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## **China Infrastructure & Logistics Group Ltd.**

**中國通商集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1719)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the announcements of China Infrastructure & Logistics Group Ltd. (the “**Company**”) dated 31 March 2022 (the “**Unaudited Consolidated Results Announcement**”) in relation to the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021. As certain changes have been made to the unaudited consolidated financial information of the Group for the year ended 31 December 2021 as contained in the Unaudited Consolidated Results Announcement, the differences between the unaudited consolidated financial information as contained in the Unaudited Consolidated Results Announcement and the audited consolidated financial information as contained in this announcement are set out in the section headed “Material differences between unaudited and audited consolidated results” in this announcement.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative amounts for the corresponding period in 2020.

## HIGHLIGHTS

### For the year ended 31 December 2021

Comparing to the year ended 31 December 2020:

#### Continuing operations

- Revenue decreased by approximately 40.7% to HK\$247.67 million (2020: HK\$417.86 million), mainly due to the offsetting effect of (i) the significant decrease in revenue of HK\$181.34 million from the supply chain management and trading business due to the termination of the non-ferrous metals trading business during 2021; (ii) decrease in revenue of HK\$2.21 million from the container handling, storage & other service due to the disposal of the 60% equity interest of Shayang Guoli in March 2021; (iii) decrease in revenue of HK\$0.92 million from the terminal service business; (iv) increase in stacking yard and warehouses leasing income of HK\$1.51 million in the property business of the WIT Port (武漢陽邏港) and the Hannan Port (漢南港); (v) the increase in integrated logistics service income of HK\$7.60 million due to the increase in business volume from the Hannan Port; and (vi) the increase of HK\$5.17 million from general and bulk cargoes handling service as result of the cooperation arrangement with Wuhan Jingkai Port Company Limited.
- Overall container throughput of the WIT Port increased by approximately 12.1% to 720,021 TEUs (2020: 642,131 TEUs), mainly due to the offsetting effect of (i) decrease of gateway cargoes throughput by approximately 10.1% to 285,048 TEUs (2020: 316,915 TEUs); and (ii) increase in transshipment cargoes throughput by approximately 33.7% to 434,973 TEUs (2020: 325,216 TEUs).
- Despite an overall increase in container throughput, the Group's market share in overall WIT Port for the year ended 31 December 2021 decreased to 39.1% (2020: 43.6%). The decrease was mainly due to the continuing competition arising from neighbouring ports during the year ended 31 December 2021.
- Gross profit decreased by 39.4% to HK\$54.32 million (2020: HK\$89.59 million) and gross profit margin was 21.9% (2020: 21.4%), at similar level as compared to that of 31 December 2020. The decrease in gross profit was mainly due to the cessation of government subsidies related to the throughput volume which offset against cost of services rendered.

## **Discontinued operation**

- Discontinued operation represented the disposal of Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd (“**Zhongji Tongshang Construction**”), which caused the decrease in revenue from construction business. Upon completion of such disposal in June 2021, Zhongji Tongshang Construction has ceased to be an indirect wholly-owned subsidiary of the Company and the Group discontinued its operation in the provision of construction services.
- The gross profit was HK\$0.66 million (2020: HK\$0.84 million) and the gross profit margin was 3.6% (2020: 3.3%). The profit attributable to owners of the Company was HK\$6.39 million (2020: loss attributable to owners of the Company of HK\$2.01 million).

## **Profit for the year**

- Profit for the year increased by 12.4% to HK\$25.18 million (2020: HK\$22.41 million). The increase was mainly attributable to the (i) offsetting effect from continuing operations of (a) the increase in change in fair value of investment properties of HK\$28.06 million for the year ended 31 December 2021; (b) the decrease in net finance costs of HK\$11.17 million due to the repayment of bank and other borrowings during the year ended 31 December 2021; (c) the decrease in EBITDA of HK\$35.98 million; (d) the loss on disposal of subsidiaries of HK\$5.99 million; and (ii) the profit for the year from discontinued operation of HK\$6.39 million (2020: loss for the year of HK\$2.01 million).

## **Profit attributable to owners of the Company**

- Profit attributable to owners of the Company increased by 8.4% to HK\$28.04 million (2020: HK\$25.86 million).
- Earnings per share (basic and diluted) attributable to owners of the Company was HK1.63 cents (2020: HK1.50 cents), representing an increase of 8.7%.

## **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 organization 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 completed in March 2021 and Shayang Guoli has since ceased to be an indirect non-wholly owned subsidiary of the Company.

### ***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 completed in June 2021 and Zhongji Tongshang Construction has since ceased to be an indirect wholly-owned subsidiary of the Company.

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

***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 RMB3,400 (equivalent to approximately HK\$4,100) (the “**Zhongji Tongshang Yuanlin Disposal**”). The Zhongji Tongshang Yuanlin Disposal was completed in June 2021 and Zhongji Tongshang Yuanlin has since ceased to be an indirect wholly-owned subsidiary of the Company.

***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 Lingqiaoia Trading Company Limited\* (武漢玲巧嘉貿易有限公司) (“**Wuhan Lingqiaoia 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 completed in June 2021 and Zhongji Tongshang Construction (Wuhan) has since ceased to be an indirect wholly-owned subsidiary of the Company.

