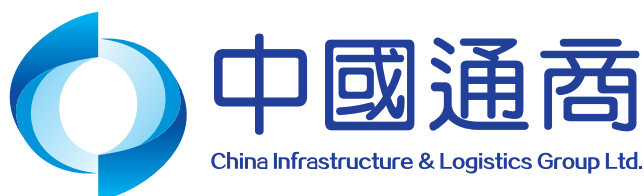


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China Infrastructure & Logistics Group Ltd.

中國通商集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1719)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of China Infrastructure & Logistics Group Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with the comparative amounts for the corresponding period in 2019.

PERFORMANCE AND FINANCIAL HIGHLIGHTS

	2020 HK\$'000	2019 HK\$'000
Revenue	443,550	352,021
Gross profit	90,428	104,564
Gross profit margin	20.4%	29.7%
Profit for the year	22,412	37,492
Profit attributable to owners of the Company	25,860	34,530
Earnings per share attributable to owners of the Company — Basic and diluted	<u>HK1.50 cents</u>	<u>HK2.00 cents</u>
Total non-current assets	1,619,750	1,478,833
Total current assets	250,476	350,637
Total assets	1,870,226	1,829,470
Total non-current liabilities	313,294	387,419
Total current liabilities	634,627	599,725
Total liabilities	947,921	987,144
Net assets	922,305	842,326

HIGHLIGHTS

For the year ended 31 December 2020

Comparing to the year ended 31 December 2019:

- Revenue increased by approximately 26.0% to HK\$443.55 million (2019: HK\$352.02 million), mainly due to the offsetting effect of (i) the significant increase in revenue of HK\$229.55 million from the supply chain management and trading business as most of which was contributed by the cement and non-ferrous metals trading business which commenced in the second half of 2020; (ii) increase in stacking yard and warehouses leasing income of HK\$4.84 million in the property business of WIT; (iii) the significant decrease in the income of HK\$100.78 million from construction services arising from the slow progress of the construction projects due to the outbreak and wide spread of the Coronavirus Disease 2019 (COVID-19) (the “**Pandemic**”) during the first half of 2020; (iv) the decrease in integrated logistics service income of HK\$28.09 million as service coverage reduced from integrated to only certain sections of the service chain; and (v) decrease in revenue of HK\$19.98 million from the terminal service business and the increase of HK\$6.28 million from general and bulk cargoes handling service as a result of the cooperation arrangement with Wuhan Jingkai Port Company Limited as set out in “Other Highlights” below.
- Overall container throughput increased by approximately 4.9% to 642,131 TEUs (2019: 612,028 TEUs), mainly due to the offsetting effect of (i) a decrease of gateway cargoes throughput by approximately 9.3% to 316,915 TEUs (2019: 349,231 TEUs); and (ii) an increase in trans-shipment cargoes throughput by approximately 23.8% to 325,216 TEUs (2019: 262,797 TEUs).
- The Group’s market share of container throughput in Wuhan for the year ended 31 December 2020 increased to 43.6% (2019: 38.0%). The increase was mainly due to the closure of the neighbouring competing ports with no containers being handled in the first quarter of this year while the WIT Port continued to operate for the transportation of daily necessities and protective equipment during the Pandemic in that quarter.
- Gross profit decreased by 13.5% to HK\$90.43 million (2019: HK\$104.56 million) and gross profit margin dropped to 20.4% (2019: 29.7%). The decreases were mainly due to (i) the significant increase in revenue from the supply chain management and trading business with relatively lower gross profit margins; and (ii) decrease in revenue from terminal service with relatively higher gross profit margins.

- EBITDA decreased by approximately 19.06% to HK\$59.30 million (2019: HK\$73.26 million) as a result of the offsetting effect of (i) the increase in other income of HK\$8.14 million reflected the special government Pandemic subsidies of HK\$14.31 million granted to the WIT Port for the number of containers handled which exceeded the total number of containers handled in 2019 which was marginally offset by the reduction in HK\$5.60 million government subsidy granted to the Group on the Hanjiang logistics centre in 2020; (ii) the decrease in gross profit of HK\$14.14 million; and (iii) the increase in general, administration and other operating expenses of HK\$7.96 million mainly due to the recognition of the impairment loss on trade receivables and government subsidies receivables for the year ended 31 December 2020.
- Profit attributable to owners of the Company decreased by 25.1% to HK\$25.86 million (2019: HK\$34.53 million). The decrease in profitability was mainly attributable to the offsetting effect of (i) the decrease in EBITDA of HK\$13.96 million; (ii) the increase in finance costs on bank and other borrowings of HK\$15.49 million as no interest has been capitalized on projects under development; and (iii) the increase in change in fair value of investment properties of HK\$13.01 million for the year ended 31 December 2020; and (iv) the increase in losses from the Shayang Port and the Shipai Port shared by the non-controlling interests.
- Earnings per share (basic and diluted) attributable to owners of the Company was HK1.50 cents (2019: HK2.00 cents).

Other Highlights

Cooperation agreement with Wuhan Jingkai Port Company Limited* (武漢經開港口有限公司) (“Wuhan Jingkai Port Company”)

On 21 January 2020, China Infrastructure & Logistics Group Holdings Limited (中國通商集團控股有限公司) (“**CIL Group Holdings**”), a wholly-owned subsidiary of the Company, entered into a legally binding cooperation agreement (the “**Cooperation Agreement**”) with Wuhan Jingkai Port Company, a company established in the PRC, in relation to the operation of Wuhan Jingkai Port* (武漢經開港) (the “**Jingkai Port**”) for a period of eight years commencing from the date of the Cooperation Agreement. As part of the cooperation contemplated under the Cooperation Agreement, CIL Group Holdings shall utilize its advanced management concept and level of management, excellent commercial team and network resources, among others, to raise the management level of the Jingkai Port, optimize the operation process, enhance the safety management and speed up the market development and to manage and operate the Jingkai Port, including the determination of the average tariffs involved. The ownership of the Jingkai Port remains to be vested with Wuhan Jingkai Port Company. The costs associated with the operation of the Jingkai Port are to be borne by Wuhan Jingkai Port Company.

For further details, please refer to the announcement of the Company dated 21 January 2020. The cooperation with Wuhan Jingkai Port Company contributed HK\$4.13 million and HK\$8.33 million to the revenue of the Group’s terminal service and related business for the year ended 31 December 2020 respectively.

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Revenue	443,550	352,021
Cost of services rendered and goods sold	(353,122)	(247,457)
Gross profit	90,428	104,564
Other income	26,239	18,104
General, administrative and other operating expenses	(57,364)	(49,404)
Operating profit/EBITDA (Earnings before interest, income tax expense, depreciation and amortisation)	59,303	73,264
Finance costs – net	(35,039)	(19,554)
EBTDA (Earnings before income tax expense, depreciation and amortisation)	24,264	53,710
Depreciation and amortisation	(32,535)	(30,283)
Change in fair value of investment properties	44,740	31,732
Share of profit of an associate	333	233
Profit before income tax	36,802	55,392
Income tax expense	(14,390)	(17,900)
Profit for the year	22,412	37,492
Non-controlling interests	3,448	(2,962)
Profit attributable to owners of the Company	25,860	34,530

REVIEW OF OPERATIONS

Overall business environment

The principal activities of the Group are investment in and the development, operation and management of container and other ports, and the provision of port related, logistics and other services including integrated logistics, port and warehouse leasing and the supply chain management and trading services, mainly conducted through its various ports, including the WIT Port (武漢陽邏港), the Multi-Purpose Port (通用港口), the Hannan Port (漢南港), the Shayang Port (沙洋港) and the Shipai Port (石牌港), all located in the Yangtze River Basin in Hubei Province, the People's Republic of China (the "PRC") and the provision of construction services, conducted through Zhongji Tongshang Construction.

