



中國通商

中國通商集團有限公司

China Infrastructure & Logistics Group Ltd.

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1719



2021

Utilize the Golden Waterway along Yangtze River to develop the biggest hub-port and logistics base in central China

INTERIM REPORT

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Corporate information

Directors

Co-Chairman and non-executive Director:

Mr. Yan Zhi

Co-Chairman and executive Director:

Mr. Peng Chi

Executive Directors:

Mr. Xie Bingmu

Mr. Zhang Jiwei

Non-executive Director:

Mr. Xia Yu

Independent non-executive Directors:

Mr. Lee Kang Bor, Thomas, *LLM, FCCA, FCPA*

Dr. Mao Zhenhua

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

Audit committee members

Mr. Lee Kang Bor, Thomas, *LLM, FCCA, FCPA*

(chairman)

Dr. Mao Zhenhua

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

Mr. Xia Yu

Remuneration committee members

Mr. Lee Kang Bor, Thomas, *LLM, FCCA, FCPA*

(chairman)

Dr. Mao Zhenhua

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

Mr. Xia Yu

Nomination committee members

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

(chairman)

Mr. Lee Kang Bor, Thomas, *LLM, FCCA, FCPA*

Dr. Mao Zhenhua

Mr. Xia Yu

Compliance officer

Mr. Xie Bingmu

Authorised representatives

Mr. Xie Bingmu

Ms. Hui Wai Man, Shirley

Company secretary

Ms. Hui Wai Man, Shirley

Auditor

Grant Thornton Hong Kong Limited

Certified Public Accountants

Legal advisers

Sidley Austin

Maples and Calder

Principal bankers

Bank of Communications
Hubei Province, Wuhan
Jiangan Branch, PRC

Minsheng Bank
Wuhan Qiaokou Branch, PRC

China Merchants Bank
Wuhan Branch, PRC

Bank of Hankou
Yangluo Branch, PRC

China CITIC Bank International Limited
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Stock Code

1719

The board (the “**Board**”) of directors (the “**Directors**”) of China Infrastructure & Logistics Group Ltd. (the “**Company**”) is pleased to announce the condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021, together with the comparative amounts for the corresponding period in 2020.

Performance and Financial Highlights

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
		(Restated)
<u>Continuing operations</u>		
Revenue	122,512	75,233
Gross profit	41,539	42,242
Gross profit margin	33.9%	56.1%
Profit/(Loss) for the period	5,628	(8,896)
Profit/(Loss) for the period attributable to owners of the Company	7,352	(6,796)
Earning/(Loss) per share attributable to owners of the Company — Basic and diluted (HK cents)	0.43	(0.39)
<u>Discontinued operation</u>		
Revenue	18,369	—
Gross profit	662	—
Gross profit margin	3.6%	N/A
Profit/(Loss) for the period	6,390	(1,355)
Profit/(Loss) for the period attributable to owners of the Company	6,390	(1,355)
Earning/(Loss) per share attributable to owners of the Company — Basic and diluted (HK cents)	0.37	(0.08)

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Total non-current assets	1,434,327	1,619,750
Total current assets	225,823	250,476
Total assets	1,660,150	1,870,226
Total non-current liabilities	321,019	313,294
Total current liabilities	433,159	634,627
Total liabilities	754,178	947,921
Net assets	905,972	922,305

HIGHLIGHTS

For the six months ended 30 June 2021

Comparing to the corresponding six months ended 30 June 2020 (“**2020 Interim Period**”):

Continuing operations

- Revenue increased by approximately 62.8% to HK\$122.51 million (2020 Interim Period: HK\$75.23 million), mainly driven by the increase in overall business volume due to the economic recovery after the Coronavirus Disease 2019 (COVID-19) (the “**Pandemic**”) which showed signs of containment since the second half of 2020. The overall increase in revenue is mainly attributable to (i) the significant increase in revenue of HK\$33.12 million from the supply chain management and trading business as most of which was contributed by the cement trading business which commenced in the second half of 2020; (ii) the increase in revenue of HK\$7.60 million from integrated logistics service due to the increase in business volume from the Hannan Port (漢南港); (iii) the increase in revenue of HK\$1.53 million from the terminal service business, notwithstanding that the increase in container throughput was partly offset by the lowering of overall tariff rates to align with those charged by neighbouring ports; and (iv) the increase in revenue of HK\$6.24 million from general and bulk cargo handling service conducted through the Hannan Port and the Shipai Port (石牌港).
- Overall container throughput of the WIT Port (武漢陽邏港) increased by approximately 92.6% to 396,577 TEUs (2020 Interim Period: 205,878 TEUs), mainly due to (i) the gateway cargoes throughput increased by approximately 16.6% to 146,005 TEUs (2020 Interim Period: 125,171 TEUs); and (ii) the trans-shipment cargoes throughput increased by approximately 210.5% to 250,572 TEUs (2020 Interim Period: 80,707 TEUs). This was mainly attributable to the recovery from Pandemic and the co-operation Wuhan Jingkai Port to open up new trans-shipment routes.

- The Group's market share of container throughput in Wuhan decreased from 43.6% for the year ended 31 December 2020 to 41.6%. The decrease was mainly due to the continuing competition arising from neighbouring ports during the six months ended 30 June 2021.
- Gross profit decreased by 1.7% to HK\$41.54 million (2020 Interim Period: HK\$42.24 million). Gross profit margin decreased to 33.9% (2020 Interim Period: 56.1%). The decreases were mainly due to diluting effect with the income from supply chain management and trading business with relatively lower gross profit margin.
- EBITDA decreased by approximately 25.4% to HK\$20.63 million (2020 Interim Period: HK\$27.66 million) as a result of (i) the drop in gross profit of HK\$0.70 million; (ii) the decrease in other income of HK\$2.71 million mainly due to the decrease in the sundry income of HK\$2.02 million received from a tenant of the Hannan Port following the Group's winning of a lawsuit on rental dispute with a lessee in the 2020 Interim Period and no such sundry income was recorded during the six months ended 30 June 2021; and (iii) the increase in general, administrative and other operating expenses (exclude depreciation and amortisation) of HK\$3.62 million due to the resumption of work of the staff after the Pandemic.
- Profit attributable to owners of the Company for the period was HK\$7.35 million, an increase of 208.2% from the loss for the period attributable to owners of the Company of HK\$6.80 million for the 2020 Interim Period. The increase was mainly attributable to the offsetting effect of (i) the decrease in EBITDA of HK\$7.03 million; (ii) the fair value gain of investment properties of HK\$27.70 million; (iii) the loss on disposal of subsidiaries of HK\$5.99 million; and (iv) the increase in income tax expense of HK\$5.95 million during the six months ended 30 June 2021.

Earning per share attributable to owners of the Company was HK0.43 cents (2020 Interim Period: loss per share attributable to owners of the Company of HK0.39 cents).

Discontinued operation

- Discontinued operation represented the disposal of Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd (“**Zhongji Tongshang Construction**”). The increase in revenue from construction business was due to the temporary suspension of construction work during the first half of 2020 due to the Pandemic and as a result, no construction income had been generated for the 2020 Interim Period. In June 2021, Zhongji Tongshang Construction was disposed of and upon completion of disposal ceased to be an indirectly wholly-owned subsidiary of the Company. The Group discontinued its operation in the provision of construction services.
- The gross profit was HK\$662,000 and the gross profit margin was 3.6%. The profit attributable to owners of the Company was HK\$6.39 million (2020 Interim Period: loss for the period attributable to owners of the Company of HK\$1.36 million).
- Earning per share attributable to owners of the Company was HK0.37 cents (2020 Interim Period: loss per share attributable to owners of the Company of HK0.08 cents).

OTHER HIGHLIGHTS

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 a disposal agreement with Shayang Xingang Investment Development Centre (“**Shayang Xingang**”), an organisation under the county government of Shayang County of Hubei Province of the People’s Republic of China (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 “**Shayang Guoli Disposal**”). The Shayang Guoli Disposal was subsequently completed in March 2021 and Shayang Guoli was then ceased to be an indirectly non-wholly owned subsidiary of the Company, and Shayang Guoli’s financial results was no longer consolidated into the Group’s consolidated financial statements.

For further details, please refer to the announcement of the Company dated 1 March 2021.

Disposal of 100% equity interests in Zhongji Tongshang Construction

On 21 May 2021, Tongshang Enterprise Investment Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with Wuhan Hongcheng Shidai Construction Company Limited* (武漢宏城時代建設有限公司) (“**Wuhan Hongcheng**”), a company established in the PRC with limited liability, in relation to the disposal of 100% equity interests of Zhongji Tongshang Construction at a consideration of approximately RMB46.8 million (equivalent to approximately HK\$56.2 million) (the “**Zhongji Tongshang Construction Disposal**”). The Zhongji Tongshang Construction Disposal was subsequently completed in June 2021 and Zhongji Tongshang Construction was then ceased to be an indirectly wholly-owned subsidiary of the Company. The Group discontinued its operation in the provision of construction services, and Zhongji Tongshang Construction’s financial results was no longer consolidated into the Group’s consolidated financial statements.