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		(restated)
<b>Continuing operations</b>		
Revenue	247,671	417,862
Cost of services rendered and goods sold	<b>(193,348)</b>	(328,276)
	<hr/>	<hr/>
Gross profit	54,323	89,586
Other income	30,025	26,239
General, administrative and other operating expenses	<b>(70,955)</b>	(55,282)
	<hr/>	<hr/>
Operating profit/EBITDA (Earnings before interest, income tax expense, depreciation and amortisation)	13,393	60,543
Finance costs – net	<b>(23,869)</b>	(35,041)
	<hr/>	<hr/>
EBTDA (Earnings before income tax expense, depreciation and amortisation)	<b>(10,476)</b>	25,502
Depreciation and amortisation	<b>(33,387)</b>	(31,508)
Change in fair value of investment properties	72,799	44,740
Loss on disposal of subsidiaries	<b>(5,988)</b>	—
Share of profit of associates	139	333
	<hr/>	<hr/>
Profit before income tax	23,087	39,067
Income tax expense	<b>(4,297)</b>	(14,643)
	<hr/>	<hr/>
Profit for the year	18,790	24,424
Non-controlling interests	2,860	3,448
	<hr/>	<hr/>
Profit from continuing operations attributable to owners of the Company	<b>21,650</b>	27,872
	<hr/> <hr/>	<hr/> <hr/>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Discontinued operation</b>		
Revenue	18,369	25,688
Cost of services rendered	<u>(17,707)</u>	<u>(24,846)</u>
Gross profit	662	842
General, administrative and other operating expenses (exclude depreciation and amortisation)	<u>(1,584)</u>	<u>(2,082)</u>
Operating loss/EBITDA	(922)	(1,240)
Interest income	<u>6</u>	<u>2</u>
EBTDA	(916)	(1,238)
Depreciation and amortisation	(11)	(1,027)
Gain on disposal of discontinued operation	<u>7,317</u>	<u>—</u>
Profit/(Loss) before income tax	6,390	(2,265)
Income tax credit	<u>—</u>	<u>253</u>
Profit/(Loss) for the year	<u>6,390</u>	<u>(2,012)</u>
Profit/(Loss) from discontinued operations attributable to owners of the Company	<u><u>6,390</u></u>	<u><u>(2,012)</u></u>

### Overall performance

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Profit for the year</b>	<u><u>25,180</u></u>	<u><u>22,412</u></u>
<b>Profit/(Loss) for the year attributable to:</b>		
Owners of the Company		
— continuing operations	21,650	27,872
— discontinued operation	<u>6,390</u>	<u>(2,012)</u>
	<u><u>28,040</u></u>	<u><u>25,860</u></u>

### Basic and diluted earnings/(loss) per share attributable to owners of the Company (HK cents)

— continuing operations	1.26	1.62
— discontinued operation	<u>0.37</u>	<u>(0.12)</u>
	<u><u>1.63</u></u>	<u><u>1.50</u></u>

## REVIEW OF OPERATIONS

### Overall business environment

The principal activities of the Group are investment in and the development, operation and management of container and other ports, and the provision of port related, logistics and other services including integrated logistics, port and warehouse leasing and the supply chain management and trading services, mainly conducted through its various ports, including the WIT Port (武漢陽邏港), the Multi-Purpose Port (通用港口), the Hannan Port (漢南港), the Shayang Port (沙洋港) and the Shipai Port (石牌港), all located in the Yangtze River Basin in Hubei Province, the PRC. The construction services business previously engaged by the Group was discontinued in June 2021.

### *The WIT Port and the Multi-Purpose Port*

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

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

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, large ships are precluded from navigating directly between those areas and Shanghai. The trans-shipment service provided by the WIT Port offers a more economical alternative to ship container cargoes using large ships carrying more containers to and from Shanghai and overseas. Surrounding areas which are serviced by the WIT Port include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and the WIT Port promotes direct shipment to the Yangshan Port in Shanghai (江海直達) have further strengthened the position of the WIT Port as a trans-shipment port at the mid-stream of the Yangtze River. Phase one terminal of Yangluo Port opened the first direct international shipping route from Wuhan to Japan in the fourth quarter of 2019, which was a landmark significance as the first international shipping route in the middle and upper reaches of Yangtze River. In the third quarter of 2021, the Group opened up two new sea channels. The first one is directly from Zhoushan to Wuhan Yangluo Port, then from Yangluo Port to Chengdu-Chongqing region, indicating that Wuhan has successfully opened up the third new sea channel for foreign trade. The new channel plays an important role in promoting the development of direct shipment, in enhancing the functions of the golden waterway of Yangtze River, and in building a modern comprehensive transportation system. Another new channel for foreign trade is a container shipping direct route from Yangluo Port to Busan Port in South Korea, which is the second international shipping route opened in Wuhan and the first direct shipping route to South Korea opened in the middle and upper reaches of Yangtze River and in the central region. The direct route between Yangluo Port and Busan Port in South Korea is extended and expanded based on the existing direct route between Wuhan and Japan.



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

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

### ***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.

To capture the future economic growth in Wuhan, Hannan Port Group provides an opportunity for the Group to expand its geographical coverage beyond the Yangluo Port Area where the WIT Port and the Multi-Purpose Port in Wuhan are located. The Hannan Port Group creates synergies between the WIT Port and the Hannan Port, particularly because the management team of the WIT Port has extensive experience in the construction, development and management of ports in the PRC. Being the feeder port of the WIT Port, the Hannan Port can increase the throughput capacity of the WIT Port to satisfy the demand for logistics services in Wuhan. The WIT Port, together with the Hannan Port, can provide more cost-effective solutions to the Group’s customers. As the Hannan Port will be developed into a multi-purpose service platform in phases, providing terminal, warehousing and logistics services and other services including RORO (Roll on Roll off), bulk cargo transportation and storage, automobile spare parts processing and logistics services.

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

### ***The Shayang Port***

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

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

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

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

### ***The Shipai Port***

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

The port commenced commercial operations in 2018. The inspection and acceptance of the construction of the construction of the temporary stacking yard and berths were 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 and within budget, and ensuring that the construction work will meet all relevant regulations and quality standards.

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

Due to the termination of the non-ferrous metals trading business during 2021, income from the supply chain management and trading business has decreased.

