31.8 million for the Current Year from approximately HK\$32.5 million for the year ended 31 December 2023, and the gross profit margin increased to 65.7% from 62.8%. The Group also had net fair value loss on revaluation of various investment properties of approximately HK\$79.5 million for the year ended 31 December 2024 (2023: approximately HK\$33.1 million).

The loss attributable to owners of the Company was approximately HK\$65.8 million for the Current Year (2023: approximately HK\$111.3 million). Basic loss per share attributable to owners of the Company was HK2.10 cents (2023: HK3.56 cents). The Board does not propose any final dividend for the Current Year.

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 31 December 2024, the occupancy rate of Future City was 93.2% (31 December 2023: 88.6%).

During the Current Year, the Group has transferred the Zhongshui Longyang Plaza’s Carparks from inventory of properties to investment properties. The Group has total gross floor area of Future Mansion’s carparks and Zhongshui Longyang Plaza’s Carparks was 7,723.06 sq.m. and 40,366.82 sq.m. respectively, and as at 31 December 2024, the fair value of these carparks was approximately HK\$15.8 million and HK\$96.3 million respectively.

As at 31 December 2024, the aggregate fair value of the Future City, Future Mansion’s carparks and Zhongshui Longyang Plaza’s Carparks held by the Group was approximately HK\$1,036.6 million (31 December 2023: approximately HK\$1,051.6 million). During the year ended 31 December 2024, the rental income generated from the investment properties was approximately HK\$33.4 million (2023: approximately HK\$36.4 million).

The Property Management Business

Wuhan Future City Property Management Company Limited and Wuhan Chengji Commodity City Management Company Limited, the indirect wholly owned subsidiaries of the Company, provides residents and tenants with safe, modern, comfortable and high quality property management services. Revenue from property management was approximately HK\$15.0 million for the Current Year (2023: approximately HK\$15.4 million).

Group Projects

Wuhan City, Hubei

Future City

Future City covers a total site area of 19,191 sq.m. with a total GFA of 145,273 sq.m. and comprises of five high-rise residential towers, a four-story premier shopping centre and parking spaces.

Future Mansion

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

Zhongshui • Longyang Plaza

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

The following table set forth an overview of the Group's property projects at 31 December 2024:

Project	City	Equity Interest in the Project	Site Area <i>sq.m.</i>	Total GFA/ Planned GFA <i>sq.m.</i>
Completed Projects				
Future City	Wuhan	100%	19,191	145,273
Future Mansion	Wuhan	100%	5,852	42,149
Zhongshui • Longyang Plaza	Wuhan	100%	30,625	135,173
Total			<u>55,668</u>	<u>322,595</u>

Financial Review

Revenue

Revenue of the Group for the Current Year decreased to approximately HK\$48.4 million from approximately HK\$51.8 million, a decrease of approximately 6.5% compared with that of last year.

Revenue from property investment and property management business decreased from approximately HK\$36.4 million for the year ended 31 December 2023 to approximately HK\$33.4 million for the Current Year and decreased from approximately HK\$15.4 million for the year ended 31 December 2023 to approximately HK\$15.0 million for the Current Year, respectively.

Cost of Sales

Cost of sales decreased from approximately HK\$19.3 million for the year ended 31 December 2023 to approximately HK\$16.6 million for the Current Year.

For the Current Year, the Group's cost of sales included, property management business of approximately HK\$8.2 million, a decrease of approximately HK\$0.1 million compared with that of the year ended 31 December 2023, property investment business of approximately HK\$8.4 million, a decrease of approximately HK\$2.5 million compared with that of the year ended 31 December 2023.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately HK\$0.7 million from approximately HK\$32.5 million for the year ended 31 December 2023 to approximately HK\$31.8 million for the Current Year. There was a decrease in the gross profit of property investment business (2024: HK\$24.9 million; 2023: HK\$28.2 million) and an increase in property management business (2024: HK\$6.9 million; 2023: HK\$4.3 million). The Group has an overall gross profit margin of 65.7% for the Current Year, as compared to that of 62.8% for the year ended 31 December 2023. The increase in the Group's gross profit margin was mainly attributable to the increase in the gross profit margin of property investment business.

Other Operating Income

Other operating income decreased to approximately HK\$1.5 million for the Current Year from approximately HK\$2.2 million for the year ended 31 December 2023. The decrease was primarily due to the decrease in interest income of approximately HK\$0.9 million during the year ended 31 December 2024.

Other Operating Expenses

Other operating expenses increased to approximately HK\$50.4 million for the Current Year from approximately HK\$31.2 million for the year ended 31 December 2023. The increase was primarily due to the increase in impairment losses on inventory of properties, right-of-use assets and property, plant and equipment.

Change in Fair Value of the Investment Properties

There was a loss of approximately HK\$79.5 million recorded in the Current Year (2023: HK\$33.1 million) arising from change in fair value of the investment property portfolio in the PRC held by the Group.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 87.8% to approximately HK\$0.08 million for the Current Year from approximately HK\$0.69 million for the year ended 31 December 2023, primarily due to a decrease in advertising and promotion and commission expenses for property investment business.