Following the disposal of equity interests in Zhongji Tongshang Construction, the construction segment of the Group's operations ceased to continue and the results of the construction segment was reclassified as a discontinued operation.

For further details, please refer to the announcement of the Company dated 21 May 2021.

Disposal of 100% equity interests in Zhongji Tongshang Yuanlin (Wuhan) Co., Ltd. ("Zhongji Tongshang Yuanlin")

On 21 May 2021, Tongshang Enterprise Investment Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with Wuhan Minfudong Construction Company Limited* (武漢民福東建材有限公司) ("**Wuhan Minfudong Construction**"), a company established in the PRC with limited liability, in relation to the disposal of 100% equity interests of Zhongji Tongshang Yuanlin at a consideration of approximately RMB3.4 thousand (equivalent to approximately HK\$4.1 thousand) (the "**Zhongji Tongshang Yuanlin Disposal**"). The Zhongji Tongshang Yuanlin Disposal was subsequently completed in June 2021 and Zhongji Tongshang Yuanlin was then ceased to be an indirectly wholly-owned subsidiary of the Company, and Zhongji Tongshang Yuanlin's financial results was no longer consolidated into the Group's consolidated financial statements.

As all the applicable percentage ratios in respect of the disposal did not exceed 5%, the disposal did not constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Disposal of 100% equity interests in Zhongji Tongshang Construction (Wuhan) Co., Ltd. (“Zhongji Tongshang Construction (Wuhan)”)

On 21 May 2021, Tongshang Enterprise Investment Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with Wuhan Lingqiaoqia Trading Company Limited* (武漢玲巧嘉貿易有限公司) (“**Wuhan Lingqiaoqia Trading**”), a company established in the PRC with limited liability, in relation to the disposal of 100% equity interests of Zhongji Tongshang Construction (Wuhan) at a consideration of approximately RMB1.4 million (equivalent to approximately HK\$1.6 million) (the “**Zhongji Tongshang Construction (Wuhan) Disposal**”). The Zhongji Tongshang Construction (Wuhan) Disposal was subsequently completed in June 2021 and Zhongji Tongshang Construction (Wuhan) was then ceased to be an indirectly wholly-owned subsidiary of the Company, and Zhongji Tongshang Construction (Wuhan) financial results was no longer consolidated into the Group’s consolidated financial statements.

As all the applicable percentage ratios in respect of the disposal did not exceed 5%, the disposal did not constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
<u>Continuing operations</u>		
Revenue	122,512	75,233
Cost of services rendered and goods sold	(80,973)	(32,991)
Gross profit	41,539	42,242
Other income	1,532	4,237
General, administrative and other operating expenses (exclude depreciation and amortisation)	(22,438)	(18,821)
Operating profit/EBITDA	20,633	27,658
Finance costs — net	(14,050)	(9,658)
EBTDA	6,583	18,000
Depreciation and amortisation	(15,878)	(14,864)
Change in fair value of investment properties	27,695	(10,828)
Loss on disposal of subsidiaries	(5,988)	—
Share of profit/(loss) of an associate	74	(295)
Profit/(Loss) before income tax	12,486	(7,987)
Income tax expense	(6,858)	(909)
Profit/(Loss) for the period	5,628	(8,896)
Non-controlling interests	1,724	2,100
Profit/(Loss) attributable to owners of the Company	7,352	(6,796)

	Six months ended 30 June	
	2021	2020
	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
<u>Discontinued operation</u>		
Revenue	18,369	—
Cost of services rendered and goods sold	(17,707)	—
Gross profit	662	—
General, administrative and other operating expenses (exclude depreciation and amortisation)	(1,584)	(1,109)
Operating loss/EBITDA	(922)	(1,109)
Interest income	6	—
EBTDA	(916)	(1,109)
Depreciation and amortisation	(11)	(501)
Gain on disposal of discontinued operation	7,317	—
Profit/(Loss) before income tax	6,390	(1,610)
Income tax credit	—	255
Profit/(Loss) for the period	6,390	(1,355)
Profit/(Loss) attributable to owners of the Company	6,390	(1,355)

REVIEW OF OPERATIONS

Overall business environment

The principal activities of the Group are investment in and 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 supply chain management and trading business, mainly conducted through 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 PRC. As disclosed in the announcement dated 21 May 2021, the Group disposed of its 100% equity interests in Zhongji Tongshang Construction. The Group discontinued its operation in the provision of construction services.

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 for these areas, namely the trans-shipment of container cargoes to Shanghai or direct shipping overseas upon amalgamation at Yangluo Port. 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 water-to-water trans-shipment to Yangshan Port in Shanghai and direct shipment to Japan (江海直航) have further strengthened the position of the WIT Port as a trans-shipment port at the mid-stream of the Yangtze River. Phase I terminal of Yangluo Port opened the first direct international shipping route from Wuhan to Japan in the fourth quarter of 2019, which is a milestone of 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 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 Limited* (武漢經開港口有限公司)(“**Wuhan Jingkai Port Company**”) to manage and operate the Jingkai Port (經開港) to induce rapid growth in its container throughput, expand the container services at the WIT Port, and integrate and optimize port logistics resources, all of which were conducive to the synergy and development of the Group’s port business.

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, the Hannan Port 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 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. The Hannan Port will be developed into a multi-purpose service platform in several 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 of the Hannan Port, 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 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 in the Shayang Port 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 serves 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 (一帶一路)" and the "Yangtze River Economic Belt (長江經濟帶)" policy in the PRC, and is beneficial to the Group in implementing its strategic aims in the Yangtze River Basin.

The Shayang Port is planned to have six berths. The port commenced commercial operation in 2018. The testing of equipment for the sixth berth has been completed and became operational in the first half of 2019. Prior to the Shayang Guoli Disposal, the Group had obtained the port operating licence of 4 berths.

On 1 March 2021, the Group entered into an agreement to dispose of its 60% equity interests in Shayang Guoli, the subsidiary which holds the Shayang Port owning the porting facilities and terminal equipment. The Shayang Guoli 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 comprises 7 blocks of warehouses and an ancillary office building and is intended to be held as investment property for generating rental income.

The Shipai Port

The Shipai Port is located in Shipai Town, Zhongxiang City, Hubei Province, the PRC and is 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 1,000-tonne class berths, and a logistics park covering approximately 2.5 square kilometers will 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 Shipai Port commenced commercial operations in 2018. The inspection and acceptance of the construction of the temporary stacking yard and berths was completed in 2019 and 2021 respectively.

Zhongji Tongshang Construction

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, 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. Prior to the Zhongji Tongshang Construction Disposal, Zhongji Tongshang Construction acted as the platform for the Group to diversify its business and explore new business opportunities in the construction industry.

On 21 May 2021, the Group entered into an agreement to dispose of its 100% equity interests in Zhongji Tongshang Construction. The Zhongji Tongshang Construction Disposal was subsequently completed in June 2021. The Group discontinued its operation in the provision of construction services. Further details are set out in the announcement of the Company dated 21 May 2021.

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.

As a result of the increasing demand from the downstream customers for the supply chain management and trading service since the containment of the Pandemic, the income from the supply chain management and trading business increased during the six months ended 30 June 2021.

Operating results

Revenue

Continuing operations

	2021		2020		Increase/(Decrease)	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Terminal service	44,537	36.4	43,013	57.2	1,524	3.5
Integrated logistics service	20,602	16.8	13,000	17.3	7,602	58.5
Property business	4,526	3.6	5,267	7.0	(741)	(14.1)
Container handling, storage & other service	11,578	9.5	12,050	16.0	(472)	(3.9)
General and bulk cargoes handling service	8,148	6.7	1,903	2.5	6,245	328.2
Supply chain management and trading business	33,121	27.0	—	—	33,121	N/A
	122,512	100.0	75,233	100.0	47,279	62.8
Discontinued operation						
Construction services	18,369	100.0	—	—	18,369	N/A

Continuing operations

For the six months ended 30 June 2021, the Group's revenue amounted to HK\$122.51 million (2020 Interim Period: HK\$75.23 million), representing an increase of HK\$47.28 million or approximately 62.8% as compared to the 2020 Interim Period. The increase in revenue was mainly driven by the increase in overall business volume due to the economic recovery after the Pandemic which showed signs of containment since the second half of 2020. The overall increase in revenue is mainly attributable to (i) the significant increase in revenue of HK\$33.12 million from the supply chain management and trading business as most of which was contributed by the cement trading business which commenced in the second half of 2020; (ii) the increase in revenue of HK\$7.60 million from integrated logistics service due to the increase in business volume from the Hannan Port; (iii) the increase in revenue of HK\$1.52 million from the terminal service business, notwithstanding that the increase in container throughput was partly offset by the lowering of overall tariff rates to align with those charged by neighbouring ports; and (iv) the increase in revenue of HK\$6.25 million from general and bulk cargo handling service conducted through the Hannan Port and the Shipai Port.