## OPERATING RESULTS

### Revenue

	Year ended 31 December					
	2021		2020		Increase/(Decrease)	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
			(restated)			
<b>Continuing operations</b>						
Terminal service	81,085	32.8	82,006	19.6	(921)	(1.1)
Integrated logistics service	42,177	17.1	34,577	8.3	7,600	22.0
Property business	14,963	6.0	13,455	3.2	1,508	11.2
Container handling, storage & other service	22,626	9.1	24,839	5.9	(2,213)	(8.9)
General and bulk cargoes handling service	18,685	7.5	13,515	3.2	5,170	38.3
Supply chain management and trading business	68,135	27.5	249,470	59.8	(181,335)	(72.7)
	<u>247,671</u>	<u>100.0</u>	<u>417,862</u>	<u>100.0</u>	<u>(170,191)</u>	<u>(40.7)</u>
<b>Discontinued operation</b>						
Construction services	18,369	100.0	25,688	100.0	(7,319)	(28.5)

### Continuing operations

For the year ended 31 December 2021, the Group's revenue amounted to HK\$247.67 million (2020: HK\$417.86 million), representing a decrease of 40.7% as compared to 2020. The decrease was mainly due to the offsetting effect of (i) the significant decrease in revenue of HK\$181.34 million from the supply chain management and trading business due to the termination of the non-ferrous metals trading business during 2021; (ii) decrease in revenue of HK\$2.21 million from the container handling, storage & other service due to the disposal of the 60% equity interest of Shayang Guoli in March 2021; (iii) decrease in revenue of HK\$0.92 million from the terminal service business; (iv) increase in stacking yard and warehouses leasing income of HK\$1.51 million in the property business of WIT and the Hannan Port (漢南港); (v) the increase in integrated logistics service income of HK\$7.60 million due to the increase in business volume from the Hannan Port; and (vi) and the increase of HK\$5.17 million from general and bulk cargoes handling service as result of the cooperation arrangement with Wuhan Jingkai Port Company Limited.

## Terminal service

### *Container throughput*

	Year ended 31 December					
	2021		2020		Increase/(Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	285,048	39.6	316,915	49.4	(31,867)	(10.1)
Trans-shipment cargoes	434,973	60.4	325,216	50.6	109,757	33.7
	<u>720,021</u>	<u>100.0</u>	<u>642,131</u>	<u>100.0</u>	<u>77,890</u>	<u>12.1</u>

Total throughput achieved by WIT for the year ended 31 December 2021 was 720,021 TEUs, representing an increase of 77,890 TEUs or approximately 12.1% as compared to that of 642,131 TEUs for the year ended 31 December 2020. For the 720,021 (2020: 642,131 TEUs) TEUs handled in 2021, 285,048 TEUs (2020: 316,915 TEUs) or approximately 39.6% (2020: 49.4%) and 434,973 TEUs (2020: 325,216 TEUs) or approximately 60.4% (2020: 50.6%) were attributed to gateway cargoes and trans-shipment cargoes respectively. The gateway cargoes throughput decreased by approximately 10.1% to 285,048 TEUs (2020: 316,915 TEUs) and the trans-shipment cargoes throughput increased by approximately 33.7% to 434,973 TEUs (2020: 325,216 TEUs).

The increase in overall container throughput for the year ended 31 December 2021 was attributable to offsetting effect of an approximately 10.1% decrease in gateway cargoes and an approximately 33.7% increase in trans-shipment cargoes. The decrease in gateway cargoes was mainly due to the price cutting competition from the neighbouring port which captured certain marketing shares from the Group through the deployment of tariff cutting tactics to induce customers to use its port and resulted in the decrease in the number of the gateway cargoes containers handled by the Group. The increase in transshipment cargoes is mainly due to cooperation with Wuhan Jingkai Port Company that open-up eastwest routes and serve enterprises around the Wuhan Development Zone, attracting more trans-shipment cargoes from upstream of Wuhan Yangtze River such as Chongqing to transit through Jingkai Port to WIT Port via the water shuttle bus.

### *Market share*

In terms of market share, for the year ended 31 December 2021, despite an overall increase in container throughput, the market share of the Group decreased to approximately 39.1% (2020: 43.6%) based on a total of 1,841,310 TEUs (2020: 1,472,794 TEUs) handled for the whole of WIT Port in 2021. The decrease was mainly due to the continuing competition arising from neighbouring ports during the year ended 31 December 2021.

### *Average tariff*

Tariffs denominated in Renminbi (“**RMB**”) were converted into Hong Kong Dollars, being the reporting currency of the Group. The average tariff for gateway cargoes for the year ended 31 December 2021 was RMB205 (equivalent to approximately HK\$246) per TEU (2020: RMB191 (equivalent to approximately HK\$214) per TEU), representing an increase of approximately 7.3% as compared to that for year ended 31 December 2020. The average tariff for trans-shipment cargoes was RMB11 (equivalent to approximately HK\$13) per TEU (2020: RMB18 (equivalent to approximately HK\$20) per TEU), which decreased by approximately 38.9% as compared to that for 2020. The increase in the tariff for gateway cargoes was due to the loss of a major customer with relatively lower tariff. The decrease in the tariff for the trans-shipment cargoes was due to the transportation of more empty containers in between WIT Port and Wuhan Jingkai Port with lower tariff as part of the cooperation between the two ports.

### **Integrated logistics service**

The integrated logistics service business of the Group provides agency and logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management. Revenue generated from the integrated logistics service business for the year ended 31 December 2021 increased by HK\$7.60 million to HK\$42.18 million (2020: HK\$34.58 million), which accounted for approximately 17.1% of the Group’s total revenue for the year ended 31 December 2021 (2020: 8.3%).

The increase was mainly attributable to the increase in business volume from the Hannan Port during the year ended 31 December 2021.

### **Property business**

Income for the property business is mainly generated from the port and warehouse leasing business of the Hannan Port, Wuhan which owns investment properties of leasehold lands, berth, commercial buildings and pontoon, as well as the leasing of a stacking yard and certain warehouses at the WIT Port during the year ended 31 December 2021. The port and warehouse leasing income for property business increased to HK\$14.96 million (2020: HK\$13.46 million) which accounted for approximately 6.0% of the Group’s total revenue for the year ended 31 December 2021 (2020: 3.2%).

The increase was mainly due to the new leases for the stacking yard and warehouses at the WIT Port and Hannan Port.

### ***Gross profit and gross profit margin***

For the year ended 31 December 2021, gross profit decreased by 39.4% to HK\$54.32 million (2020: HK\$89.59 million) and gross profit margin was 21.9% (2020: 21.4%), remaining at similar level as compared to that in 2020. The decrease in gross profit was mainly due to the termination of the government subsidies related to the throughput volume granted which was offset against cost of services rendered during the year ended 31 December 2020.

### **Other income**

Other income for the year ended 31 December 2021 increased by HK\$3.79 million or approximately 14.4% to HK\$30.03 million (2020: HK\$26.24 million). The increase is mainly due to increase in government subsidies of HK\$1.78 million granted to certain subsidiaries of the Group.