The WIT Port and the Multi-Purpose Port

The WIT Port is located along the Yangtze River in the Yangluo Economic Development Zone, Wuhan, Hubei Province, the PRC.

The strong and well established industrial base of Wuhan featuring operators in major industries, including automobile and its components, chemical, steel, textile, machinery and equipment as well as those in the construction materials businesses have been and will continue to be the principal providers of gateway cargoes to the WIT Port.

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, large ships are precluded from navigating directly between those areas and Shanghai. The trans-shipment service provided by the WIT Port offers a more economical alternative to ship container cargoes using large ships carrying more containers to and from Shanghai and overseas. Surrounding areas which are serviced by the WIT Port include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and the WIT Port promotes direct shipment to the Yangshan Port in Shanghai (江海直達) have further strengthened the position of the WIT Port as a trans-shipment port at the mid-stream of the Yangtze River. Phase one terminal of Yangluo Port opened the first direct international shipping route from Wuhan to Japan in the fourth quarter of 2019, which was a landmark significance as the first international shipping route in the middle and upper reaches of Yangtze River.

The Group has also developed port related services including agency and integrated logistics service businesses to expand its revenue sources, including bonded warehousing, customs clearance, break bulk and distribution at the WIT Port.

The Multi-Purpose Port, which is located adjacent to the WIT Port, extends the container handling capacity of the Group to beyond that of the WIT Port and supplements the terminal service business operation of the Group alongside the WIT Port. Given the close proximity between the WIT Port and the Multi-Purpose Port, they are jointly operated and managed by Wuhan International Container Company Limited (“**WIT**”). In addition, the Group has cooperated with Wuhan Jingkai Port Company to manage and operate the Jingkai Port to induce rapid growth in its container throughput, expand the container services at the WIT Port, and to integrate and optimize port logistics resources, all of which were conducive to the synergy and development of the Group’s port business.

During the first half of 2019, as a result of the lifting of the requirement of the customs department to designate a domestic trade zone for the handling and storage of domestic trade containers and cargos so as to segregate them from foreign trade containers and cargos at the Yangluo Port, the barrier of the domestic trade zone in Phase one of Yangluo Port area was removed. Since then, Phase one of Yangluo Port area has been allowed to integrate operations and management of both domestic and foreign trade containers and cargos. This has brought about major changes to the terminals in the Yangluo Port resulting in significant improvement in capacity, efficiency and service quality of the port and greatly increased usable area of the stacking yard at the port. With additional usable area and improved efficiency and for the purpose of generating steady and regular income, the Group decided and subsequently commenced leasing certain part of the stacking yard and warehouses at the WIT Port to independent third parties for leasing income during the year ended 31 December 2019. As a result of this, the usage of the stacking yard and certain warehouses designated for leasing has been changed from owner occupied to for leasing purpose, and accordingly, these assets have been transferred from property, plant and equipment, construction in progress and land use rights to investment properties since the second half of 2019 and have since been leased out to customers.

The Hannan Port

The Hannan Port is located along the Yangtze River in Wuhan, adjacent to the Shanghai-Chengdu, Beijing Zhuhai Expressway and within 80 kilometers of the Beijing-Guangzhou Beijing-Kowloon rail link.

Wuhan, the provincial capital of Hubei, is an important transport hub in the PRC. In terms of riverway traffic, Wuhan is linked through the Yangtze River with six provinces (namely Jiangsu, Anhui, Hubei, Sichuan, Jiangxi and Hunan) and Shanghai. Given the important role of Wuhan in the development of the Yangtze River Economic Belt, the Directors consider that it is in the interests of the Group to make further investments in its port businesses in the Wuhan area.

In recent years, the Group has been facing competition from its neighbouring port operator capturing marketing shares from the Group through the deployment of tariff cutting tactics to induce customers to use its port. To capture the future economic growth in Wuhan and to better position itself against the competition from neighbouring ports, Hannan Port Group provides an opportunity for the Group to expand its geographical coverage beyond the Yangluo Port Area where the WIT Port and the Multi-Purpose Port in Wuhan are located. The Hannan Port Group creates synergies between the WIT Port and the Hannan Port, particularly because the management team of the WIT Port has extensive experience in the construction, development and management of ports in the PRC. Being the feeder port of the WIT Port, the Hannan Port can increase the throughput capacity of the WIT Port to satisfy the demand for logistics services in Wuhan. The WIT Port, together with the Hannan Port, can provide more cost-effective solutions to the Group's customers. As the Hannan Port will be developed into a multi-purpose service platform in phases, providing terminal, warehousing and logistics services and other services including RORO (Roll on Roll off), bulk cargo transportation and storage, automobile spare parts processing and logistics services.

Phase I of the Hannan Port has been completed. Phase II, which will be developed as a multi-purpose port, is in the course of pre-construction work.

The Shayang Port

The Shayang Port, one of the major port construction projects under the "12th Five-Year Plan" of Hubei Province, the PRC which serves as a logistics centre and water transportation hub connecting the surrounding six provinces, is an essential material distribution centre of Central Wuhan and also a superior port area for the middle reaches of the Han River. The investment was made as part of the Group's strategy to establish a synergistic connection between the Shayang Port and the WIT Port in the Yangtze River Basin. This served to maximise the WIT Port's advantage as a logistics centre of the Yangtze River, in line with the development trend of "The Belt and Road" policy in the PRC, and was beneficial to the Group implementing its strategic aims in the Yangtze River Basin.

The Shayang Port was planned to have six berths. The port commenced commercial operation in 2018. The testing of equipment for the sixth berth was completed and became operational in the first half of 2019. As at 31 December 2020, the Group has obtained the port operating licence of 4 berths.

On 1 March 2021, the Group entered into an agreement to dispose of its 60% interest in the subsidiary which holds the Shayang Port owning the port facilities and terminal equipment. The disposal was subsequently completed in March 2021. Further details are set out in the announcement of the Company dated 1 March 2021.

The Hanjiang logistics centre adjacent to the Shayang Port which is still owned by the Group, comprises 7 blocks of warehouses and an ancillary office building and it is intended to be held as investment property for generating rental income.

The Shipai Port

The Shipai Port is located in Shipai County, Zhongxiang City, Hubei Province, the PRC and intended to be developed into a port, logistics and industrial mixed-use port district with an area of approximately 25 square kilometers. The port portion of the Shipai Port will occupy an area of approximately 2.5 square kilometers with four (4) 1,000-tonne class berths, and a logistics park covering approximately 2.5 square kilometers to be constructed next to the port area. The investment in the Shipai Port provides an opportunity for the Group to expand its geographical coverage and create synergy among its ports.

The port commenced commercial operations in 2018. The inspection and acceptance of the construction of the temporary stacking yard was completed in 2019.

Zhongji Tongshang Construction

Zhongji Tongshang Construction is principally engaged in undertaking construction projects. Zhongji Tongshang Construction acts as the platform for the Group to diversify its business and explore new business opportunities in the construction industries. Zhongji Tongshang Construction has been negotiating for the role of the main contractor in municipal construction projects in Hubei Province. As a main contractor in construction project, Zhongji Tongshang Construction will be expected to act as the entity in charge of the entire project, and will be responsible for completion or outsourcing of the construction works and supervision of the project to ensure that it will be completed on time and within budget, and ensuring that the construction work will meet all relevant regulations and quality standards.