Terminal service

Container throughput

	Six months ended 30 June					
	2021		2020		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	146,005	36.8	125,171	60.8	20,834	16.6
Trans-shipment cargoes	250,572	63.2	80,707	39.2	169,865	210.5
	396,577	100.0	205,878	100.0	190,699	92.6

The throughput of the WIT Port for the six months ended 30 June 2021 was 396,577 TEUs, representing an increase of 190,699 TEUs or approximately 92.6% compared to 205,878 TEUs for the 2020 Interim Period. Of the 396,577 TEUs handled, 146,005 TEUs or approximately 36.8% (2020 Interim Period: 125,171 TEUs or approximately 60.8%) and 250,572 TEUs or approximately 63.2% (2020 Interim Period: 80,707 TEUs or approximately 39.2%) were attributable to gateway cargoes and trans-shipment cargoes, respectively.

The increase in overall container throughput was mainly attributable to 16.6% increase in gateway cargoes and 210.5% increase in trans-shipment cargoes. Following the economic recovery after the Pandemic, the Group has taken the initiative to elevate its business level at the WIT Port from existing customers through the enhancement of quality of services and the drive to develop new import (inbound) businesses. As a result, gateway cargoes increased during the six months ended 30 June 2021. The increase in trans-shipment cargoes is mainly due to cooperation with Wuhan Jingkai Port Company since January 2020 that opens up eastwest routes and serves 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.

Average tariff

Tariff, which is dominated in Renminbi (“**RMB**”), is converted into Hong Kong Dollars, the reporting currency of the Group. The average tariff for gateway cargoes at the WIT Port for the six months ended 30 June 2021 was RMB210 (equivalent to approximately HK\$252) per TEU (2020 Interim Period: RMB219 (equivalent to approximately HK\$241) per TEU), representing a decrease of approximately 4.1% compared to that of the 2020 Interim Period. The average tariff for trans-shipment cargoes at the WIT Port was RMB11 (equivalent to approximately HK\$13) per TEU (2020 Interim Period: RMB30 (equivalent to approximately HK\$33) per TEU), decreased by approximately 63.3% as compared to that of the 2020 Interim Period. 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 relatively lower tariffs.

Market share

In terms of market share of Yangluo Port area, the Group's market share decreased from 43.6% for the year ended 31 December 2020 to 41.6% for the six months ended 30 June 2021. The decrease in market share was mainly attributable to the continuing competition arising from neighbouring ports during the current period.

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 increased to HK\$20.60 million for the six months ended 30 June 2021 (2020 Interim Period: HK\$13.0 million) which accounted for approximately 16.8% of the Group's total revenue for the six months ended 30 June 2021 (2020 Interim Period: 17.3%).

The increase in revenue from integrated logistics service for the six months ended 30 June 2021 was mainly attributable to the increase in business volume from the Hannan Port.

Property business

Income for the property business is mainly generated from the port and warehouse leasing business of the Hannan Port, which owns investment properties of leasehold lands, berth, commercial buildings and pontoon, as well as the leasing out of a stacking yard and certain warehouses at the WIT Port. The port and warehouse leasing income decreased to HK\$4.53 million (2020 Interim Period: HK\$5.27 million) which accounted for approximately 3.6% of the Group's total revenue for the six months ended 30 June 2021 (2020 Interim Period: 7.0%).

The decrease in revenue for the six months ended 30 June 2021 was mainly due to the expiry of the lease of a stacking yard at the WIT Port.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2021 was HK\$41.54 million, representing a decrease of HK\$0.7 million as compared with HK\$42.24 million for the 2020 Interim Period. Gross profit margin for the six months ended 30 June 2021 was 33.9% compared with gross profit margin of 56.1% for the 2020 Interim Period. The decrease in gross profit was mainly due to diluting effect with the income from supply chain management and trading business with relatively lower gross profit margin.

Other income

Other income for the six months ended 30 June 2021 decreased by 63.8% to HK\$1.53 million (2020 Interim Period: HK\$4.24 million). The decrease was mainly attributable to the decrease in the sundry income of HK\$2.02 million being received from a tenant of the Hannan Port following the Group's winning of a lawsuit on rental dispute with lessee in the 2020 Interim Period and no such sundry income was recorded during the six months ended 30 June 2021.

Change in fair value of investment properties

The Group holds certain investment properties, including (i) port and warehouses in the Hannan Port; (ii) a 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 six months ended 30 June 2021, the Group recorded fair value gain in the value of investment properties of HK\$27.70 million (2020 Interim Period: fair value loss of HK\$10.83 million).

The fair value gain of investment properties is mainly due to the recovery of offices and warehouses property markets in Wuhan, as compared to the 2020 Interim Period (during the outbreak of the Pandemic).

Loss on disposal of subsidiaries

The loss on disposal of subsidiaries was HK\$5.99 million for the six months ended 30 June 2021, representing the net effect of (i) loss on disposal of Shayang Gouli of HK\$6.58 million; and (ii) gain on disposal of Zhongji Tongshang Yuanlin of HK\$99,000 and Zhongji Tongshang Construction (Wuhan) of HK\$497,000.

Share of profit/(loss) of an associate

Share of profit was HK\$74,000 for the six months ended 30 June 2021 (2020 Interim Period: share of loss of HK\$295,000) of an associate, namely Wuhan Chang Sheng Gang Tong Automobile Logistics Company Limited*(武漢長盛港通汽車物流有限公司) (“**Wuhan Chang Sheng Gang Tong**”), which reflected the Group’s share of the results of its 20.4% equity interests of the entity. The principal activities of Wuhan Chang Sheng Gang Tong are sales of motor vehicles and provision of car parking services.

Profit for the period attributable to owners of the Company

Profit for the period attributable to owners of the Company was HK\$7.35 million, an increase of 208.2% from the loss for the period attributable to owners of the Company of HK\$6.80 million for the 2020 Interim Period. The increase was mainly attributable to the offsetting effect of (i) the decrease in EBITDA of HK\$7.03 million; (ii) the fair value gain of investment properties of HK\$27.70 million; (iii) the loss on disposal of subsidiaries of HK\$5.99 million; and (iv) the increase in income tax expense of HK\$5.95 million during the six months ended 30 June 2021.

Earning per share attributable to owners of the Company for the six months ended 30 June 2021 was HK0.43 cents (2020 Interim Period: loss per share attributable to owners of the Company of HK0.39 cents).

Discontinued operation

Construction business

The Group commenced its construction business through Zhongji Tongshang Construction in 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 increase in revenue was due to the temporary suspension of construction work during the first half of 2020 due to the Pandemic and as a result, no construction income had been generated for the 2020 Interim Period. In June 2021, Zhongji Tongshang Construction was disposed and ceased to be an indirectly wholly-owned subsidiary of the Company. The Group discontinued its operation in the provision of construction services.

Gain on disposal of discontinued operation

The gain on disposal of discontinued operation was HK\$7.32 million for the six months ended 30 June 2021, representing the gain on disposal of Zhongji Tongshang Construction. On 21 May 2021, the Group entered into an agreement to dispose of its 100% equity interests in Zhongji Tongshang Construction. The Zhongji Tongshang Construction Disposal was subsequently completed in June 2021. The Group discontinued its operation in the provision of construction services.

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 macro-circulation, 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)”. During the 14th Five-Year Plan period, Hubei Province and Wuhan City successively introduced policies to support the development of the port and shipping industry. The Hubei Provincial Government has issued a three-year action plan for the development of multimodal transport across the province to facilitate multimodal transport. The plan aims to continuously optimize the transportation structure, enhance the transportation efficiency and reduce logistics costs by improving the multimodal transportation collection and distribution system, building multimodal transportation demonstration projects, and creating multimodal transportation brand lines for the establishment of national multimodal transportation in the province. Wuhan transportation development plan facilitates 174 projects to speed up the construction of Wuhan into an international comprehensive transportation hub and a port-type national logistics hub. 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 upgraded 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 and 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 port operators of Yangluo Port area. To remain competitive, the Group will continue to align its container tariff rates with those of the neighbouring 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. Up to July 2021, the Group has cooperated with ports inside and outside the province to expand logistics trade. It has fully managed and operated the Jingkai Port within the province. This will facilitate 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. Leveraging the integration of operation of Jiangsu Huai'an Port and Zhejiang Zhoushan Port and the inland rivers of the Yangtze River and coastal ports, the Group will accelerate the transformation and upgrade of the Yangtze River shipping, improve its quality and efficiency and open up new logistics channels between coastal ports and the central and western regions, in order to realize a domestic regional logistics platform and complete the domestic economic cycle.