Administrative Expenses

The administrative expenses decreased by approximately 6.3% to approximately HK\$27.9 million for the Current Year from approximately HK\$29.8 million for the year ended 31 December 2023, primarily due to the decrease in legal and professional fee and staff costs.

Finance Costs

The finance costs decreased to approximately HK\$42.4 million for the Current Year from that of approximately HK\$45.2 million for the year ended 31 December 2023. The decrease was primarily due to decrease of interest expenses on borrowings of approximately HK\$1.9 million.

Income Tax Credit (Expense)

The Group recorded income tax credit of approximately HK\$19.9 million for the Current Year (2023: income tax expense of approximately HK\$2.5 million). The decrease in income tax expense was primarily attributable to the increase in deferred tax credit resulting from the increase in the fair value loss on investment properties.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company decreased from approximately HK\$111.3 million for the year ended 31 December 2023 to that of approximately HK\$65.8 million for the Current Year.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2024, total cash and cash equivalents of the Group amounted to approximately HK\$9.7 million (31 December 2023: approximately HK\$12.6 million), representing a decrease of approximately HK\$2.9 million as compared to that of 31 December 2023.

Borrowings and Charges on the Group's Assets

At 31 December 2024, the Group's total borrowings included bank loans and other loans amounted to approximately HK\$358.1 million (31 December 2023: approximately HK\$344.3 million). Amongst the borrowings, approximately HK\$8.5 million (31 December 2023: approximately HK\$29.7 million) is repayable within one year and approximately HK\$349.6 million (31 December 2023: approximately HK\$314.6 million) is repayable after one year.

At 31 December 2024, certain investment properties with an aggregate amounts of approximately HK\$422.6 million (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 approximately 57.9% as at 31 December 2024 (31 December 2023: approximately 50.5%). The gearing ratio was measured by net debt (aggregated borrowings net of cash and cash equivalents) over the equity attributable to owners of the Company. The increase in gearing ratio was mainly due to the net loss incurred during the Current Year. The current ratio (current assets divided by current liabilities) was 0.62 (31 December 2023: 1.04).

CONTINGENT LIABILITIES AND COMMITMENTS

- (a) As at 31 December 2024 and 2023, the Group had no significant contingent liabilities.
- (b) As at 31 December 2024 and 2023, the Group had no capital commitments, contracted but not provided in the consolidated financial statements.

ACQUISITIONS AND DISPOSALS

On 10 December 2024, the Group entered into a sale and purchase agreement with Hangzhou Jiayu Enterprise Management Service Limited* to dispose of 100% equity interest in Wuhan Zhong Nan Automobile Parts and Accessories Company Limited* and Wuhan Kaiyue Property Development Company Limited* at a total consideration of HK\$218,000. The disposal was completed in December 2024.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the total number of employees stood at approximately 92. Total staff costs for the year was approximately HK\$16.3 million. The Group offers its workforce comprehensive remuneration and employees' benefits packages.

* *for identification purpose only*

OUTLOOK AND FUTURE PLAN

Looking ahead to 2025, the global political situation is experiencing a high degree of unrest, the business environment remains complicated and grim. China's economy is struggling for recovery amid external instability and uncertainties as well as internal challenges. The Chinese Government set the general principle for the economic work in 2025: adhere to the principle of "striving progress while ensuring stability, promoting stability with progress, and insisting construction before destruction". It is undisputed that the China's economy will achieve growth in long run. 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 management is actively looking for the potential projects which is compatible with the Group's principal activities including infrastructure related business.

FINAL DIVIDEND

The Board resolved that the Company would not declare the payment of a dividend for the year ended 31 December 2024 (2023: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's ordinary shares during the year ended 31 December 2024.

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 C3 of the Rules Governing the Listing of Securities on The Stock Exchange (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 2024.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 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 as 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 Articles, at each annual general meeting, one third of the Directors shall retire from office by rotation provided that notwithstanding anything therein, the chairman (the “Chairman”) of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the role of the chairman provides the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategy. As such, the Board is of the view that the Chairman should not be subject to retirement by rotation.

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

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee is accountable to the Board and the primary duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. During the year ended 31 December 2024, the audit committee comprised Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally, who are the independent non-executive Directors.

The audit committee has reviewed the audited consolidated results and the risk management and internal control system of the Group for the year ended 31 December 2024.

The Group's annual results for the year ended 31 December 2024 have been reviewed by the audit committee, which was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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 2024, 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 2024 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 mentions that the Company incurred a net loss of approximately HK\$65,785,000 and recorded net current liabilities of approximately HK\$17,833,000 as at 31 December 2024. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors' arrangements to address the going concern issue are also described in Note 3 to the consolidated financial statements. 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.

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 CONFUCIUS INTERNATIONAL 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 2024 as set out in this announcement have been agreed by the Group's auditor, Confucius International CPA Limited ("Confucius"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Confucius in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Confucius on this announcement.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Company containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange (www.hkexnews.hk) and the Company (www.city-infrastructure.com) in due course.

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

Hong Kong, 31 March 2025

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

As at the date of this announcement, the Board comprises Mr. Li Chao Bo (Chairman 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.