The Group commenced its construction business through Zhongji Tongshang Construction since December 2019, as a main contractor for the provision of construction services for various construction works, including residential structures, commercial structures and performance stages.

Tongshang Supply Chain

Leveraging the Group's extensive experience in the operation and management of various ports and terminals located within the Yangtze River Basin in Hubei Province, coupled with its solid customer and supplier network cultivated during its many years of business operation, Tongshang Supply Chain Management (Wuhan) Co., Ltd.* (通商供應鏈管理(武漢)有限公司) ("**Tongshang Supply Chain**") serves as the principal supply chain service provider and trader for up-stream suppliers and down-stream customers through the supply chain management and trading business of the Group. The development of supply chain management and trading business will enable the Group to establish deeper connections with both supply and demand sides of the supply chain, engage in various businesses such as trading, logistics, storage and delivery, and enhance efficiency of integrated services. At the same time, it will enable the Group to consolidate and optimise flows of commodities, capital and information for the supply chain, which will facilitate trading enterprises to enhance intelligent trading, reduce costs and strengthen competitiveness.

OPERATING RESULTS

Revenue

	Year ended 31 December					
	2020		2019		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	82,006	18.5	101,981	29.0	(19,975)	(19.6)
Integrated logistics service	34,577	7.8	62,670	17.8	(28,093)	(44.8)
Property business	13,455	3.0	8,617	2.4	4,838	56.1
Container handling, storage & other service	24,839	5.6	25,129	7.1	(290)	(1.2)
General and bulk cargoes handling service	13,515	3.1	7,232	2.1	6,283	86.9
Supply chain management and trading business	249,470	56.2	19,922	5.7	229,548	1,152.2
Construction services	25,688	5.8	126,470	35.9	(100,782)	(79.7)
	<u>443,550</u>	<u>100.0</u>	<u>352,021</u>	<u>100.0</u>	<u>91,529</u>	<u>26.0</u>

For the year ended 31 December 2020, the Group's revenue amounted to HK\$443.55 million (2019: HK\$352.02 million), representing an increase of 26.0% as compared to 2019. The increase was mainly due to the offsetting effect of (i) the significant increase in revenue of HK\$229.55 million from the supply chain management and trading business as most of which was contributed by the cement and non-ferrous metals trading business which commenced in the second half of 2020; (ii) increase in stacking yard and warehouse leasing income of HK\$4.84 million in the property business of WIT; (iii) the significant decrease in the income of HK\$100.78 million from construction services arising from the slow progress of the construction projects due to the outbreak and wide spread of the Pandemic during the first half of 2020; (iv) the decrease in integrated logistics service income of HK\$28.09 million as service coverage reduced from integrated to only certain sections of the service chain and (v) decrease in revenue of HK\$19.98 million from the container handling, storage & other service and the increase of HK\$6.28 million from general and bulk cargoes handling service as a result of the cooperation with Wuhan Jingkai Port Company.

Terminal service

Container throughput

	Year ended 31 December					
	2020		2019		Increase/(Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	316,915	49.4	349,231	57.1	(32,316)	(9.3)
Trans-shipment cargoes	325,216	50.6	262,797	42.9	62,419	23.8
	<u>642,131</u>	<u>100.0</u>	<u>612,028</u>	<u>100.0</u>	<u>30,103</u>	4.9

Total throughput achieved by WIT for the year ended 31 December 2020 was 642,131 TEUs, representing an increase of 30,103 TEUs or approximately 4.9% as compared to that of 612,028 TEUs for the year ended 31 December 2019. For the 642,131 (2019: 612,028 TEUs) TEUs handled in 2020, 316,915 TEUs (2019: 349,231 TEUs) or approximately 49.4% (2019: 57.1%) and 325,216 TEUs (2019: 262,797 TEUs) or approximately 50.6% (2019: 42.9%) were attributed to gateway cargoes and trans-shipment cargoes respectively. The gateway cargoes throughput decreased by approximately 9.3% to 316,915 TEUs (2019: 349,231 TEUs) and the trans-shipment cargoes throughput increased by approximately 23.8% to 325,216 TEUs (2019: 262,797 TEUs).

The increase in overall container throughput for the year ended 31 December 2020 was attributable to offsetting effect of an approximately 9.3% decrease in gateway cargoes and an approximately 23.8% increase in trans-shipment cargoes. The decrease in gateway cargoes was mainly due to the outbreak and wide spread of the Pandemic which affected the number of containers handled by the Group in the first quarter of 2020 not fully compensated by the increase in containers handled in the second half of 2020. The Wuhan lockdown, closure of foreign ports and suspension of operations of enterprises in Hubei Province had, with the exception of the transportation of daily necessities and protective equipment, resulted in the decline of gateway cargoes handled during the first half of 2020. The increase in trans-shipment cargoes is mainly due to cooperation with Wuhan Jingkai Port Company that open-up east-west routes and serve enterprises around the Wuhan Development Zone, attracting more trans-shipment cargoes from upstream of Wuhan Yangtze River such as Chongqing to transit through Jingkai Port to WIT Port via the water shuttle bus.

Since the initial outbreak and wide spread of the Pandemic, the Group's WIT Port and Multi-Purpose Port had continued to operate as these ports were listed by the Port and Shipping Management Bureau of Wuhan City and the Business Bureau of Wuhan City as the major ports of unloading daily necessities and protective equipment and materials to fight against the Pandemic. As a result of this, the impact of the Pandemic to the Group was relatively less severe as compared with other ports in Wuhan which saw the Group handled a total of 72,334 TEUS for the first quarter of 2020, a drop of 66,885 TEUs or

approximately 48.0% as compared with 139,219 TEUs handled in the corresponding period of 2019. With the Pandemic substantially under control in China, container throughput of the Group continued to recover with a total of 152,812 container TEUs handled for the January to May 2020 period, a drop of 87,263 TEUs or approximately 36.3% as compared to 240,075 TEUs handled for the corresponding period of 2019. The month of June 2020 was the turning point of recovery which saw a growth of 6.1% in TEUs as compared with the corresponding month of 2019 handled by the Group.

Market share

In terms of market share, for the year ended 31 December 2020, WIT's market share increased to approximately 43.6% (2019: 38.0%) based on a total of 1,472,794 TEUs (2019: 1,612,687 TEUs) handled for the whole of Wuhan in 2020. The increase was mainly due to the closure of the neighbouring competing ports with no containers being handled in the first quarter of this year while the WIT Port continued to operate for the transportation of daily necessities and protective equipment during the Pandemic in that quarter.

Average tariff

Tariffs denominated in Renminbi ("**RMB**") were converted into Hong Kong Dollars, being the reporting currency of the Group. The average tariff for gateway cargoes for the year ended 31 December 2020 was RMB191 (equivalent to approximately HK\$214) per TEU (2019: RMB216 (equivalent to approximately HK\$238) per TEU), representing a decrease of approximately 11.6% as compared to that of year ended 31 December 2019. The average tariff for trans-shipment cargoes was RMB18 (equivalent to approximately HK\$20) per TEU (2019: RMB40 (equivalent to approximately HK\$44) per TEU), which decreased by approximately 55.0% as compared to that of 2019. Average tariff for gateway cargoes remain at similar level as that of 2019. The decrease in the tariff for the trans-shipment cargoes was due to the transportation of empty containers in between WIT Port and Wuhan Jingkai Port with lower tariff as part of the cooperation between the two ports.