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 include (i) 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. Relying on the domestic port cooperation projects that are cross-regional and leveraging regional advantages, 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 greener way of urban transportation on top of being able to augment container throughput of the ports by a large margin; (iii) expansion and improvement of supply chain projects on commodities trading related to port business. Based on the market demand of the Southeast Asian market, the Group relies on resources such as the operation of Wuhan Yangluo Port and international trade channels, and works with the local government platforms to integrate high-quality agricultural by-products resources in Northwest Hubei, build up a regional modern bonded logistics base, and foster the development of new operational modes and models of international trade; and (iv) 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 on 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.

During the six months ended 30 June 2021, the disposal of discontinued operation and subsidiaries offered the Group to explore new strategic directions to other ports and business segments which might have relatively higher promising revenue-generating potential and access to a greater pool of funds, and the Group would set aside more time and resources to optimise and deploy new projects, optimising the use of its resources. Furthermore, 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.

Condensed consolidated statement of profit or loss and other comprehensive income

For the six-month ended 30 June 2021

		Six-month ended 30 June	
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited) (Restated)
Continuing operations			
Revenue			
Cost of services rendered and goods sold	4	122,512	75,233
		(80,973)	(32,991)
Gross profit		41,539	42,242
Other income	5	1,532	4,237
Change in fair value of investment properties	11	27,695	(10,828)
General and administrative expenses		(23,038)	(19,633)
Other operating expenses		(15,278)	(14,052)
Finance costs — net	7	(14,050)	(9,658)
Loss on disposal of subsidiaries	22	(5,988)	—
Share of profit/(loss) of an associate		74	(295)
Profit/(Loss) before income tax	6	12,486	(7,987)
Income tax expense	8	(6,858)	(909)
Profit/(Loss) for the period from continuing operation		5,628	(8,896)
Discontinued operation			
Profit/(Loss) for the period from discontinued operation	21	6,390	(1,355)
Profit/(Loss) for the period		12,018	(10,251)

	Six-month ended 30 June	
	2021	2020
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Other comprehensive income/(expense) for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange gain/(loss) on translation of financial statements of foreign operations		
— continuing operations	15,621	(15,060)
— discontinued operation	890	(899)
Release of reserve upon disposal of subsidiaries	(4,089)	—
	12,422	(15,959)
Other comprehensive income/(expense) for the period	12,422	(15,959)
Total comprehensive income/(expense) for the period	24,440	(26,210)
Profit/(loss) for the period attributable to:		
Owners of the Company		
— continuing operations	7,352	(6,796)
— discontinued operation	6,390	(1,355)
	13,742	(8,151)
Non-controlling interests		
— continuing operations	(1,724)	(2,100)
— discontinued operation	—	—
	(1,724)	(2,100)
	12,018	(10,251)

	Six-month ended 30 June	
	2021	2020
<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Total comprehensive income/(expense) attributable to:		
Owners of the Company		
— continuing operations	16,321	(19,300)
— discontinued operation	7,280	(2,254)
	23,601	(21,554)
Non-controlling interests		
— continuing operations	839	(4,656)
— discontinued operation	—	—
	839	(4,656)
	24,440	(26,210)
Basic and diluted earning/(loss) per share attributable to owners of the Company (HK cents)		
— continuing operations	0.43	(0.39)
— discontinued operation	0.37	(0.08)
	0.80	(0.47)

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The notes on pages 37 to 68 are an integral part of this interim financial information.

Condensed consolidated statement of financial position

As at 30 June 2021

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	11	809,040	768,298
Property, plant and equipment	12	546,733	590,827
Construction in progress	13	24,928	197,317
Land use rights		19,385	19,328
Intangible assets		7,594	16,236
Restricted deposits		11,880	11,682
Interest in an associate		10,162	10,088
Goodwill		—	1,054
Deferred tax assets		4,605	4,920
		1,434,327	1,619,750
Current assets			
Inventories		7,924	6,258
Trade and other receivables	14	142,242	137,541
Contract assets	15	—	27,454
Amount due from an associate		—	180
Amount due from the related companies	26	77	56
Government subsidy receivables	16	38,736	40,807
Cash and cash equivalents		36,844	38,180
		225,823	250,476

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	17	220,117	291,080
Amount due to a non-controlling shareholder	25	—	59,410
Amount due to a related company	26	—	136
Amount due to the controlling shareholder	26	56,131	56,131
Amount due to ultimate holding company	26	1,279	1,279
Amount due to an associate		59	—
Bank borrowings	18	51,840	120,915
Other borrowings	19	85,007	76,447
Lease liabilities	20	1,187	1,206
Income tax payable		17,539	28,023
		433,159	634,627
Net current liabilities		(207,336)	(384,151)
Total assets less current liabilities		1,226,991	1,235,599

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current liabilities			
Other payables	17	3,564	3,588
Bank borrowings	18	153,360	116,820
Other borrowings	19	62,520	97,112
Lease liabilities	20	95	662
Deferred tax liabilities		101,480	95,112
		321,019	313,294
Net assets		905,972	922,305
EQUITY			
Share capital	23	172,507	172,507
Reserves		618,621	595,020
Equity attributable to owners of the Company		791,128	767,527
Non-controlling interests		114,844	154,778
Total equity		905,972	922,305

Yan Zhi
Director

Xie Bingmu
Director

The notes on pages 37 to 68 are an integral part of this interim financial information.

Condensed consolidated statement of cash flows

For the six-month ended 30 June 2021

	Six-month ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	43,296	(1,542)
Interest paid	(12,298)	(15,991)
Income tax paid	(9,117)	(2,553)
Net cash from/(used in) operating activities	21,881	(20,086)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,719)	(1,240)
Purchase of intangible assets	—	(6)
Addition for investment properties	(25)	(1,070)
Payment for construction in progress	(17,205)	(7,433)
Net cash inflow from disposal of discontinued operation	6,180	—
Net cash inflow from disposal of subsidiaries	54,842	—
Interest received	67	40
Net cash from/(used in) investing activities	42,140	(9,709)
Cash flows from financing activities		
Payment of lease liabilities	(632)	(691)
Proceeds from bank borrowings	64,800	32,967
Repayment of bank borrowings	(101,364)	(46,167)
Proceeds from other borrowings	4,200	4,000
Repayment of other borrowings	(33,004)	(5,652)
Net cash used in financing activities	(66,000)	(15,543)
Net decrease in cash and cash equivalents	(1,979)	(45,338)
Cash and cash equivalents at 1 January	38,180	93,327
Effect for foreign exchange rate changes	643	(1,261)
Cash and cash equivalents at 30 June	36,844	46,728

The notes on pages 37 to 68 are an integral part of this interim financial information.

Condensed consolidated statement of changes in equity

For the six-month ended 30 June 2021

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Foreign exchange reserve	Fair value reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2021	172,507	597,322	(530,414)	116,250	11,974	46,808	353,080	767,527	154,778	922,305
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	—	13,742	13,742	(1,724)	12,018
Other comprehensive income/(expense) for the period										
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	13,948	—	—	13,948	2,563	16,511
— Disposal of subsidiaries	—	—	—	—	(4,089)	—	—	(4,089)	(40,773)	(44,862)
	—	—	—	—	9,859	—	13,742	23,601	(39,934)	(16,333)
Balance at 30 June 2021	172,507	597,322	(530,414)	116,250	21,833	46,808	366,822	791,128	114,844	905,972
Balance at 1 January 2020	172,507	597,322	(530,414)	116,250	(36,620)	46,808	327,220	693,073	149,253	842,326
Total comprehensive expense for the period										
Loss for the period	—	—	—	—	—	—	(8,151)	(8,151)	(2,100)	(10,251)
Other comprehensive expense for the period										
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(13,403)	—	—	(13,403)	(2,556)	(15,959)
	—	—	—	—	(13,403)	—	(8,151)	(21,554)	(4,656)	(26,210)
Balance at 30 June 2020	172,507	597,322	(530,414)	116,250	(50,023)	46,808	319,069	671,519	144,597	816,116

The notes on pages 37 to 68 are an integral part of this interim financial information.

Notes to the condensed consolidated interim financial information

For the six-month ended 30 June 2021

1. CORPORATE 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 limited liability 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, 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. The Group’s operations are based in Hong Kong and the People’s Republic of China (the “**PRC**”).

The condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes (collectively defined as the “**Interim Financial Information**”) of the Group were approved for issue by the board of directors on 27 August 2021. The Interim Financial Information has not been audited but has been reviewed by the audit committee.

The Interim Financial Information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2. BASIS OF PREPARATION

This Interim Financial Information have been prepared in accordance with the International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). The Interim Financial Information also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2020 except for the adoption of the new and amended International Financial Reporting Standards (“IFRSs”) as disclosed below.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

Going concern

In preparing the Interim Financial Information, the directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of HK\$207,336,000 as at 30 June 2021. This indicate 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 Interim Financial Information has been prepared on a going concern basis.