### **Increase in fair value of investment properties**

The Group holds certain investment properties, including (i) port and warehouse in the Hannan Port; (ii) the logistics centre adjacent to the Shayang Port; and (iii) a stacking yard and certain warehouses at the WIT Port. The Group's investment properties are revalued at the end of the reporting period on an open market value basis by an independent property valuer. Changes in fair value arising from such revaluations are accounted for as "change in fair value of investment properties" through the consolidated statement of profit or loss and other comprehensive income. For the year ended 31 December 2021, the Group recorded positive fair value gain in the value of investment properties of HK\$72.80 million (2020: HK\$44.74 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 year ended 31 December 2020 (during the outbreak of the Coronavirus Disease 2019 (COVID) (the "Pandemic"))

### **Loss on disposal of subsidiaries**

The loss on disposal of subsidiaries was HK\$5.99 million for the year ended 31 December 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 of associates

Share of profit was HK\$0.14 million for the year ended 31 December 2021 (2020: HK\$0.33 million) of the associates, 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 and Tongshang Port (Jiangling) Company Limited\* (通商港口(江陵)有限公司) (“**Tongshang Port (Jiangling)**”), which reflected the Group’s share of the results of its 40.0% equity interests of the entity. The principal activities of Tongshang Port (Jiangling) are provision of customs clearance and logistics services.

## *Profit attributable to owners of the Company for the year*

Profit attributable to owners of the Company decreased by HK\$6.22 million or approximately 22.3% to HK\$21.65 million (2020: HK\$27.87 million). The decrease in profitability was mainly attributable to the offsetting effect of (i) the decrease in EBITDA of HK\$35.98 million; (ii) the decrease in net finance costs of HK\$11.17 million due to the repayment of bank and other borrowings during the year ended 31 December 2021; (iii) the increase in change in fair value of investment properties of HK\$28.06 million for the year ended 31 December 2021; and (iv) the loss on disposal of subsidiaries of HK\$5.99 million.

Earnings per share (basic and diluted) attributable to owners of the Company for the year ended 31 December 2021 was HK1.26 cents (2020: HK1.62 cents), representing a decrease of 22.2% as compared with that for the year ended 31 December 2020.

## 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).

In June 2021, Zhongji Tongshang Construction was disposed of and ceased to be an indirect wholly-owned subsidiary of the Company. Accordingly, the Group discontinued its operations in the provision of construction services and hence, the revenue was decreased during the year ended 31 December 2021.



The gain on disposal of discontinued operation was HK\$7.32 million for the year ended 31 December 2021, representing the gain on disposal of Zhongji Tongshang Construction.

### **Events after the reporting period**

On 18 January 2022, Hubei Port (Hong Kong) International Limited (“**Hubei Port**”) acquired approximately 74.81% of the total issued share capital of the Company and has become a controlling shareholder (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”)) of the Company. Hubei Port thereafter made, through its financial advisers, an unconditional mandatory cash offer for all the issued shares of the Company (the “**Shares**”), other than those already owned by and/or agreed to be acquired by Hubei Port and parties acting in concert with it pursuant to Rule 26.1 of the Code on Takeovers and Mergers of Hong Kong (the “**Share Offer**”).

Following the completion of the Share Offer on 25 March 2022, Hubei Port and parties acting in concert with it held approximately 87.66% of the total issued share capital of the Company. Accordingly, the minimum public float requirement of 25.0% as set out under Rule 8.08(1) of the Listing Rules has not been satisfied and pursuant to Note 1 to Rule 8.08(1)(b) of the Listing Rules, trading in the Shares was required to be suspended as the percentage of the public float has fallen below 15.0% following the close of the Share Offer. At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 28 March 2022 pending the restoration of the public float. Further details is set out in the joint announcement of the Company dated 25 March 2022.

## Forward looking

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

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

As disclosed in the Composite Document, Hubei Port intends to continue the existing principal businesses of the Group and will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future development and expansion of the Group's principal business, that is, the investment in and development, operation and management of container and ports, as well as the provision of port related, logistics and other services including integrated logistics, port and warehouse leasing and the supply chain management and trading business. Subject to the results of the review, the Hubei Port may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

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 year ended 31 December 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, those disposals will improve the liquidity and financial position of the Group. Notwithstanding the disposals, the Group will continue to develop its ports construction and operation business, should appropriate opportunities arise.

## **Financial resources and liquidity**

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

For the year ended 31 December 2021, the Group recorded a net cash inflow from operating activities of HK\$17.99 million (2020: net cash inflow from operating activities of HK\$8.64 million).

As at 31 December 2021, the Group had total outstanding interest-bearing borrowings of HK\$350.98 million (2020: HK\$456.49 million). The Group also had total cash and cash equivalents of HK\$31.13 million as at 31 December 2021 (2020: HK\$38.18 million) and net assets of HK\$949.18 million (2020: HK\$922.31 million).

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

As at 31 December 2021, the Group's net current liabilities was HK\$292.83 million (2020: HK\$384.15 million), with current assets of HK\$150.08 million (2020: HK\$250.48 million) and current liabilities of HK\$442.91 million (2020: HK\$634.63 million), representing a current ratio of 0.3 times (2020: 0.4 times). The net current liabilities as at 31 December 2021 decreased mainly due to the decrease in trade and other payables.

## **Exchange rate risk**

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

## **Capital commitments**

As at 31 December 2021, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK\$74.32 million (2020: HK\$154.68 million). Capital commitments for the year was mainly attributable to the capital commitment related to the construction projects in the logistics centre adjacent to the Shayang Port amounted to HK\$73.51 million.

## **Contingent liabilities**

The Group had no material contingent liabilities as at 31 December 2021 (2020: nil).

## **Pledge of assets**

As at 31 December 2021, the Group has pledged the equity interest of certain subsidiaries and certain of its port facilities and terminal equipment, land use rights, investment properties and restricted deposits with carrying amount of approximately HK\$355.40 million (2020: HK\$352.14 million), HK\$19.60 million (2020: HK\$19.33 million), HK\$600.21 million (2020: HK\$507.85 million) and HK\$12.49 million (2020: HK\$11.68 million) respectively, to secure bank and other borrowings granted to the Group.