Integrated logistics service

The integrated logistics service business of the Group provides agency and logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management. Revenue generated from the integrated logistics service business for the year ended 31 December 2020 decreased by HK\$28.09 million to HK\$34.58 million (2019: HK\$62.67 million), which accounted for approximately 7.8% of the Group's total revenue for the year ended 31 December 2020 (2019: 17.8%).

The decrease was mainly attributable to integrated logistics service coverage being reduced from integrated to only certain sections of the service chain, such as custom declaration and inspection services, during the year ended 31 December 2020.

Property business

Income for the property business is mainly generated from the port and warehouse leasing business of the Hannan Port, Wuhan which owns investment properties of leasehold lands, berth, commercial buildings and pontoon, as well as the leasing of a stacking yard and certain warehouses at the WIT Port during the year ended 31 December 2020. The port and warehouse leasing income for property business increased to HK\$13.46 million (2019: HK\$8.62 million) which accounted for approximately 3.0% of the Group's total revenue for the year ended 31 December 2020 (2019: 2.4%).

The increase was mainly due to the commencement of the lease for the stacking yard at the WIT Port since November 2019.

Construction business

The Group commenced its construction business through Zhongji Tongshang Construction since December 2019, acting as main contractor for the provision of construction services for the projects of (i) the residential structures and commercial structures and a performance stage at Northwest of Bayuanhe Bridge, Provincial Highway S309, Shengli Town, Luotian County, Huanggang City, Hubei Province, the PRC* (中國湖北省黃岡市羅田縣勝利鎮S309省道巴源河大橋西北); and (ii) the major and secondary structural construction, earthworks, drainage installation works and other ancillary works for residential and commercial buildings (both 3-storey or below) at Yangdian Town, Xiaogan City, Hubei Province, the PRC* (中國湖北省孝感市楊店鎮). The construction income decreased to HK\$25.69 million (2019: HK\$126.47 million) which accounted for approximately 5.8% (2019: 35.9%) of the Group's total revenue for the year ended 31 December 2020.

The decrease was mainly attributable to slow progress of the construction projects due to the outbreak and wide spread of the Pandemic in Hubei Province during the first half of 2020.

Gross profit and gross profit margin

For the year ended 31 December 2020, gross profit decreased by 13.5% to HK\$90.43 million (2019: HK\$104.56 million) and gross profit margin was 20.4%, decreased by 9.3 percentage point as compared to 2019 (2019: 29.7%). The decrease was mainly due to (i) the significant increase in revenue from the supply chain management and trading business with relatively lower gross profit margins; and (ii) the decrease in revenue from terminal service with relatively lower gross profit margins.

Other income

Other income for the year ended 31 December 2020 increased by HK\$8.14 million or approximately 44.9% to HK\$26.24 million (2019: HK\$18.10 million). The increase reflected the special government Pandemic subsidies of HK\$14.31 million granted to the WIT Port for the number of containers handled that exceeded the total number of containers handled in 2019 which was marginally offset by the reduction in HK\$5.60 million government subsidy granted to the Group on the Hanjiang logistics centre in 2020.

Increase in fair value of investment properties

The Group holds certain investment properties, including (i) port and warehouse in the Hannan Port; (ii) the logistics centre adjacent to the Shayang Port; and (iii) a stacking yard and certain warehouses at the WIT Port. The Group's investment properties are revalued at the end of the reporting period on an open market value basis by an independent property valuer. Changes in fair value arising from such revaluations are accounted for as "change in fair value of investment properties" through the consolidated statement of profit or loss and other comprehensive income. For the year ended 31 December 2020, the Group recorded positive fair value gain in the value of investment properties of HK\$44.74 million (2019: HK\$31.73 million).

Profit attributable to owners of the Company for the year

Profit attributable to owners of the Company decreased by HK\$8.67 million or approximately 25.1% to HK\$25.86 million (2019: HK\$34.53 million). The decrease in profitability was mainly attributable to the offsetting effect of (i) the decrease in EBITDA of HK\$13.96 million; (ii) the increase in finance costs on bank and other borrowings of HK\$15.49 million as no interest has been capitalized on projects under development; (iii) the increase in change in fair value of investment properties of HK\$13.01 million for the year ended 31 December 2020; and (iv) the increase in losses from the Shayang Port and the Shipai Port shared by the non-controlling interests.

Earnings per share (basic and diluted) attributable to owners of the Company for the year ended 31 December 2020 was HK1.50 cents (2019: HK2.00 cents), representing a decrease of 25.0% as compared with that of the year ended 31 December 2019.

Events after the reporting period

Disposal of 60% equity interests in Shayang County Guoli Transportation Investment Co., Limited (“Shayang Guoli”)

On 1 March 2021, CIG Wuhan Multipurpose Port Limited (“**Wuhan Multipurpose**”), an indirect wholly-owned subsidiary of the Company, entered into the disposal agreement with Shayang Xingang Investment Development Centre (“**Shayang Xingang**”), an organisation under the county government of Shayang County of Hubei Province of the PRC in relation to the disposal of 60% equity interests of Shayang Guoli at a consideration of approximately RMB47.1 million (equivalent to approximately HK\$56.5 million) (the “**Disposal**”). The Disposal was subsequently completed in March 2021 and Shayang Guoli has since ceased to be an indirectly non-wholly owned subsidiary of the Company, and Shayang Guoli’s financial results will no longer be consolidated into the Group’s consolidated financial statements. For further details, please refer to the announcement of the Company dated 1 March 2021.

Forward looking

Under the new development pattern in the PRC, which is based on international and domestic dual-circulation and mutual promotion, along with domestic macrocirculation, Wuhan is ordained to be the main development center of the “Belt and Road (一帶一路)” strategy and the “Yangtze River Economic Belt (長江經濟帶)”. In addition, Hubei Province has invested approximately RMB2.3 trillion in “10 Major Projects” to revitalise its economy after the Pandemic, including new infrastructure, cold chain logistics bases, national intermodal transportation hubs and other projects. Although the domestic economy is in full recovery, the Pandemic is still raging around the globe, the Group’s foreign trade business is therefore expected to be affected. Driven by the development of the PRC’s macro-circulation economy, the Group has responded to the call for national development and strengthened the expansion of its domestic businesses on the premise of strictly implementing various government preventive measures. Thus, it is expected that the increase in domestic trade business will more than compensate for the decrease in foreign trade business. As a result, the Group continues to maintain an optimistic view towards the prospects of the port business in the PRC and expects continuing growth in freight volumes in the PRC. In particular, the Group remains confident in the development for inner ports along the “Yangtze River Economic Belt (長江經濟帶)”.

In recent years, the Group has accelerated its transformation and upgrade to a “Port Logistics” business model, with a focus on port construction and operation, port and warehouse leasing, provision of logistics services in the middle reaches of the Yangtze River, the Group has expanded its integrated port-surrounding processing trade, specialized port management services and infrastructure investment to establish an integrated service system, aiming to build the largest inland port logistics system and a leading port-surrounding logistics ecosystem in the PRC.