New and amended IFRSs adopted by the Group

In the current period, 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 Interim Financial Information for the annual period beginning on 1 January 2021.

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

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

For those new and amended IFRSs which are not yet effective and have not been early adopted by the Group, the directors expect that the adoption of them have no material impact on the Interim Financial Information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020.

4. SEGMENT INFORMATION

The Group has five (2020: five) reportable segments as follows:

Property business:	Port and warehouse leasing.
Terminal & related business:	Provision of terminal service, container handling, storage and other service, 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.

As disclosed in note 21, the entire equity interests of Zhongji Tongshang Construction, which represent the Group's construction business segment, was disposed during the six-month ended 30 June 2021. Therefore, the construction business segment is presented as the discontinued operation during the six-month ended 30 June 2021 and the comparative information for the preceding period have been restated.

The accounting policies of the reporting segments are consistent with those used in the annual financial statements for the year ended 31 December 2020.

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 revenue for six-month periods ended 30 June 2021 and 2020 were sourced from external customers located in the PRC, in addition, over 99% (2020: 99%) of the non-current assets of the Group as at the reporting dates were physically located in the PRC and therefore, no geographic information is presented.

2021

Segment revenue and results

For the six-month ended 30 June 2021

	Continuing operations						Discontinued operation	
	Property business HK\$'000 (Unaudited)	Terminal & related business HK\$'000 (Unaudited)	Supply chain management and trading business		Elimination HK\$'000 (Unaudited)	Unallocated corporate income/(expense) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Construction business HK\$'000 (Unaudited)
			Integrated logistics business	management and trading business				
			HK\$'000 (Unaudited)	HK\$'000 (Unaudited)				
Revenue from external customers	4,526	64,263	20,602	33,121	—	—	122,512	18,369
Inter-segment revenue	—	4,654	2,832	—	(7,486)	—	—	—
Reportable segment revenue	4,526	68,917	23,434	33,121	(7,486)	—	122,512	18,369
Reportable segment results	2,787	5,093	(798)	(1,095)	—	—	5,987	(933)
Fair value changes on investment properties	27,695	—	—	—	—	—	27,695	—
Interest income	3	42	—	10	—	6	61	6
Interest expenses	(22)	(12,328)	(1,439)	—	—	(322)	(14,111)	—
Share of profit of an associate	74	—	—	—	—	—	74	—
Corporate and other unallocated income/(expense)	—	—	—	—	—	(7,220)	(7,220)	7,317
Profit/(Loss) before income tax	30,537	(7,193)	(2,237)	(1,085)	—	(7,536)	12,486	6,390
Income tax (expense)/credit	(6,938)	(66)	50	96	—	—	(6,858)	—
Profit/(Loss) for the period	23,599	(7,259)	(2,187)	(989)	—	(7,536)	5,628	6,390

Segment assets and liabilities

As at 30 June 2021

	Property business HK\$'000 (Unaudited)	Terminal & related business HK\$'000 (Unaudited)	Integrated logistics business HK\$'000 (Unaudited)	Supply chain management and trading business HK\$'000 (Unaudited)	Unallocated corporate assets/ (liabilities) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	827,774	734,925	17,044	22,072	6,724	1,608,539
Interest in an associate	10,162	—	—	—	—	10,162
Cash and cash equivalents	946	23,768	10,471	50	1,609	36,844
Deferred tax assets	1,018	2,364	318	905	—	4,605
Total assets	839,900	761,057	27,833	23,027	8,333	1,660,150
Segment liabilities	(61,294)	(99,781)	(30,898)	(20,344)	(70,115)	(282,432)
Bank borrowings	(33,643)	(159,600)	(11,957)	—	—	(205,200)
Other borrowings	—	(133,327)	—	—	(14,200)	(147,527)
Deferred tax liabilities	(99,582)	(1,898)	—	—	—	(101,480)
Income tax payable	(14,788)	(2,559)	(181)	(11)	—	(17,539)
Total liabilities	(209,307)	(397,165)	(43,036)	(20,355)	(84,315)	(754,178)
Net assets/(liabilities)	630,593	363,892	(15,203)	2,672	(75,982)	905,972

2020

Segment revenue and results

For the six-month ended 30 June 2020 (Restated)

	Continuing operations					Discontinued operation		
	Property business	Terminal & related business	Integrated logistics business	Supply chain management and trading business	Elimination	Unallocated corporate income/(expense)	Total	Construction business
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	5,267	56,966	13,000	—	—	—	75,233	—
Inter-segment revenue	—	1,235	—	—	(1,235)	—	—	—
Reportable segment revenue	5,267	58,201	13,000	—	(1,235)	—	75,233	—
Reportable segment results	6,355	13,592	(1,315)	412	—	—	19,044	(1,610)
Fair value changes on investment properties	(10,828)	—	—	—	—	—	(10,828)	—
Interest income	2	38	—	—	—	—	40	—
Interest expenses	—	(7,544)	(1,840)	(75)	—	(239)	(9,698)	—
Share of loss of an associate	(295)	—	—	—	—	—	(295)	—
Corporate and other unallocated expense	—	—	—	—	—	(6,250)	(6,250)	—
Profit/(Loss) before income tax	(4,766)	6,086	(3,155)	337	—	(6,489)	(7,987)	(1,610)
Income tax (expense)/credit	821	(3,320)	610	(208)	—	1,188	(909)	255
Profit/(Loss) for the period	(3,945)	2,766	(2,545)	129	—	(5,301)	(8,896)	(1,355)

Segment assets and liabilities

As at 31 December 2020

	Property business HK\$'000 (Audited)	Terminal & related business HK\$'000 (Audited)	Integrated logistics business HK\$'000 (Audited)	Supply chain management and trading business HK\$'000 (Audited)	Construction business HK\$'000 (Audited)	Unallocated corporate assets/ (liabilities) HK\$'000 (Audited)	Total HK\$'000 (Audited)
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

5. OTHER INCOME

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Rental income	319	292
Net foreign exchange gains	—	30
Sundry income	504	2,523
Sales of scrap materials	59	32
Government subsidies (<i>note</i>)	650	1,360
	1,532	4,237

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.

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging/(crediting) the following:

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Staff costs (including directors' emoluments)		
— Salaries and allowances	30,923	21,836
— Pension contributions	3,147	1,330
	34,070	23,166
Cost of services rendered and goods sold	94,284	40,453
Less: Government subsidies	(13,311)	(7,462)
	80,973	32,991
Depreciation and amortisation on:		
— Owned assets	14,893	13,788
— Right-of-use assets	599	653
— Land use rights	270	256
— Intangible assets	116	167
Expected credit loss ("ECL") allowance	509	810
Net foreign exchange losses/(gains)	17	(30)
Written-off of property, plant and equipment	—	9
Lease charges on:		
— Short term leases	48	—
— Variable lease payments	8,471	—

7. FINANCE COSTS — NET

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interest income		
— Bank interest income	61	40
Interest expenses		
— Interest on bank and other borrowings	(13,639)	(15,990)
— Interest on lease liabilities	(30)	(55)
— Interest on loan from a non-controlling interest	(442)	(1,243)
	(14,111)	(17,288)
Less: amounts capitalised on qualifying assets (<i>note</i>)	—	7,590
	(14,111)	(9,698)
Finance costs — net	(14,050)	(9,658)

Note: During the six-month ended 30 June 2021, the Group has not capitalised any borrowing costs (2020: HK\$7,590,000) in the carrying amount of qualifying assets. Borrowing costs were capitalised at the weighted average rate of nil (2020: 9.05%).

8. INCOME TAX EXPENSE

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Current tax		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	38	3,620
	38	3,620
Deferred tax		
Origination of temporary difference	6,820	(2,711)
	6,858	909

No provision for Hong Kong profits tax has been provided during the six-month periods ended 30 June 2021 and 2020 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% (2020: 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 Guoli and Zhongxiang City Port Development Co., Limited (鍾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 was commenced from 1 January 2020 to 31 December 2022 and tax payable is 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 enterprise income tax rate of 5% during the six-month periods ended 30 June 2021 and 2020.

9. EARNING/(LOSS) PER SHARE

(a) Basic earning/(loss) per share

The calculation of the basic earning/(loss) per share attributable to owners of the Company is based on the following data:

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Earning/(Loss)		
Profit/(Loss) for the period attributable to owners of the Company		
— Continuing operations	7,352	(6,796)
— Discontinued operation	6,390	(1,355)
	13,742	(8,151)
Number of shares		
Weighted average number of ordinary shares outstanding for basic earning per share	1,725,066,689	1,725,066,689
Basic earning/(loss) per share (HK cents)		
— Continuing operations	0.43	(0.39)
— Discontinued operation	0.37	(0.08)
	0.80	(0.47)

(b) Diluted earning/(loss) per share

There are no dilutive potential ordinary shares in issue for the six-month periods ended 30 June 2021 and 2020. The diluted earning/(loss) per share are equal to the basic earning/(loss) per share.