## **Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint venture**

### ***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 a 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 a 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 of 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 a 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 a disposal agreement with Wuhan Lingqiaoqia Trading, 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 announcement.

Save as disclosed above, the Group did not have any other significant investments, material acquisitions or disposals of subsidiaries and associates or joint ventures during the year ended 31 December 2021.

### **Employees and remuneration policies**

As at 31 December 2021, the Group had an aggregate of 389 full-time employees (2020: 476). The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors’ service contracts, the reviewing of Directors’ and senior management’s emoluments and the awarding of discretionary bonuses of the Company to the remuneration committee of the Company. Total remuneration together with pension contributions from continuing operations incurred for the year ended 31 December 2021 amounted to HK\$76.69 million (2020: HK\$57.06 million). The Directors entitled remuneration of HK\$5.15 million (2020: HK\$5.03 million) during the year ended 31 December 2021.

The Company has also adopted a share option scheme on 25 May 2018 to recognise and acknowledge the contributions of eligible employees and directors of the Company or its subsidiaries. Further details of the share option scheme will be set out in the annual report of the Company to be dispatched to the shareholders of the Company.

## THE FINANCIAL STATEMENTS

### Results

The Directors are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 which have been reviewed and approved by the audit committee of the Company (the “Audit Committee”), as follows:

#### Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Continuing operations</b>			
<b>Revenue</b>	4	247,671	417,862
Cost of services rendered and goods sold		<u>(193,348)</u>	<u>(328,276)</u>
<b>Gross profit</b>		54,323	89,586
Other income	6	30,025	26,239
Change in fair value of investment properties	10	72,799	44,740
General and administrative expenses		(75,484)	(54,602)
Other operating expenses		(28,858)	(32,188)
Finance costs — net		(23,869)	(35,041)
Loss on disposal of subsidiaries	15	(5,988)	—
Share of profit of associates		<u>139</u>	<u>333</u>
<b>Profit before income tax</b>		23,087	39,067
Income tax expense	7	<u>(4,297)</u>	<u>(14,643)</u>
<b>Profit for the year from continuing operations</b>		<u>18,790</u>	<u>24,424</u>
<b>Discontinued operation</b>			
Profit/(Loss) for the year and gain on disposal	14	<u>6,390</u>	<u>(2,012)</u>
<b>Profit for the year</b>		<u>25,180</u>	<u>22,412</u>
<b>Other comprehensive income/(expenses)</b>			
<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		40,876	54,418
— discontinued operation		890	3,149
Release of reserve upon disposal of subsidiaries		(4,089)	—
Share of other comprehensive expenses of associates		<u>(14)</u>	<u>—</u>
<b>Other comprehensive income for the year</b>		<u>37,663</u>	<u>57,567</u>
<b>Total comprehensive income for the year</b>		<u><u>62,843</u></u>	<u><u>79,979</u></u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Profit/(Loss) for the year attributable to:</b>			
Owners of the Company			
— continuing operations		21,650	27,872
— discontinued operation		6,390	(2,012)
		<u>28,040</u>	<u>25,860</u>
Non-controlling interests			
— continuing operations		(2,860)	(3,448)
— discontinued operation		—	—
		<u>(2,860)</u>	<u>(3,448)</u>
		<u><b>25,180</b></u>	<u><b>22,412</b></u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company			
— continuing operations		54,261	73,317
— discontinued operation		7,280	1,137
		<u>61,541</u>	<u>74,454</u>
Non-controlling interests			
— continuing operations		1,302	5,525
— discontinued operation		—	—
		<u>1,302</u>	<u>5,525</u>
		<u><b>62,843</b></u>	<u><b>79,979</b></u>
<b>Basic and diluted earnings/(loss) per share attributable to owners of the Company (HK cents)</b>			
	8		
— continuing operations		1.26	1.62
— discontinued operation		0.37	(0.12)
		<u>1.63</u>	<u>1.50</u>



## Consolidated statement of financial position

At 31 December 2021

		2021	2020
	Notes	HK\$'000	HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	10	895,932	768,298
Property, plant and equipment		568,514	590,827
Construction in progress		5,497	197,317
Land use rights		19,593	19,328
Intangible assets		7,697	16,236
Restricted deposits		11,389	11,682
Interest in the associates		10,705	10,088
Goodwill		—	1,054
Deferred tax assets		14,548	4,920
		<hr/>	<hr/>
		1,533,875	1,619,750
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		7,091	6,258
Trade and other receivables	11	97,782	137,541
Contract assets		—	27,454
Amount due from an associate		92	180
Amount due from a related company		56	56
Government subsidy receivables	12	11,165	40,807
Income tax recoverable		1,662	—
Restricted deposits		1,107	—
Cash and cash equivalents		31,127	38,180
		<hr/>	<hr/>
		150,082	250,476
		<hr/>	<hr/>

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	175,784	291,080
Amount due to a non-controlling interest		—	59,410
Amount due to a related company		—	136
Amount due to the controlling shareholder		56,120	56,131
Amount due to ultimate holding company		1,259	1,279
Bank borrowings		103,935	120,915
Other borrowings		93,046	76,447
Lease liabilities		679	1,206
Income tax payable		12,088	28,023
		<u>442,911</u>	<u>634,627</u>
<b>Net current liabilities</b>		<u>(292,829)</u>	<u>(384,151)</u>
<b>Total assets less current liabilities</b>		<u>1,241,046</u>	<u>1,235,599</u>
<b>Non-current liabilities</b>			
Other payables	<i>13</i>	10,033	3,588
Bank borrowings		124,722	116,820
Other borrowings		41,479	97,112
Lease liabilities		—	662
Deferred tax liabilities		115,637	95,112
		<u>291,871</u>	<u>313,294</u>
<b>Net assets</b>		<u>949,175</u>	<u>922,305</u>
<b>EQUITY</b>			
Share capital	<i>16</i>	172,507	172,507
Reserves		657,432	595,020
		<u>829,939</u>	<u>767,527</u>
<b>Equity attributable to owners of the Company</b>		<u>829,939</u>	<u>767,527</u>
Non-controlling interests		119,236	154,778
		<u>949,175</u>	<u>922,305</u>
<b>Total equity</b>		<u>949,175</u>	<u>922,305</u>

## 1. GENERAL INFORMATION

China Infrastructure & Logistics Group Ltd. (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The Company’s registered office is located at P.O. Box 309, Uglan 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.