During the past few years, the Group had faced continuing price cutting competitions from neighbouring competing port operators of Yangluo Port area. To remain competitive, the Group will continue to align its container tariff rates with those of the neighbouring competing ports, enhance the quality of services provided to customers and endeavour to develop the import (inbound) businesses.

Leveraging off its port management and operating experience and as an added measure to reduce vicious competition between ports, the Group is looking to expand the cargo hinterland of its existing ports. In January 2020, the Group entered into a cooperation agreement with Jingkai Port to fully manage and operate the Jingkai Port. This will see the integration of management of the Yangluo Port and the Jingkai Port and the migration of certain functions of the Yangluo Port to the upstream sector. Both parties will jointly work towards the retention of existing and development of new customers who are located at the upstream of Wuhan Yangtze River, thereby increasing steadily the container throughput at Jingkai Port. The Group believes that this form of cooperation is conducive to the reduction of disorderly and vicious competition between ports.

Backed by supporting policies from relevant government departments responsible for construction projects such as the “10 Major Projects”, and piggybacking on its success in procuring two construction contracts by the Group’s licensed construction business Zhongji Tongshang Construction, the Group will look towards expanding the new infrastructure business as one of its main focuses of development going forward.

In order to spur momentum towards the development of the Group’s new businesses while adhering to the “Port Logistics” model, plans of the Group included (i) the development of the port, industry and city and the development of the industrial park with focus on the port, and the layout in such areas as cold chain trading, storage and processing, and integrated information management services, as well as port surrounding processing, trading and logistics by means of production; (ii) expansion and enhancement in commodity-trading supply chain projects associated with the port business, and provision of great opportunities from the establishment of the “10 Major Projects” in Hubei Province for the supply chain projects in the ports, from which the Group’s supply chain services can put huge emphasis on agricultural and sideline products including soybeans and wheat, as well as construction materials such as gravel, cement and clinker. As for the port logistics business, bulk cargo transportation will be upgraded to container transportation, which is proven to be a much greener way of urban transportation on top of being able to augment container throughput of the ports by a large margin; and (iii) the cooperation with terminals along Yangtze River relying on professional and international port operation experience, optimisation and integration of port resources in the middle reaches of the Yangtze River for the establishment of a shipping and logistics network across the region.

In addition, the Group has put its attention to the projects on the green and smart ports and green eco-industrial chain in Hubei Province under the promotion of relevant policies by the Hubei Port and Shipping Bureau* (湖北省港航管理局).

Throughout the years, the Group has benefited from favorable policies for its port business from the Hubei Provincial Government and the Wuhan Municipal Government and complemented certain policies implemented recently, with an aim to expand the scale of container transportation in Wuhan, consolidating Wuhan's status as a core port for containers shipping midstream of the Yangtze River Basin. Recently, in response to the Hubei Provincial Government's goal of establishing the ports of Wuhan into a maritime centre along the middle reaches of the Yangtze River with "a port of 100 million tons and 10 million TEUs" by 2030, the Group advised on the roadmap for "Promoting the Construction of New Channels, Assisting Market Development and Ensuring Wuhan Port's Container Throughput of 5 million TEUs by 2025". Having fully analyzed the development of the ports of Wuhan, the Group also elaborated on its specific business development plans for the ports in the region under the modes of direct water-to-water shipping, water-to-water trans-shipment, rail-water transport, and piggybacking along the river, which was highly valued by the Wuhan Municipal Government and Wuhan New Port Management Committee* (武漢新港管理委員會). In light of the support from the Hubei Provincial and Wuhan Municipal governments for port business and implementation of favorable government policies on a continuous basis, the Group believes that the government places great emphasis on the growth and development of the port industry in the Yangtze River Basin. The Group continues to maintain a positive view towards the future prospects of the port industry in Wuhan.

Financial resources and liquidity

The Group funded its operations and capital expenditure with internal financial resources, shareholders loans and long-term and short-term bank and other borrowings.

For the year ended 31 December 2020, the Group recorded a net cash inflow from operating activities of HK\$8.64 million (2019: net cash inflow from operating activities of HK\$49.87 million).

As at 31 December 2020, the Group had total outstanding interest-bearing borrowings of HK\$456.49 million (2019: HK\$493.47 million). The Group also had total cash and cash equivalents of HK\$38.18 million as at 31 December 2020 (2019: HK\$93.33 million) and net assets of HK\$922.31 million (2019: HK\$842.33 million).

As at 31 December 2020, the Group's net gearing ratio was 0.5 times (2019: 0.6 times). The calculation of the net gearing ratio was based on total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 31 December 2020, the Group's net current liabilities was HK\$384.15 million (2019: HK\$249.09 million), with current assets of HK\$250.48 million (2019: HK\$350.64 million) and current liabilities of HK\$634.63 million (2019: HK\$599.73 million), representing a current ratio of 0.4 times (2019: 0.6 times). The net current liabilities as at 31 December 2020 increased mainly due to the offsetting effect of i) the decrease in contract assets and ii) the increase in the short-term bank borrowings and other borrowings during the year ended 31 December 2020.

Exchange rate risk

The Group mainly operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, the Directors consider the Group has no significant foreign currency risk. The Group did not use any financial instruments for hedging purpose, but will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Capital commitments

As at 31 December 2020, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK\$154.68 million (2019: HK\$114.23 million). Capital commitments for the year was mainly attributable to the capital commitment related to the construction projects in Shayang Port and logistics centre adjacent to the Shayang Port amounted to HK\$59.93 million and HK\$71.38 million respectively.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2020 (2019: nil).

Pledge of assets

As at 31 December 2020, the Group has pledged the equity interest of certain subsidiaries and certain of its port facilities and terminal equipment, land use rights, investment properties and restricted deposits with carrying amount of approximately HK\$352.14 million (2019: HK\$370.65 million), HK\$19.33 million (2019: HK\$18.68 million), HK\$507.85 million (2019: HK\$156.84 million) and HK\$11.68 million (2019: HK\$10.99 million) respectively, to secure bank and other borrowings granted to the Group.

Significant investments

During the year ended 31 December 2020, the Group did not hold any other significant investment.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2020, there were no material investments and acquisitions, disposals of subsidiaries.

Employees and remuneration policies

As at 31 December 2020, the Group had an aggregate of 476 full-time employees (2019: 483). The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors' service contracts, the reviewing of Directors' and senior management's emoluments and the awarding of discretionary bonuses of the Company to the remuneration committee of the Company. Total remuneration together with pension contributions incurred for the year ended 31 December 2020 amounted to HK\$58.77 million (2019: HK\$61.96 million). The Directors entitled remuneration of HK\$5.03 million (2019: HK\$4.19 million) during the year ended 31 December 2020.