10. DIVIDEND

The directors do not recommend the payment of a dividend for the six-month period ended 30 June 2021 (2020: nil).

11. INVESTMENT PROPERTIES

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

	Six-month ended 30 June 2021 HK\$'000 (Unaudited)	Year ended 31 December 2020 HK\$'000 (Audited)
Opening net carrying amount	768,298	676,878
Additions (<i>note</i>)	25	1,516
Change in fair value of investment properties recognised in profit or loss	27,695	44,740
Exchange realignment	13,022	45,164
Closing net carrying amount	809,040	768,298

Note: The additions mainly represent the cost of construction during the six-month ended 30 June 2021 and the year ended 31 December 2020.

Certain of the Group's investment properties have been pledged to secure bank borrowings (note 18) and other borrowings (note 19).

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

The Group's investment properties measured at fair value in the condensed consolidated statement of financial position were measured on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset.

As at 30 June 2021 and 31 December 2020, the Group had only level 3 investment properties. There were no transfers between levels 1, 2 and 3 during the six-month periods ended 30 June 2021 and 2020.

The Group's investment properties were valued at 30 June 2021 and 31 December 2020 by an independent and professionally qualified valuer, B.I. Appraisals Limited. The valuer holds recognised relevant professional qualification and has relevant experience in the locations and categories of investment properties valued. The current use of the investment properties equates to the highest and best use. There were no changes in valuation techniques during the six-month period ended 30 June 2021 and the year ended 31 December 2020.

12. PROPERTY, PLANT AND EQUIPMENT

	Port facilities HK\$'000	Terminal equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Right-of-use assets — office and motor vehicles HK\$'000	Total HK\$'000
Six-month ended 30 June 2021 (unaudited)						
Opening net book amount as at 1 January 2021	494,949	93,333	632	46	1,867	590,827
Additions	893	725	101	—	—	1,719
Transferred from construction in progress (note 13)	112,382	57	—	—	—	112,439
Disposal of subsidiaries	(128,824)	(23,402)	(360)	(41)	—	(152,627)
Depreciation	(9,555)	(5,139)	(204)	(6)	(599)	(15,503)
Exchange realignment	8,257	1,591	11	1	18	9,878
Closing net book amount as at 30 June 2021 (unaudited)	478,102	67,165	180	—	1,286	546,733
Year ended 31 December 2020 (audited)						
Opening net book amount as at 1 January 2020	442,681	98,733	831	—	3,417	545,662
Additions	223	556	252	67	1,169	2,267
Transferred from construction in progress (note 13)	40,319	199	—	—	—	40,518
Disposals	(4)	(1)	(21)	(17)	—	(43)
Termination of lease	—	—	—	—	(1,370)	(1,370)
Depreciation	(16,956)	(11,822)	(470)	(6)	(1,422)	(30,676)
Exchange realignment	28,686	5,668	40	2	73	34,469
Closing net book amount as at 31 December 2020 (audited)	494,949	93,333	632	46	1,867	590,827

13. CONSTRUCTION IN PROGRESS

	Six-month ended 30 June 2021 HK\$'000 (Unaudited)	Year ended 31 December 2020 HK\$'000 (Audited)
At cost		
At beginning of the period/year	197,317	196,553
Additions	2,340	29,942
Transferred to property, plant and equipment upon completion (note 12)	(112,439)	(40,518)
Disposal of subsidiaries	(65,504)	—
Exchange realignment	3,214	11,340
At end of the period/year	24,928	197,317

14. TRADE AND OTHER RECEIVABLES

Note	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade and bills receivables		
Trade receivables due from third parties	64,555	69,916
Bills receivables	2,424	3,587
	66,979	73,503
Less: ECL allowance of trade receivables	(12,217)	(12,874)
(a)	54,762	60,629
Other receivables		
Deposits, prepayment and other receivables	62,952	65,845
Prepayments to suppliers	17,802	10,637
Value-added tax receivables	6,726	430
	87,480	76,912
	142,242	137,541

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 trade 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:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0 — 30 days	13,227	18,185
31 — 60 days	11,689	10,220
61 — 90 days	9,764	6,399
Over 90 days	20,082	25,825
	54,762	60,629

15. CONTRACT ASSETS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Contract assets arising from construction contracts — unbilled revenue	—	27,454

The Group's construction contracts include payment schedules which require progress payments over the construction period once certain specified milestones are reached. The Group also agrees a retention period with the customers as stipulated in the contracts for 3% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's satisfactory work.

16. GOVERNMENT SUBSIDY RECEIVABLES

The amounts represent subsidies receivables from the Wuhan Municipal government by certain of the subsidiaries of the Company as at 30 June 2021 and 31 December 2020.

17. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade payables	18,651	38,961
Other payables		
— Payables to subcontractors	85,540	141,558
— Deferred government subsidies	3,735	3,756
— Accruals and sundry payables	97,329	98,542
— Receipts in advance	18,426	11,851
	205,030	255,707
	223,681	294,668
Less: Deferred government subsidies included in non-current other payables	(3,564)	(3,588)
	220,117	291,080

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:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0-30 days	4,347	25,702
31-60 days	4,572	2,018
61-90 days	2,611	1,807
Over 90 days	7,121	9,434
	18,651	38,961

18. BANK BORROWINGS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Bank borrowings		
— Unsecured	64,800	31,860
— Secured	140,400	205,875
	205,200	237,735
Less: Amount due within one year shown under current liabilities	(51,840)	(120,915)
Amount due after one year shown under non-current liabilities	153,360	116,820

19. OTHER BORROWINGS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Other borrowings		
— Unsecured	(a) 14,200	10,000
— Secured	(b) 133,327	163,559
	147,527	173,559
Less: Amount due within one year shown under current liabilities	(85,007)	(76,447)
Amount due after one year shown under non-current liabilities	62,520	97,112

Notes:

- (a) As at 30 June 2021, except for amounts of HK\$6,200,000 (2020: HK\$2,000,000) which is interest-free and repayable within one year, the remaining unsecured other borrowings carries effective interest rate at per annum 6.51% (2020: 11.39% per annum) and repayable on demand.
- (b) The Group entered into agreements with a third party (the “**Buyer A**”) for (i) the disposal of certain port facilities to the Buyer A at a consideration of RMB150,000,000 (equivalent to approximately HK\$166,500,000); and (ii) leasing back of the same assets from the Buyer A for a lease period of 3 years at floating interest rate. The agreement included a repurchase option to buyback the same asset at a consideration equates to the total lease payments in (ii) above plus other charges. The transaction was not completed at the end of the reporting date. The directors considered the consideration received as other borrowings and has initially recognised it as borrowing. The amount carries an effective interest rate of 10.24% per annum and repayable by quarterly instalments till December 2022. During the year ended 31 December 2020, the Group entered into a revised agreement with the Buyer A in which the lease and repayment period was extended for further six months to June 2023 with an effective interest rate of 9.45% per annum. As at 30 June 2021, the secured other borrowing of HK\$117,592,000 (2020: HK\$142,443,000) is secured by (i) the Group’s port facilities with carrying amount of HK\$157,747,000 (2020: HK\$158,295,000); (ii) investment properties with carrying amount of HK\$377,803,000 (2020: HK\$365,936,000); (iii) a restricted deposit of HK\$10,800,000 (2020: HK\$10,620,000) and (iv) equity interests of certain subsidiaries of the Company and guaranteed by the Company and Zall Holdings Company Limited (卓爾控股有限公司, “Zall Holding PRC”), a related company controlled and beneficially owned by Mr. Yan.
- (c) The Group entered into agreements with a third party (the “**Buyer B**”) for (i) the disposal of certain port facilities to the Buyer B at a consideration of RMB30,000,000 (equivalent to approximately HK\$33,300,000); and (ii) leasing back of the same assets from the Buyer B for a lease period of 3 years at floating interest rate. The agreement included a repurchase option to buyback the same asset at a consideration equates to the total lease payments in (ii) above plus other charges. The directors considered the consideration received as other borrowings and has initially recognised it as borrowing. The amount carries an effective interest rate of 11.05% per annum and repayable by quarterly instalments till 2022. As at 30 June 2021, the secured other borrowing of HK\$15,735,000 (2020: HK\$21,116,000) is secured by the Group’s port facilities with carrying amount of HK\$13,979,000 (2020: HK\$15,315,000) and a restricted deposit of HK\$1,080,000 (2020: HK\$1,062,000) and guaranteed by certain subsidiaries of the Company.

20. LEASE LIABILITIES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Total minimum lease payments:		
— Due within one year	1,212	1,254
— Due in the second to fifth years	95	669
	1,307	1,923
Future finance charges on leases liabilities	(25)	(55)
Present value of leases liabilities	1,282	1,868
Present value of minimum lease payments:		
— Due within one year	1,187	1,206
— Due in the second to fifth years	95	662
	1,282	1,868
Less: Portion due within one year included under current liabilities	(1,187)	(1,206)
Portion due after one year included under non-current liabilities	95	662

During the six-month ended 30 June 2021, the total cash outflows for the leases were HK\$9,151,000 (30 June 2020: HK\$691,000).