As at 31 December 2021, the Company’s immediate holding company was China Tongshang Investment Group Limited (“**China Tongshang Investment**”), a limited liability company incorporated in the British Virgin Islands. The directors of the Company consider the ultimate holding company to be Zall Holdings Company Limited (“**Zall Holdings**”), a company incorporated in the British Virgin Islands and is wholly owned and controlled by Mr. Yan Zhi (“**Mr. Yan**”).

Following completion of the acquisition of the issued capital of the Company owned by China Tongshang Investment and Zall Holdings by Hubei Port (Hong Kong) International Limited (“**Hubei Port**”) in January 2022, Hubei Port owns approximately 74.81% of the issued capital of the Company and became the immediately holding company of the Company, which further increased to approximately 87.66% upon close of the mandatory cash offer on 25 March 2022. Hubei Port is a company incorporated in Hong Kong and 100% owned by Hubei Port Group Company Limited\* (湖北省港口集團有限公司 “**Hubei Port Group**”) which is in turn ultimately controlled by the State-owned Assets Supervision and Administration Commission of the Wuhan Municipal People’s Government\* (武漢市人民政府國有資產監督管理委員會).

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 consolidated financial statements of the Group for the year ended 31 December 2021 were approved for issue by the board of directors of the Company on 22 April 2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the prior years presented unless otherwise stated. The adoption of new and amended IFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are stated at fair values. The measurement bases are fully described in the accounting policies below.

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of HK\$292,829,000 as at 31 December 2021. This indicates a condition which may cast significant doubt about the Group's ability to continue as a going concern.

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

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

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

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

### 3. NEW AND AMENDED IFRSS

#### Amended IFRSs that are effective for annual periods beginning from 1 January 2021

In the current year, the Group has applied for the first time the following amended IFRSs issued by IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning from 1 January 2021:

Amendments 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 period have been prepared and presented.

#### Issued but not yet effective IFRSs

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

IFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendment to IFRS 16	COVID-19 — Related Rent Concessions beyond 30 June 2021 <sup>4</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosures of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date not yet determined

<sup>4</sup> Effective for annual periods beginning from 1 April 2021

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

#### 4. REVENUE

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Continuing operations</b>		
Types of goods or services:		
— Terminal service	81,085	82,006
— Integrated logistics service	42,177	34,577
— Property business	14,963	13,455
— Container handling, storage & other service	22,626	24,839
— General and bulk cargoes handling service	18,685	13,515
— Supply chain management and trading business	68,135	249,470
	<hr/> <b>247,671</b> <hr/>	<hr/> 417,862 <hr/>
Revenue recognised at a point in time	232,708	404,407
Rental income from investment properties	14,963	13,455
	<hr/> <b>247,671</b> <hr/>	<hr/> 417,862 <hr/>

## 5. 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, and general and bulk cargoes handling service.
Integrated logistics business:	Rendering agency and integrated logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management.
Supply chain management and trading business:	Sourcing, procurement and trading of commodities.
Construction business:	Provision of construction services.

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

As disclosed in note 14, the entire equity interest of Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd.\* (中基通商市政工程(武漢)有限公司, “**Zhongji Tongshang Construction**”), which represent the Group’s construction business segment, was disposed during the year ended 31 December 2021. Therefore, the construction business segment is presented as the discontinued operation during the year ended 31 December 2021 and the comparative information for the preceding year have been restated.

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

All revenue for 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 date were physically located in the PRC, accordingly no geographic information is presented.

During the year ended 31 December 2021, there were no (2020: three) customers with whom transactions have exceeded 10% of the Group’s revenue from continuing operations. During the year ended 31 December 2020, the revenue generated from these customers were from supply chain management and trading business amounted to HK\$96,946,000, HK\$46,437,000 and HK\$75,435,000 respectively.

## 2021

### Segment revenue and results

For the year ended 31 December 2021

	Continuing operations						Total HK\$'000	Discontinued operation
	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Elimination HK\$'000	Unallocated corporate income/ (expense) HK\$'000		Construction business HK\$'000
Revenue from external customers	14,963	122,396	42,177	68,135	—	—	247,671	18,369
Inter-segment revenue	—	2,307	5,201	—	(7,508)	—	—	—
<b>Reportable segment revenue</b>	<b>14,963</b>	<b>124,703</b>	<b>47,378</b>	<b>68,135</b>	<b>(7,508)</b>	<b>—</b>	<b>247,671</b>	<b>18,369</b>
<b>Reportable segment results</b>	<b>8,599</b>	<b>(19,339)</b>	<b>1,847</b>	<b>175</b>	<b>—</b>	<b>—</b>	<b>(8,718)</b>	<b>(933)</b>
Fair value changes on investment properties	72,799	—	—	—	—	—	72,799	—
Interest income	747	3,510	6	11	—	31	4,305	6
Interest expenses	(129)	(24,019)	(2,711)	—	—	(1,315)	(28,174)	—
(Loss)/Gain on disposal of subsidiaries	—	—	—	—	—	(5,988)	(5,988)	7,317
Share of profit of associates	4	135	—	—	—	—	139	—
Corporate and other unallocated expense	—	—	—	—	—	(11,276)	(11,276)	—
Profit/(Loss) before income tax	82,020	(39,713)	(858)	186	—	(18,548)	23,087	6,390
Income tax (expense)/credit	(19,768)	16,075	178	(349)	—	(433)	(4,297)	—
<b>Profit/(Loss) for the year</b>	<b>62,252</b>	<b>(23,638)</b>	<b>(680)</b>	<b>(163)</b>	<b>—</b>	<b>(18,981)</b>	<b>18,790</b>	<b>6,390</b>