THE FINANCIAL STATEMENTS

Results

The Directors are pleased to announce the audited consolidated results (the “**Final Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	4	443,550	352,021
Cost of services rendered and goods sold		<u>(353,122)</u>	<u>(247,457)</u>
Gross profit		90,428	104,564
Other income	6	26,239	18,104
Change in fair value of investment properties	10	44,740	31,732
General and administrative expenses		(57,711)	(51,473)
Other operating expenses		(32,188)	(28,214)
Finance costs — net		(35,039)	(19,554)
Share of profit of an associate		333	233
Profit before income tax		36,802	55,392
Income tax expense	7	<u>(14,390)</u>	<u>(17,900)</u>
Profit for the year		<u>22,412</u>	<u>37,492</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Change in fair value arising from reclassification from owner occupied properties to investment properties	10	—	73,425
Deferred taxation arising from revaluation surplus upon reclassification from owner occupied properties to investment properties		—	(18,356)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange gain/(loss) on translation of financial statements of foreign operations		<u>57,567</u>	<u>(23,121)</u>
Other comprehensive income for the year		<u>57,567</u>	<u>31,948</u>
Total comprehensive income for the year		<u><u>79,979</u></u>	<u><u>69,440</u></u>

	Notes	2020 HK\$'000	2019 <i>HK\$'000</i>
Profit/(Loss) for the year attributable to:			
Owners of the Company		25,860	34,530
Non-controlling interests		(3,448)	2,962
		<u>22,412</u>	<u>37,492</u>
Total comprehensive income attributable to:			
Owners of the Company		74,454	61,966
Non-controlling interests		5,525	7,474
		<u>79,979</u>	<u>69,440</u>
Earnings per share attributable to owners of the Company			
— Basic and diluted	8	<u>HK1.50 cents</u>	<u>HK2.00 cents</u>

Consolidated statement of financial position at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	10	768,298	676,878
Property, plant and equipment		590,827	545,662
Construction in progress		197,317	196,553
Land use rights		19,328	18,680
Intangible assets		16,236	16,614
Restricted deposits		11,682	10,989
Interest in an associate		10,088	9,982
Goodwill		1,054	991
Deferred tax assets		4,920	2,484
		<u>1,619,750</u>	<u>1,478,833</u>
Current assets			
Inventories		6,258	5,731
Trade and other receivables	11	137,541	95,831
Contract assets		27,454	127,664
Amount due from an associate		180	1,402
Amount due from a related company		56	54
Government subsidy receivables	12	40,807	26,628
Cash and cash equivalents		38,180	93,327
		<u>250,476</u>	<u>350,637</u>
Current liabilities			
Trade and other payables	13	291,080	314,445
Amount due to a non-controlling interest		59,410	53,357
Amount due to a related company		136	106
Amount due to the controlling shareholder		56,131	56,131
Amount due to ultimate holding company		1,279	1,300
Bank borrowings		120,915	83,772
Other borrowings		76,447	62,084
Lease liabilities		1,206	1,288
Income tax payable		28,023	27,242
		<u>634,627</u>	<u>599,725</u>
Net current liabilities		<u>(384,151)</u>	<u>(249,088)</u>
Total assets less current liabilities		<u>1,235,599</u>	<u>1,229,745</u>

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Non-current liabilities			
Other payables	13	3,588	3,533
Bank borrowings		116,820	172,605
Other borrowings		97,112	130,604
Lease liabilities		662	2,157
Deferred tax liabilities		95,112	78,520
		<u>313,294</u>	<u>387,419</u>
Net assets		<u>922,305</u>	<u>842,326</u>
EQUITY			
Share capital	14	172,507	172,507
Reserves		595,020	520,566
Equity attributable to owners of the Company		<u>767,527</u>	693,073
Non-controlling interests		154,778	149,253
Total equity		<u>922,305</u>	<u>842,326</u>

Notes to the consolidated financial statements

For the year ended 31 December 2020

1. General information

China Infrastructure & Logistics Group Ltd. (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The Company’s registered office is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Suite 2101, 21/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

The Company’s immediate holding company is China Tongshang Investment Group Limited (“**China Tongshang Investment**”), a limited liability company incorporated in the British Virgin Islands. The directors of the Company consider the ultimate holding company to be Zall Holdings Company Limited (“**Zall Holdings**”), a company incorporated in the British Virgin Islands and is wholly owned and controlled by Mr. Yan Zhi (“**Mr. Yan**”).

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in the investment in and development, operation and management of container and other ports, the provision of port related, logistics and other services including integrated logistics, port and warehouse leasing, supply chain management and trading services and provision of construction services. The Group’s operations are based in Hong Kong and the People’s Republic of China (the “**PRC**”).

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved for issue by the board of directors on 30 March 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of the amended IFRSs as disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are stated at fair values.

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of HK\$384,151,000 as at 31 December 2020. This indicates a condition which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company had made an assessment and concluded that the Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the end of the reporting period, having regard to the following:

- i. after assessing the Group's current and forecasted cash positions, the Group expects to generate sufficient cash flows for the next twelve months from the end of the reporting period; and
- ii. the Group has obtained confirmation from its controlling shareholder, Mr. Yan, that he will continue to provide financial support to the Group as and when needed for the next twelve months from the end of the reporting period.

Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their estimated recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. Adoption of new and amended IFRSs

Amended IFRSs that are effective for annual periods beginning on 1 January 2020

In the current year, the Group has applied for the first time the following amended IFRSs issued by IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material

The adoption of these amended IFRSs had no material impact on how the results and financial position for the current and prior period have been prepared and presented.

Issued but not yet effective IFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 17	Insurance Contracts and related amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ⁵
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 16	Covid-19 – Related Rent Concessions ⁶
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 ²

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

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet determined

⁵ Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 June 2020

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. All the new and amended IFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. Revenue

Revenue represents fair value of consideration received or receivable for terminal service, container handling, storage and other service, integrated logistics service, property leasing income, trading of commodities, general and bulk cargoes handling service rendered and provision of construction services for the year.

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product/service lines:

	2020	2019
	HK\$'000	HK\$'000
Types of goods or services:		
— Terminal service	82,006	101,981
— Integrated logistics service	34,577	62,670
— Property business	13,455	8,617
— Container handling, storage & other service	24,839	25,129
— General and bulk cargoes handling service	13,515	7,232
— Supply chain management and trading business	249,470	19,922
— Construction services	25,688	126,470
	443,550	352,021
Revenue recognised at a point in time	404,407	216,934
Revenue recognised over time	25,688	126,470
Rental income from investment properties	13,455	8,617
	443,550	352,021

5. Segment information

The Group has five (2019: five) reportable segments as follows:

Property business:	Port and warehouse leasing.
Terminal & related business:	Provision of terminal service, container handling, storage and other service, and general and bulk cargoes handling service.
Integrated logistics business:	Rendering agency and integrated logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management.
Supply chain management and trading business:	Sourcing, procurement and trading of commodities.
Construction business:	Provision of construction services.

No other operating segments have been aggregated to form the above reportable segments.

The accounting policies of the reporting segments are the same as the Group's accounting policies. Segment results represent the profit/loss by each segment without allocation of corporate income and expenses and directors' emoluments. Total segment assets include all assets with the exception of corporate assets. Total segment liabilities include all liabilities with the exception of corporate liabilities. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group's reportable segments is set out below.

All revenues for 2020 and 2019 were sourced from external customers located in the PRC. In addition, over 99% (2019: 99%) of the non-current assets of the Group as at the reporting date were physically located in the PRC, accordingly no geographic information is presented.

During the year ended 31 December 2020, there were three (2019: three) customers with whom transactions have exceeded 10% of the Group's revenue. The revenue generated from these customers were from supply chain management and trading business amounted to HK\$96,946,000, HK\$46,437,000 and HK\$75,435,000 respectively (2019: terminal and related business amounted to HK\$35,565,000 and construction business amounted to HK\$85,002,000 and HK\$41,468,000 respectively).

