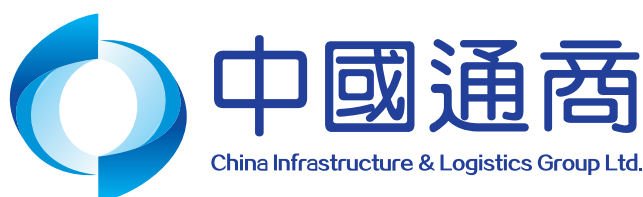


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China Infrastructure & Logistics Group Ltd.

中國通商集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1719)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF 100% SALE INTERESTS IN
ZHONGJI TONGSHANG MUNICIPAL CONSTRUCTION
ENGINEERING (WUHAN) CO., LTD.
AND
TERMINATION OF CONNECTED TRANSACTIONS**

THE DISPOSAL

The Board is pleased to announce that on 21 May 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Interests representing 100% equity interests of the Target Company, at a total consideration of approximately RMB46.8 million (equivalent to approximately HK\$56.2 million). Upon Completion, the Target Company will cease to be an indirect wholly owned subsidiary of the Company, and the Target Company's financial results will no longer be consolidated into the Group's consolidated financial statements.

As at the date of this announcement, the Target Company acts as the main contractor for the provision of construction services for the Luotian Project and the Xiaogan Project pursuant to the Luotian Construction Contract and the Xiaogan Construction Contract that the Target Company had entered into with Hubei Dabeishan and Zall (Xiaogan), respectively. Hubei Dabeishan is indirectly wholly-owned by Mr. Yan (the co-chairman of the Board, a non-executive Director and the controlling shareholder of the Company) and his associate while Zall (Xiaogan) is indirectly wholly-owned by Mr. Yan. Hubei Dabeishan and Zall (Xiaogan) are therefore connected persons of the Company and the Construction Contracts constituted connected transactions for the Company under the Listing Rules.

Upon completion of the Disposal, the transactions contemplated under the Construction Contracts will cease to be connected transactions.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement and prior to Completion, the Target Company is an indirect wholly-owned subsidiary of the Company, which is indirectly held as to 100% by the Company through the Vendor.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board is pleased to announce that on 21 May 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Interests at the Consideration of approximately RMB46.8 million (equivalent to approximately HK\$56.2 million).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date	:	21 May 2021
Parties	:	Vendor: Tongshang Enterprise Investment Group Company Limited* (通商實業投資集團有限公司)
		Purchaser: Wuhan Hongcheng Shidai Construction Company Limited* (武漢宏城時代建設有限公司)

Assets to be disposed of by the Vendor

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Interests, representing the entire equity interests of the Target Company.

Consideration

Pursuant to the Agreement, the Consideration is approximately RMB46.8 million (equivalent to approximately HK\$56.2 million). As of 30 April 2021, the Vendor owed the Target Company a loan of RMB40 million (equivalent to approximately HK\$48 million). By mutual agreement between the Vendor and the Purchaser, the Vendor agreed that the Purchaser shall make payment of RMB40 million from the Consideration to the Target Company directly to repay the aforementioned loan. The balance of the Consideration amounting to RMB6.8 million (equivalent to approximately HK\$8.2 million) shall be settled after the effective date of the Agreement and before 30 June 2021.

Basis of the Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms after taking into account a number of factors including (i) the audited net asset value of the Target Company as at 30 April 2021; (ii) the valuation by using the assets approach, of the 100% equity interest of the Target Company prepared by an independent valuer of approximately RMB46.8 million as at 30 April 2021; and (iii) the financial performance, business development plans and prospects of the Target Company.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Consideration of the Disposal, and the terms and conditions of the Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Completion

Within 3 days upon full payment of the Consideration by the Purchaser, the Vendor and the Target Company shall apply to the relevant government authority/(ies), and complete, all necessary legal procedures for transfer of the Sale Interests to the Purchaser and its registration.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE PARTIES

The Group

The Group is principally engaged in the investment, development, operation and management of container and ports, as well as the provision of port related, logistics and other services including integrated logistics, port and warehouse leasing, supply chain management and trading business and construction services.

The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in architectural decoration, decoration and other construction related industries. As at the date of this announcement, the Purchaser is owned as to 100% by Mr. Li Hao* (李浩).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in undertaking construction projects. As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the audited financial information of the Target Company for the financial year ended 31 December 2019 and 31 December 2020, and for the four months ended 30 April 2021.

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the four months ended 30 April 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	111,920	22,936	15,307
Profit/(Loss) before tax	6,492	(1,118)	(420)
Profit/(Loss) after tax	4,847	(1,118)	(420)
	As at	As at	As at
	31 December 2019	31 December 2020	30 April 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Net assets	44,700	43,600	46,800
Total assets	161,000	89,300	102,600

FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS

Upon Completion, the Target Company will cease to be an indirect wholly owned subsidiary of the Company, and the Target Company's financial results will no longer be consolidated into the Group's consolidated financial statements.