## Segment assets and liabilities

At 31 December 2021

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Unallocated corporate assets/ (liabilities) HK\$'000	Total HK\$'000
<b>Segment assets</b>	914,733	688,403	8,777	13,550	452	1,625,915
Interest in the associates	10,074	631	–	–	–	10,705
Cash and cash equivalents	6,226	4,563	10,854	180	9,304	31,127
Income tax recoverable	–	1,662	–	–	–	1,662
Deferred tax assets	1,567	12,038	472	471	–	14,548
<b>Total assets</b>	<b>932,600</b>	<b>707,297</b>	<b>20,103</b>	<b>14,201</b>	<b>9,756</b>	<b>1,683,957</b>
<b>Segment liabilities</b>	<b>(75,375)</b>	<b>(65,628)</b>	<b>(21,823)</b>	<b>(6,811)</b>	<b>(74,238)</b>	<b>(243,875)</b>
Bank borrowings	(1,863)	(183,209)	(43,585)	–	–	(228,657)
Other borrowings	–	(120,325)	–	–	(14,200)	(134,525)
Deferred tax liabilities	(113,713)	(1,924)	–	–	–	(115,637)
Income tax payable	(10,992)	(452)	(188)	(12)	(444)	(12,088)
<b>Total liabilities</b>	<b>(201,943)</b>	<b>(371,538)</b>	<b>(65,596)</b>	<b>(6,823)</b>	<b>(88,882)</b>	<b>(734,782)</b>
<b>Net assets/(liabilities)</b>	<b>730,657</b>	<b>335,759</b>	<b>(45,493)</b>	<b>7,378</b>	<b>(79,126)</b>	<b>949,175</b>

For the year ended 31 December 2021

	Continuing operations					Discontinued Operation	
	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Unallocated	Total	Construction business HK\$'000
Capital additions (note)	25,441	7,204	3	24	–	32,672	184
Depreciation and amortisation	176	32,593	29	8	581	33,387	11
Expected credit losses (“ECL”) allowance recognised/(reversal)	6,093	7,055	2,956	(1,397)	–	14,707	–

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

## 2020

### Segment revenue and results

For the year ended 31 December 2020 (restated)

	Continuing operations						Total	Discontinued operation
	Property business	Terminal & related business	Integrated logistics business	Supply chain management and trading business	Elimination	Unallocated corporate income/(expense)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Construction business	
							HK\$'000	
Revenue from external customers	13,455	120,360	34,577	249,470	—	—	417,862	25,688
Inter-segment revenue	—	3,111	3,886	—	(6,997)	—	—	—
<b>Reportable segment revenue</b>	<b>13,455</b>	<b>123,471</b>	<b>38,463</b>	<b>249,470</b>	<b>(6,997)</b>	<b>—</b>	<b>417,862</b>	<b>25,688</b>
<b>Reportable segment results</b>	<b>9,480</b>	<b>33,933</b>	<b>1,214</b>	<b>(3,025)</b>	<b>—</b>	<b>—</b>	<b>41,602</b>	<b>(2,267)</b>
Fair value changes on investment properties	44,740	—	—	—	—	—	44,740	—
Interest income	7	64	2	—	—	4	77	2
Interest expenses	(57)	(31,079)	(3,394)	(77)	—	(511)	(35,118)	—
Share of profit of an associate	333	—	—	—	—	—	333	—
Corporate and other unallocated expense	—	—	—	—	—	(12,567)	(12,567)	—
Profit/(Loss) before income tax	54,503	2,918	(2,178)	(3,102)	—	(13,074)	39,067	(2,265)
Income tax (expense)/credit	(11,305)	(3,995)	119	538	—	—	(14,643)	253
<b>Profit/(Loss) for the year</b>	<b>43,198</b>	<b>(1,077)</b>	<b>(2,059)</b>	<b>(2,564)</b>	<b>—</b>	<b>(13,074)</b>	<b>24,424</b>	<b>(2,012)</b>

## Segment assets and liabilities

At 31 December 2020

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Construction business HK\$'000	Unallocated corporate assets/ (liabilities) HK\$'000	Total HK\$'000
Segment assets	782,677	933,734	19,472	16,015	46,603	18,537	1,817,038
Interest in an associate	10,088	—	—	—	—	—	10,088
Cash and cash equivalents	1,779	22,952	5,081	79	5,899	2,390	38,180
Deferred tax assets	1,139	2,552	434	795	—	—	4,920
<b>Total assets</b>	<b>795,683</b>	<b>959,238</b>	<b>24,987</b>	<b>16,889</b>	<b>52,502</b>	<b>20,927</b>	<b>1,870,226</b>
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)
<b>Total liabilities</b>	<b>(182,021)</b>	<b>(534,602)</b>	<b>(66,782)</b>	<b>(12,234)</b>	<b>(53,807)</b>	<b>(98,475)</b>	<b>(947,921)</b>
<b>Net assets/(liabilities)</b>	<b>613,662</b>	<b>424,636</b>	<b>(41,795)</b>	<b>4,655</b>	<b>(1,305)</b>	<b>(77,548)</b>	<b>922,305</b>

For the year ended 31 December 2020 (restated)

	Continuing operations						Discontinued operation
	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Unallocated	Total	Construction business HK\$'000
Capital additions (note)	1,528	32,073	—	—	5	33,606	119
Depreciation and amortisation	316	30,569	31	7	585	31,508	1,027
ECL allowance recognised	2,814	6,537	1,943	2,153	—	13,447	—

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

## 6. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Continuing operations</b>		
Rental income	1,002	366
Sundry income	2,503	214
Sales of scrap materials	80	406
Gain on lease modification	—	524
Government subsidies ( <i>note</i> )	26,440	24,664
Net foreign exchange gain	—	65
	<u>30,025</u>	<u>26,239</u>

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

## 7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Continuing operations</b>		
<b>Current tax</b>		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	2,448	7,254
<b>Overprovision in prior year</b>		
— PRC enterprise income tax	(6,640)	(1,232)
	(4,192)	6,022
<b>Deferred tax</b>		
Origination and reversal of temporary difference	8,489	8,621
	<u>4,297</u>	<u>14,643</u>

No provision for Hong Kong profits tax has been provided during the year (2020: nil) as the Company and its subsidiaries, which are subject to Hong Kong profits tax, incurred a loss for taxation purpose.