2020

Segment revenue and results

For the year ended 31 December 2020

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Elimination HK\$'000	Unallocated corporate income/ (expense) HK\$'000	Total HK\$'000
Revenue from external customers	13,455	120,360	34,577	249,470	25,688	—	—	443,550
Inter-segment revenue	—	3,111	3,886	—	—	(6,997)	—	—
Reportable segment revenue	13,455	123,471	38,463	249,470	25,688	(6,997)	—	443,550
Reportable segment results	9,480	33,933	1,214	(3,025)	(2,267)	—	—	39,335
Fair value changes on investment properties	44,740	—	—	—	—	—	—	44,740
Interest income	7	64	2	—	2	—	4	79
Interest expenses	(57)	(31,079)	(3,394)	(77)	—	—	(511)	(35,118)
Share of profit of an associate	333	—	—	—	—	—	—	333
Corporate and other unallocated expense	—	—	—	—	—	—	(12,567)	(12,567)
Profit/(Loss) before income tax	54,503	2,918	(2,178)	(3,102)	(2,265)	—	(13,074)	36,802
Income tax (expense)/credit	(11,305)	(3,995)	119	538	253	—	—	(14,390)
Profit/(Loss) for the year	43,198	(1,077)	(2,059)	(2,564)	(2,012)	—	(13,074)	22,412

Segment assets and liabilities

At 31 December 2020

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Unallocated corporate assets/ (liabilities) HK\$'000	Total HK\$'000
Segment assets	782,677	933,734	19,472	16,015	46,603	18,537	1,817,038
Interest in an associate	10,088	—	—	—	—	—	10,088
Cash and cash equivalents	1,779	22,952	5,081	79	5,899	2,390	38,180
Deferred tax assets	1,139	2,552	434	795	—	—	4,920
Total assets	795,683	959,238	24,987	16,889	52,502	20,927	1,870,226
Segment liabilities	(74,122)	(163,107)	(23,643)	(12,223)	(51,922)	(88,475)	(413,492)
Bank borrowings	(751)	(194,087)	(42,897)	—	—	—	(237,735)
Other borrowings	—	(163,559)	—	—	—	(10,000)	(173,559)
Deferred tax liabilities	(91,056)	(4,056)	—	—	—	—	(95,112)
Income tax payable	(16,092)	(9,793)	(242)	(11)	(1,885)	—	(28,023)
Total liabilities	(182,021)	(534,602)	(66,782)	(12,234)	(53,807)	(98,475)	(947,921)
Net assets/(liabilities)	613,662	424,636	(41,795)	4,655	(1,305)	(77,548)	922,305

For the year ended 31 December 2020

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Unallocated	Total HK\$'000
Capital additions (note)	1,528	32,073	—	—	119	5	33,725
Depreciation and amortisation	316	30,569	31	7	1,027	585	32,535
ECL allowance recognised	2,814	6,537	1,943	2,153	—	—	13,447

Note: Capital additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year.

2019

Segment revenue and results

For the year ended 31 December 2019

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Elimination HK\$'000	Unallocated corporate income/ (expense) HK\$'000	Total HK\$'000
Revenue from external customers	8,617	134,342	62,670	19,922	126,470	—	—	352,021
Inter-segment revenue	—	5,591	—	—	—	(5,591)	—	—
Reportable segment revenue	8,617	139,933	62,670	19,922	126,470	(5,591)	—	352,021
Reportable segment results	7,172	33,020	9,642	(1,920)	6,025	—	—	53,939
Fair value changes on investment properties	31,732	—	—	—	—	—	—	31,732
Interest income	12	25	3	—	—	—	1	41
Interest expenses	(2,075)	(12,739)	(1,519)	(3,006)	—	—	(256)	(19,595)
Share of profit of an associate	233	—	—	—	—	—	—	233
Corporate and other unallocated expense	—	—	—	—	—	—	(10,958)	(10,958)
Profit/(Loss) before income tax	37,074	20,306	8,126	(4,926)	6,025	—	(11,213)	55,392
Income tax (expense)/credit	(9,620)	(5,758)	(1,085)	133	(1,570)	—	—	(17,900)
Profit/(Loss) for the year	27,454	14,548	7,041	(4,793)	4,455	—	(11,213)	37,492

Segment assets and liabilities

At 31 December 2019

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Unallocated corporate assets/ (liabilities) HK\$'000	Total HK\$'000
Segment assets	690,801	858,407	25,688	7,251	134,950	6,580	1,723,677
Interest in an associate	9,982	—	—	—	—	—	9,982
Cash and cash equivalents	920	85,785	2,402	158	1,754	2,308	93,327
Deferred tax assets	396	1,600	260	228	—	—	2,484
Total assets	702,099	945,792	28,350	7,637	136,704	8,888	1,829,470
Segment liabilities	(70,456)	(133,969)	(11,787)	(1,445)	(131,295)	(83,365)	(432,317)
Bank borrowings	—	(173,160)	(49,950)	(33,267)	—	—	(256,377)
Other borrowings	—	(188,688)	—	—	—	(4,000)	(192,688)
Deferred tax liabilities	(74,371)	(3,898)	—	—	(251)	—	(78,520)
Income tax payable	(15,215)	(8,822)	(1,387)	(25)	(1,793)	—	(27,242)
Total liabilities	(160,042)	(508,537)	(63,124)	(34,737)	(133,339)	(87,365)	(987,144)
Net assets/(liabilities)	542,057	437,255	(34,774)	(27,100)	3,365	(78,477)	842,326

For the year ended 31 December 2019

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Unallocated	Total HK\$'000
Capital additions (note)	31,165	37,511	3	—	—	1,758	70,437
Depreciation and amortisation	342	28,521	42	7	1,023	348	30,283
ECL allowance (reversed)/recognised	(371)	3,635	1,907	908	—	—	6,079

Note: Capital additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year.

6. Other income

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Rental income	366	357
Sundry income	214	38
Sales of scrap materials	406	534
Gain on lease modification	524	—
Government subsidies	24,664	17,175
Net foreign exchange gain	65	—
	<u>26,239</u>	<u>18,104</u>

Note: Government subsidies mainly relates to the subsidies granted by the government in respect of operating and development activities and to provide financial support to the Group's subsidiaries which are either unconditional grants or grants with conditions having been satisfied.

7. Income tax expense

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	7,254	13,374
Overprovision in prior year		
— PRC enterprise income tax	<u>(1,485)</u>	<u>(1,894)</u>
	5,769	11,480
Deferred tax		
Origination and reversal of temporary difference	<u>8,621</u>	<u>6,420</u>
	<u>14,390</u>	<u>17,900</u>

No provision for Hong Kong profits tax has been provided during the year (2019: nil) as the Company and its subsidiaries, which are subject to Hong Kong profits tax, incurred a loss for taxation purpose.

The Group's PRC subsidiaries are subject to the PRC enterprise income tax at the standard rate of 25% (2019: 25%) on the estimated assessable profits.

In accordance with the relevant income tax laws applicable to entities in the PRC engaging in public infrastructure projects and upon approval by the tax bureau, Shayang County Guoli Transportation Investment Co., Limited (沙洋縣國利交通投資有限公司, “**Shayang Guoli**”) and Zhongxiang City Port Development Co., Limited (鐘祥市中基港口發展有限公司, “**Zhongxiang City Port Co.**”) are entitled to exemption from PRC enterprise income tax for three years (the “**3-Year Exemption Entitlement**”) and a 50% reduction for three years thereafter (the “**3-Year 50% Tax Reduction Entitlement**”). The 3-Year Exemption Entitlement for Shayang Guoli, which commenced on 1 January 2016, ended on 31 December 2018 irrespective of whether Shayang Guoli was profit-making during this period and the 3-Year 50% Tax Reduction Entitlement commenced from 1 January 2019 to 31 December 2021 and tax payable is charged at 12.5%. The 3-Year Exemption Entitlement for Zhongxiang City Port Co., which commenced on 1 January 2017, ended on 31 December 2019 irrespective of whether Zhongxiang City Port Co. was profit-making during this period and the 3-Year 50% Tax Reduction Entitlement will be commenced from 1 January 2020 to 31 December 2022 and tax payable will be charged at 12.5%.