After taking into account the consideration of the Disposal and the related transaction costs, it is estimated that there is no difference between the sale proceeds and the audited net asset value of the Target Company recorded by the Group as at 30 April 2021. The actual gain or loss arising from the Disposal will be subject to audit by the auditors of the Company and may be different from aforementioned. The net proceeds from the Disposal will be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company is principally engaged in undertaking construction projects. As part of the Group's development strategy and business portfolio, the Group has adjusted its strategy in recent years by concentrating on business with a focus on the management and joint operations of Yangtze River ports, and diversifying into property business and construction services to stimulate the revenue and growth. However, due to a lack of certain construction qualifications, the Target Company is only able to undertake the Luotian Project and the Xiaogan Project, both of which are connected transactions, and it is difficult for the Target Company to undertake other external construction projects from independent third parties with its existing qualifications. As a result the expected contributions from the Target Company to the Group's revenue and profit would be limited. Accordingly, having reviewed the financial performance and prospects of the Target Company, the Board decided to explore new strategic directions to other ports and business segments which might have relatively higher promising revenue-generating potential. The Board considers that the Disposal will offer the Group access to a greater pool of funds, and the management will set aside more time and resources to optimise and deploy new projects, optimising the use of its resources. Furthermore, the Directors are of the view that the Disposal will improve the liquidity and financial position of the Group. Notwithstanding the Disposal, the Group will continue to develop its ports construction and operation business, should appropriate opportunities arise.

TERMINATION OF CONNECTED TRANSACTIONS

As at the date of this announcement, the Target Company acts as the main contractor for the provision of construction services for the Luotian Project and the Xiaogan Project pursuant to the Luotian Construction Contract and the Xiaogan Construction Contract that the Target Company had entered into with Hubei Dabeishan and Zall (Xiaogan), respectively. Hubei Dabeishan is indirectly wholly-owned by Mr. Yan (the co-chairman of the Board, a non-executive Director and the controlling shareholder of the Company) and his associate while Zall (Xiaogan) is indirectly wholly-owned by Mr. Yan. Hubei Dabeishan and Zall (Xiaogan) are therefore connected persons of the Company and the Construction Contracts constituted connected transactions for the Company under the Listing Rules.

Upon completion of the Disposal, the transactions contemplated under the Construction Contracts will cease to be connected transactions.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all of which are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:

“Agreement”	the sale and purchase agreement dated 21 May 2021 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“Company”	China Infrastructure & Logistics Group Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1719)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Consideration”	RMB46.8 million (equivalent to approximately HK\$56.2 million), being the consideration for the Disposal payable by the Purchaser to the Vendor pursuant to the Agreement
“Construction Contracts”	the Luotian Construction Contract and the Xiaogan Construction Contract
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests by the Vendor to the Purchaser as contemplated under the Agreement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hubei Dabeishan”	Hubei Dabeishan Cultural Tourism Development Company Limited* (湖北大別山文化旅遊開發有限公司), a limited liability company established in the PRC and is indirectly wholly-owned by Mr. Yan and his associate
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luotian Construction Contract”	the construction contract dated 17 October 2019 entered into between the Target Company and Hubei Dabeishan with regard to the appointment of the Target Company as the main contractor for the provision of construction services for the Luotian Project, for a term of two years from the date of commencement of construction
“Luotian Project”	the construction of residential structures number 7 to 15 and commercial structures C1, C3 and C5 and a performance stage B13 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)
“Mr. Yan”	Mr. Yan Zhi (閻志), the co-chairman of the Board, a non-executive Director and the controlling shareholder of the Company
“PRC”	the People’s Republic of China, but for the purposes of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Wuhan Hongcheng Shidai Construction Company Limited* (武漢宏城時代建設有限公司), a company established in the PRC with limited liability
“Sale Interests”	the 100% equity interest and the paid-up capital of the Target Company to be acquired by the Purchaser as at the date of the Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules
“Target Company”	Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd.* (中基通商市政工程(武漢)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Vendor”	Tongshang Enterprise Investment Group Company Limited* (通商實業投資集團有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Xiaogan Construction Contract”	the construction contract dated 17 October 2019 entered into between the Target Company and Zall (Xiaogan) with regard to the appointment of the Target Company as the main contractor for the provision of construction services for the Xiaogan Project, for a term of two years from the date of commencement of construction
“Xiaogan Project”	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)

“Zall (Xiaogan)”

Zall Development (Xiaogan) Limited* (卓爾發展(孝感)有限公司), a limited liability company established in the PRC and is indirectly wholly-owned by Mr. Yan

“%”

per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB to Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1.00 to HK\$1.20. Such conversion rate should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By Order of the Board
China Infrastructure & Logistics Group Ltd.
Yan Zhi
Co-chairman

Hong Kong, 21 May 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.

* *In this announcement, translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.*