21. DISCONTINUED OPERATION

On 21 May 2021, the Group entered into a disposal agreement with Wuhan Hongcheng to dispose its entire equity interests of Zhongji Tongshang Construction for a consideration of RMB46,800,000 (equivalent to HK\$56,200,000) which represents the entire construction business segment of the Group. The Disposal was completed in June 2021.

The results of Zhongji Tongshang Construction during the six-month ended 30 June 2021 was presented as discontinued operation, comparative figures have been restated.

(a) Results of discontinued operation

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	18,369	—
Cost of services rendered and goods sold	(17,707)	—
Gross profit	662	—
General and administrative expenses	(1,595)	(1,610)
Gain on disposal of discontinued operation	7,317	—
Interest income	6	—
Profit/(Loss) before income tax	6,390	(1,610)
Income tax credit	—	255
Profit/(Loss) for the period	6,390	(1,355)

Profit/(loss) before tax from discontinued operation is arrived at after charging the following:

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
— Salaries and allowances	1,142	759
— Pension contributions	115	22
	1,257	781
Cost of services rendered and goods sold	17,707	—
Depreciation and amortisation on:		
— Owned assets	11	4
— Intangible assets	—	497

(b) Analysis of cash flows of discontinued operation

	Six-month ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(3,360)	102
Net cash generated from investing activities	6	—
Net cash used in financing activities	—	—
Net cash (used in)/generated from discontinued operation	(3,354)	102

(c) Analysis of assets and liabilities of discontinued operation as at the date of completion

	HK\$'000
	(Unaudited)
Property, plant and equipment	133
Goodwill	1,071
Trade and other receivables	33,955
Contract assets	30,422
Amounts due from the Group companies	57,600
Cash and cash equivalents	1,974
Trade and other payables	(70,843)
Tax payable	(1,829)
Net assets disposed of	52,483
Gain on disposal of discontinued operation	
Consideration received in cash	8,154
Consideration settled through offset of amount due by the Group upon disposal	48,000
Net assets disposed of	(52,483)
Release of reserve upon disposal	3,646
Gain on disposal	7,317
Net cash inflow arising from the disposal	
Consideration received in cash	8,154
Cash and cash equivalents disposed of	(1,974)
Net cash inflow	6,180

22. DISPOSAL OF SUBSIDIARIES

Other than disclosed in note 21, during the six-months end 30 June 2021, the Group also disposed of its entire equity interests in the following subsidiaries:

(a) Shayang Guoli

During the six-month period ended 30 June 2021, the Group entered into a disposal agreement with a non-controlling shareholders, Shayang Xingang to dispose its entire equity interests of Shayang Guoli for a consideration of approximately RMB47,148,000 (equivalent to approximately HK\$56,577,000). The disposal was completed in March 2021.

(b) Zhongji Tongshang Construction (Wuhan)

During the six-month period ended 30 June 2021, the Group entered into a disposal agreement with Wuhan Lingqiaojia Trading to dispose its entire equity interests of Zhongji Tongshang Construction (Wuhan) for a consideration of approximately RMB1,371,000 (equivalent to approximately HK\$1,645,000). The disposal was completed in June 2021.

(c) Zhongji Tongshang Yuanlin

During the six-month period ended 30 June 2021, the Group entered into a disposal agreement with Wuhan Minfudong Construction to dispose its entire equity interests of Zhongji Tongshang Yuanlin for a consideration of approximately RMB3,000 (equivalent to approximately HK\$4,000). The disposal was completed in June 2021.

Summary of net assets of subsidiaries disposal of as at the date of completion

	Shayang Guoli <i>HK\$'000</i> (Unaudited)	Zhongji Tongshang Construction (Wuhan) <i>HK\$'000</i> (Unaudited)	Zhongji Tongshang Yuanlin <i>HK\$'000</i> (Unaudited)
Property, plant and equipment	152,455	39	—
Construction in progress	65,504	—	—
Intangible assets	8,802	—	—
Deferred tax assets	465	—	—
Trade and other receivables	10,631	45,858	5,050
Amounts due from the			
Group companies	880	13,867	6,000
Government subsidy receivables	3,640	—	—
Cash and cash equivalents	3,343	41	—
Trade and other payables	(53,160)	(49,363)	(5,045)
Amounts due to the			
Group companies	(32,174)	(8,931)	—
Amount due to a non-controlling interest	(60,858)	—	—
Deferred tax liabilities	(2,197)	—	—
Net assets disposed of	97,331	1,511	6,005
Loss on disposal of subsidiaries			
Consideration received and receivable	56,577	1,645	4
Net assets disposed of	(97,331)	(1,511)	(6,005)
Waiver of amounts due from/(to) the Group upon disposal	(6,583)	—	6,000
Non-controlling interests	40,773	—	—
Release of reserve upon disposal	(20)	363	100
Gain/(loss) on disposal	(6,584)	497	99
Net cash inflow arising from the disposal of subsidiaries			
Consideration received in cash	56,577	1,645	4
Cash and cash equivalents disposed of	(3,343)	(41)	—
Net cash inflow	53,234	1,604	4

23. SHARE CAPITAL

	As at 30 June 2021		As at 31 December 2020	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.1 each	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	1,725,066,689	172,507	1,725,066,689	172,507

There was no movement in the Company's share capital during the six-month ended 30 June 2021 and the year ended 31 December 2020.

24. CAPITAL COMMITMENTS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Contracted but not provided for:		
— Construction of property, plant and equipment and investment properties	75,596	154,676

25. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

The amount represented the balances due to Shayang Xingang, a non-controlling shareholder of a former subsidiary. As at 31 December 2020, included in the amount of HK\$47,200,000 were interest-bearing at 5.39% to 6% per annum, the remaining amount of HK\$12,210,000 were interest-free, all amounts were unsecured and repayable on demand. Total interest expenses incurred for the six-month ended 30 June 2021 amounted to HK\$442,000 (2020: HK\$1,243,000).

26. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in this Interim Financial Information, during the six-month ended 30 June 2021, the Group had the following material transactions with related parties:

(a) **During the six-month ended 30 June 2021, the related parties that had transactions with the Group were as follows:**

Name of related parties	Relationship with the Group
Mr. Yan	Director of the Company and the controlling shareholder of the Company
Zall Holdings	Ultimate holding company, and wholly owned and controlled by Mr. Yan
China Tongshang Investment Zall Holding PRC	Immediate holding company Controlled and beneficially owned by Mr. Yan
Zall Smart Commerce Group Ltd. ("Zall Smart")	Controlled and beneficially owned by Mr. Yan
Zall Development (Xiaogan) Limited (卓爾發展(孝感)有限公司, "Zall (Xiaogan)")	Controlled and beneficially owned by Mr. Yan
Hubei Dabeishan Cultural Tourism Development Company Limited (湖北大別山文化旅遊開發有限公司, "Hubei Dabeishan")	Controlled and beneficially owned by Mr. Yan and his associate
Wuhan Chang Sheng Gang Tong Supply Chain Management Company Limited ("Wuhan Chang Sheng Gang Tong")	Associate company of the Group

- (b) During the six-month ended 30 June 2021, the transactions with related parties of the Group were as follows:

		Six months ended 30 June	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Continuing operations			
Zall Smart	Interest paid on lease liabilities	23	40
	Principal paid on lease liabilities	291	274
Wuhan Chang Sheng Gang Tong	Revenue from property business	3,906	2,318
	Other income received	—	1,940
Discontinued operation			
Zall (Xiaogan)	Revenue from provision of construction work	5,394	—
Hubei Dabeishan	Revenue from provision of construction work	12,975	—

- (c) Balances with related parties

Lease liabilities payables

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Zall Smart	558	849

Amounts due from/(to) the related companies

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
China Tongshang Investment	56	56
Zall Holding PRC	21	(136)
	77	(80)

The amounts due from/(to) the related companies are unsecured, interest-free and repayable on demand.

Amount due to the controlling shareholder

The amount due to Mr. Yan is unsecured, interest-free and repayable on demand.

Amount due to ultimate holding company

The amount due to Zall Holdings is unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the periods were as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	2,772	2,480
Pension contributions	41	33
	2,813	2,513

27. FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2021 and 31 December 2020.

28. COMPARATIVE FIGURES

The presentation of comparative information in respect of the period ended 30 June 2020 have been restated to show the discontinued operation separately from continuing operations.