According to relevant laws and regulations in the PRC, the Group’s subsidiary, namely Wuhan Yangluo Logistic Company Limited (武漢陽邏港物流有限公司, “**Yangluo Logistic**”) is qualified as small and low-profit enterprise and is entitled to the enterprise income tax rate of 5%.

8. Earnings per share

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>25,860</u>	<u>34,530</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share	<u>1,725,066,689</u>	<u>1,725,066,689</u>
	2020	2019
Basic earnings per share	<u>HK1.50 cents</u>	<u>HK2.00 cents</u>

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2020 and 2019. The diluted earnings per share are equal to the basic earnings per share.

9. Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: nil).

10. Investment properties

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	Under construction HK\$'000	Completed HK\$'000	Total HK\$'000
Carrying amount at 1 January 2019	169,859	373,465	543,324
Additions (<i>note</i>)	27,901	32	27,933
Transferred from property, plant and equipment	—	13,934	13,934
Transferred from construction in progress	—	2,533	2,533
Transferred from land use rights	—	960	960
Change in fair value upon reclassification from owner occupied properties to investment properties recognised in other comprehensive income	—	73,425	73,425
Change in fair value of investment properties recognised in profit or loss	16,960	14,772	31,732
Exchange realignment	(5,264)	(11,699)	(16,963)
	<u>209,456</u>	<u>467,422</u>	<u>676,878</u>
Carrying amount at 31 December 2019 and 1 January 2020	209,456	467,422	676,878
Additions (<i>note</i>)	957	559	1,516
Change in fair value of investment properties recognised in profit or loss	10,579	34,161	44,740
Exchange realignment	13,827	31,337	45,164
	<u>234,819</u>	<u>533,479</u>	<u>768,298</u>
Carrying amount at 31 December 2020	<u>234,819</u>	<u>533,479</u>	<u>768,298</u>

Note: The additions mainly represent the cost of construction (2019: cost of construction, hydropower installation work and the interest expenses capitalised) during the year ended 31 December 2020.

Certain of the Group's investment properties have been pledged to secure bank borrowings and other borrowings.

The Group's investment properties includes leasehold lands, berth, commercial buildings, pontoon, stacking yard, warehouses and buildings under construction and located in the PRC.

11. Trade and other receivables

	Note	2020 HK\$'000	2019 HK\$'000
Trade and bills receivables			
Trade receivables due from third parties		69,916	70,038
Bills receivables		<u>3,587</u>	<u>3,076</u>
		73,503	73,114
Less: ECL allowance of trade receivables		<u>(12,874)</u>	<u>(5,788)</u>
	(a)	<u>60,629</u>	<u>67,326</u>
Other receivables			
Deposits, prepayment and other receivables		65,845	21,489
Prepayment to suppliers		10,637	3,625
Value-added tax receivables		<u>430</u>	<u>3,391</u>
		<u>76,912</u>	<u>28,505</u>
		<u>137,541</u>	<u>95,831</u>

Note:

(a) Trade and bills receivables

Management of the Group consider that the fair values of the trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The Group allows a credit period of 0 days to 90 days to its customers. The following is the ageing analysis of the trade and bills receivables, net of ECL allowance, based on the invoice date or transaction date:

	2020 HK\$'000	2019 HK\$'000
0 — 30 days	18,185	20,153
31 — 60 days	10,220	13,428
61 — 90 days	6,399	8,259
Over 90 days	<u>25,825</u>	<u>25,486</u>
	<u>60,629</u>	<u>67,326</u>

12. Government subsidy receivables

The amounts represent subsidies receivables from the Wuhan Municipal government by WIT, Shayang Guoli, Hubei Hannan Port Logistics Company Limited, Zhongxiang City Port Co. and Yangluo Logistics as at 31 December 2020 and 2019.

13. Trade and other payables

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	<u>38,961</u>	<u>143,351</u>
Other payables		
— Payables to subcontractors	141,558	105,370
— Deferred government subsidies	3,756	3,693
— Accruals and sundry payables	98,542	64,466
— Receipts in advance	<u>11,851</u>	<u>1,098</u>
	<u>255,707</u>	<u>174,627</u>
	<u>294,668</u>	<u>317,978</u>
Less: Deferred government subsidies included in non-current other payables	<u>(3,588)</u>	<u>(3,533)</u>
	<u><u>291,080</u></u>	<u><u>314,445</u></u>

The average credit period granted by the suppliers is 90 days. The following is the ageing analysis of the Group's trade payables based on the invoice/incurred date:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 — 30 days	25,702	128,181
31 — 60 days	2,018	2,213
61 — 90 days	1,807	1,082
Over 90 days	<u>9,434</u>	<u>11,875</u>
	<u><u>38,961</u></u>	<u><u>143,351</u></u>

The amounts are short-term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of their fair value.

14. Share capital

	2020		2019	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u>2,000,000,000</u>	<u>200,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:				
At 1 January and 31 December	<u>1,725,066,689</u>	<u>172,507</u>	<u>1,725,066,689</u>	<u>172,507</u>

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: nil).

Purchase, sale, or redemption of the listed securities

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Compliance with code of corporate governance practices

The Company is committed to achieving high standards of good corporate governance practices and procedures with a view to enhance corporate value and accountability, and safeguard the interests of its shareholders.

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2020.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") and devised its own code of conduct for dealing in securities of the Company by the Directors on terms no less exacting than the Model Code.

Specific enquiry has been made to all Directors, who have confirmed that, during the year ended 31 December 2020, each of them was in compliance with the required standards set out in the Model Code and the Company's code of conduct.

Review by Audit Committee

The audit committee of the Company (the “**Audit Committee**”) has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in-compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Group and to assist the Board to fulfill its responsibilities over audit. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The annual results of the Group for the year ended 31 December 2020 have also been reviewed by the Audit Committee.

The Audit Committee consists of one non-executive Director: Mr. Xia Yu and three independent non-executive Directors: Mr. Lee Kang Bor, Thomas, Dr. Mao Zhenhua and Mr. Wong Wai Keung, Frederick. Mr. Lee Kang Bor, Thomas serves as the chairman of the Audit Committee.

Scope of work of Grant Thornton Hong Kong Limited

The figures in respect of the results of the Group for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Company’s auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020. The work performed by Grant Thornton in this respect was limited and did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Grant Thornton on this results announcement.

Publication of final results announcement and annual report

This annual results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the Company’s website at www.cilgl.com. The annual report for the year ended 31 December 2020 of the Group containing all the information required by the Listing Rules will also be published on the same websites and be dispatched to the shareholders of the Company in due course.

By order of the Board
China Infrastructure & Logistics Group Ltd.
Yan Zhi
Co-Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Peng Chi, Mr. Xie Bingmu and Mr. Zhang Jiwei, two non-executive Directors, namely Mr. Yan Zhi and Mr. Xia Yu and three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas, Dr. Mao Zhenhua and Mr. Wong Wai Keung, Frederick.

* *for identification purpose only*