Disclosure of interests

Directors' and chief executives' interests and short positions in the shares and underlying shares or debentures of the Company or its associated corporations

As at 30 June 2021, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are being taken or deemed to have taken under such provision of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

Long and short positions in Shares

Name of Director	Capacity	As at 30 June 2021	
		Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue (Note 3)
Yan Zhi	Interest through controlled corporation (note 2)	1,290,451,130 (L)	74.81

Notes:

1. The letter “L” denotes a long position.
2. 882,440,621 (L) Shares were held by China Tongshang Investment Group Limited (“**China Tongshang Investment**”), a company indirectly wholly-owned by Mr. Yan Zhi and 408,010,509 (L) Shares were held by Zall Holdings Company Limited, which is directly wholly-owned by Mr. Yan Zhi.
3. Based on 1,725,066,689 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors had any interest or short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required pursuant to section 352 of the SFO to be entered in the register of the Company referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders’ and other persons’ interests and short positions in shares and underlying shares of the Company

So far as was known to the Directors, as at 30 June 2021, the persons (not being Directors or chief executives of the Company) whose interests and short positions in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO, or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

Long and short positions in Shares

Substantial shareholders

Name of shareholder	Capacity	As at 30 June 2021	
		Number of Shares <i>(Note 1)</i>	Approximate percentage of total number of Shares in issue <i>(Note 3)</i>
Zall Holdings Company Limited <i>(Note 2)</i>	Interest through controlled corporation	882,440,621 (L)	51.15%
	Beneficial owner	408,010,509 (L)	23.66%
China Tongshang Investment <i>(Note 2)</i>	Beneficial owner	882,440,621 (L)	51.15%

Notes:

1. The letter "L" denotes a long position.
2. China Tongshang Investment is wholly-owned by Zall Holdings Company Limited, which in turn is wholly-owned by Mr. Yan Zhi.
3. Based on 1,725,066,689 Shares in issue as at 30 June 2021.

Share Option Scheme

The Company approved and adopted a share option scheme (the “**Share Option Scheme**”) on 25 May 2018. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) *Purpose*

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that any full-time employees, executives, officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries and any advisors, consultants, suppliers, agents, business affiliates and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group (the “**Eligible Participants**”) had made, may have made or will make to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) *Participants*

The Board may, at its discretion, offer to grant an option to the Eligible Participants to subscribe for such number of new Shares as the Board may determine at a subscription price determined in accordance with the Share Option Scheme.

(3) *The maximum number of Shares available for issue*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which the Share Option Scheme was adopted, and such 10% limit represents 172,506,668 Shares. 172,506,668 Shares represents approximately 9.99% of the total Shares in issue as at 30 June 2021.

(4) *The maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) *Time of acceptance and exercise of option*

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) *Subscription price for Shares and consideration for the option*

The subscription price per Share under the Share Option Scheme will be a price determined by the Board in its absolute discretion, save that such price must be at least the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

(7) *The remaining life of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 25 May 2018.

For further details of the Share Option Scheme, please refer to the announcement dated 9 April 2018 and the circular dated 24 April 2018 of the Company.

(8) *Details of the share option granted*

During the six months ended 30 June 2021, there were no share options granted or agreed to be granted by the Company, exercised, cancelled or lapsed under the Share Option Scheme.

Director's right to acquire shares or debentures

During the six months ended 30 June 2021, none of the Directors was granted any options to subscribe for the Shares.

Financial resources and liquidity

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

As at 30 June 2021, the Group had total outstanding interest-bearing borrowings of HK\$346.53 million (31 December 2020: HK\$456.49 million). The Group also had total cash and cash equivalents of HK\$36.84 million (31 December 2020: HK\$38.18 million) and consolidated net assets of HK\$905.97 million (31 December 2020: HK\$922.31 million).

As at 30 June 2021, the Group's net gearing ratio was 0.4 times (31 December 2020: 0.5 times). The calculation of the gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 30 June 2021, the Group's net current liabilities was HK\$207.34 million (31 December 2020: HK\$384.15 million), and current assets was HK\$225.82 million (31 December 2020: HK\$250.48 million) and current liabilities of HK\$433.16 million (31 December 2020: HK\$634.63 million), representing a current ratio of 0.5 times (31 December 2020: 0.4 times).

Exchange rate risk

The Group operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, the Directors consider that the Group had no significant foreign currency risk during the six months ended 30 June 2021.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investment as at 30 June 2021.

Material acquisitions and disposals of subsidiaries and affiliated companies

Disposal of 60% equity interests in Shayang Guoli

On 1 March 2021, CIG Wuhan Multipurpose, an indirect wholly-owned subsidiary of the Company, entered into the disposal agreement with Shayang Xingang, an organisation under the county government of Shayang County of Hubei Province of the PRC in relation to the Shayang Guoli Disposal.

Disposal of 100% equity interests in Zhongji Tongshang Construction

On 21 May 2021, Tongshang Enterprise Investment Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into the disposal agreement with Wuhan Hongcheng, a company established in the PRC with limited liability, in relation to the Zhongji Tongshang Construction Disposal. In June 2021, Zhongji Tongshang Construction was disposed and ceased to be an indirectly wholly-owned subsidiary of the Company. The Group discontinued its operation in the provision of construction services.

Disposal of 100% equity interests in Zhongji Tongshang Yuanlin

On 21 May 2021, Tongshang Enterprise Investment Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into the disposal agreement with Wuhan Minfudong Construction, a company established in the PRC with limited liability in relation to the Zhongji Tongshang Yuanlin Disposal.

Disposal of 100% equity interests in Zhongji Tongshang Construction (Wuhan)

On 21 May 2021, Tongshang Enterprise Investment Group Company Limited, an indirect wholly-owned subsidiary of the Company, entered into the disposal agreement with Wuhan Lingqiaoqia, a company established in the PRC with limited liability, in relation to the Zhongji Tongshang Construction (Wuhan) Disposal.

Further details of the disposals of subsidiaries are set out in “OTHER HIGHLIGHTS” in this report.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries and associates during the six months ended 30 June 2021.

Capital commitments

As at 30 June 2021, the Group had capital commitments in respect of construction of port facilities contracted for but not provided for amounting to HK\$75.60 million (31 December 2020: HK\$154.68 million).

Contingent liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

Pledge of assets

As at 30 June 2021, the Group has pledged the equity interests 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\$329.69 million (31 December 2020: HK\$352.14 million), HK\$19.39 million (31 December 2020: HK\$19.33 million), HK\$464.10 million (31 December 2020: HK\$507.85 million) and HK\$11.88 million (31 December 2020: HK\$11.68 million) respectively, to secure bank and other borrowings granted to the Group.

Capital structure

As at 30 June 2021, the Group's total equity amounted to HK\$905.97 million (31 December 2020: HK\$922.31 million).

Employee information

As at 30 June 2021, the Group had employed 405 employees (31 December 2020: 466 full-time employees). 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 and medical benefit for its employees in Hong Kong. The Group adopts a remuneration policy similar to its peers in the same industry. The Group remunerates its employees in accordance with their work performance and experience, which is fixed by reference to their respective duties and the prevailing market rates in the region.

The Group conducts a range of targeted training and development programs through various institutions to strengthen employees' skills and knowledge, with an aim to well equip them to cope with its development in the industry.

In addition, in response to the Pandemic, the Group provided contingency manual and trainings to its employees regarding the proper handling of COVID-19 related matters.

The Company has also adopted the Share Option Scheme to recognise and acknowledge the contributions of eligible employees and directors of the Company or its subsidiaries. Further details of the Share Option Scheme have been set out in this report.

Future plans for material investments or capital assets

There were no material investments or capital assets up to the date of this report. The Group will continue to look for suitable opportunities for investments or acquisition of material capital assets to enhance its profitability in the ordinary course of its business.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has been in compliance with the code provisions as set out in the Corporate Governance Code ("**CG Code**") in Appendix 14 to the Listing Rules during the six months ended 30 June 2021.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors.

Specific enquiry has been made to all Directors, who have confirmed that, during the six months ended 30 June 2021, each of them was in compliance with the required standard as set out in the Model Code.

Changes in information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes to information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2020 are set out as follows:

Mr. Lee Kang Bor, Thomas, the independent non-executive Director, joined China Aoyuan Group Limited, a company listed on the Stock Exchange (Stock Code: 3883), as independent non-executive director, member of the audit committee, member of the nomination committee and member of the remuneration committee with effect from 13 April 2021.

Mr. Wong Wai Keung, Frederick, the independent non-executive Director, has resigned as an independent non-executive director and chairman of the audit committee of Burwill Holdings Limited (provisional liquidators appointed) (delisted from the Stock Exchange) (stock code: 24) with effect from 11 August 2021.

Save as disclosed above, during the six months ended 30 June 2021 and up to the date of this interim report, there were no other information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Review by the Audit Committee

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 Company and to assist the Board to fulfill its responsibilities over audit. The condensed consolidated results of the Group for the six months ended 30 June 2021 is unaudited and have not been reviewed by external auditors but have been reviewed by the Audit Committee. 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 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.

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

Hong Kong, 27 August 2021

As at the date of this report, 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*