The Group's PRC subsidiaries are subject to the PRC enterprise income tax at the standard rate of 25% (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 County Guoli Transportation Investment Co., Limited\* (沙洋縣國利交通投資有限公司, “**Shayang Guoli**”) and Zhongxiang City Port Development Co., Limited\* (鐘祥市中基港口發展有限公司, “**Zhongxiang City Port Co.**”) are entitled to exemption from PRC enterprise income tax for three years (the “**3-Year Exemption Entitlement**”) and a 50% reduction for three years thereafter (the “**3-Year 50% Tax Reduction Entitlement**”). The 3-Year Exemption Entitlement for Shayang Guoli, which commenced on 1 January 2016, ended on 31 December 2018 irrespective of whether Shayang Guoli was profit-making during this period and the 3-Year 50% Tax Reduction Entitlement commenced from 1 January 2019, ended on 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 commenced from 1 January 2020 and will ended on 31 December 2022 and tax payable will be charged at 12.5%.

According to relevant laws and regulations in the PRC, the Group’s subsidiary, namely Wuhan Yangluo Logistic Company Limited\* (武漢陽邏港物流有限公司) is qualified as small and low-profit enterprise and is entitled to the enterprise income tax rate of 2.5% (2020: 5%).

## 8. EARNINGS PER SHARE

### (a) Basic earnings/(loss) per share

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

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i> (restated)
<b>Earnings/(Loss)</b>		
Profit/(Loss) for the year attributable to owners of the Company		
— Continuing operations	21,650	27,872
— Discontinued operation	6,390	(2,012)
	<u>28,040</u>	<u>25,860</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share	<u>1,725,066,689</u>	<u>1,725,066,689</u>
<b>Basic earnings/(loss) per share (HK cents)</b>		
— Continuing operations	1.26	1.62
— Discontinued operation	0.37	(0.12)
	<u>1.63</u>	<u>1.50</u>

**(b) Diluted earnings per share**

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2021 and 2020. The diluted earnings per share are equal to the basic earnings per share.

**9. DIVIDEND**

The directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: nil).

**10. INVESTMENT PROPERTIES**

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

	<b>Under construction</b> <i>HK\$'000</i>	<b>Completed</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Carrying amount at 1 January 2020	209,456	467,422	676,878
Additions	957	559	1,516
Change in fair value of investment properties recognised in profit or loss	10,579	34,161	44,740
Exchange realignment	13,827	31,337	45,164
	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2020 and 1 January 2021	<b>234,819</b>	<b>533,479</b>	<b>768,298</b>
Additions ( <i>note</i> )	<b>6</b>	<b>19,955</b>	<b>19,961</b>
Change in fair value of investment properties recognised in profit or loss	<b>45,594</b>	<b>27,205</b>	<b>72,799</b>
Exchange realignment	<b>11,090</b>	<b>23,784</b>	<b>34,874</b>
	<hr/>	<hr/>	<hr/>
<b>Carrying amount at 31 December 2021</b>	<b>291,509</b>	<b>604,423</b>	<b>895,932</b>

*Note:* Additions mainly represent the cost transferred from construction in progress during the year ended 31 December 2021.

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

As at 31 December 2021 and 2020, certain of the Group's investment properties have been pledged to secure bank borrowings and other borrowings.

## 11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Trade and bills receivables</b>			
Trade receivables due from third parties		57,249	69,916
Bills receivables		557	3,587
		<u>57,806</u>	<u>73,503</u>
Less: ECL allowance of trade receivables		<u>(11,978)</u>	<u>(12,874)</u>
	(a)	<u>45,828</u>	<u>60,629</u>
<b>Other receivables</b>			
Deposits, prepayment and other receivables		40,200	65,845
Prepayment to suppliers		9,357	10,637
Value-added tax receivables		5,609	430
		<u>55,166</u>	<u>76,912</u>
Less: ECL allowance of other receivables		<u>(3,212)</u>	<u>—</u>
		<u>51,954</u>	<u>76,912</u>
		<u>97,782</u>	<u>137,541</u>

*Note:*

### (a) Trade and bills receivables

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 — 30 days	14,114	18,185
31 — 60 days	8,607	10,220
61 — 90 days	4,102	6,399
Over 90 days	19,005	25,825
	<u>45,828</u>	<u>60,629</u>

## 12. GOVERNMENT SUBSIDY RECEIVABLES

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

## 13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u>16,278</u>	<u>38,961</u>
Other payables		
— Payables to subcontractors	80,350	141,558
— Deferred government subsidies	10,507	3,756
— Accruals and sundry payables	72,799	98,542
— Receipts in advance	<u>5,883</u>	<u>11,851</u>
	<u>169,539</u>	<u>255,707</u>
	<u>185,817</u>	<u>294,668</u>
<i>Less: Deferred government subsidies included in non-current other payables</i>	<u>(10,033)</u>	<u>(3,588)</u>
	<u><u>175,784</u></u>	<u><u>291,080</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 — 30 days	3,682	25,702
31 — 60 days	2,726	2,018
61 — 90 days	1,284	1,807
Over 90 days	<u>8,586</u>	<u>9,434</u>
	<u><u>16,278</u></u>	<u><u>38,961</u></u>

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



## 14. 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 year was presented as discontinued operation, comparative figures have been restated.

### (a) Results of discontinued operation

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
<b>Revenue</b>	<b>18,369</b>	25,688
Cost of services rendered	<b>(17,707)</b>	(24,846)
<b>Gross profit</b>	<b>662</b>	842
Bank interest income	<b>6</b>	2
General and administrative expenses	<b>(1,595)</b>	(3,109)
Gain on disposal of discontinued operations	<b>7,317</b>	—
<b>Profit/(Loss) before income tax</b>	<b>6,390</b>	(2,265)
Income tax credit	<b>—</b>	253
<b>Profit/(Loss) from discontinued operation for the year</b>	<b>6,390</b>	(2,012)
<b>Other comprehensive income for the year</b>		
Exchange gain on translation of financial statements of foreign operation	<b>890</b>	3,149
<b>Other comprehensive income for the year</b>	<b>890</b>	3,149
<b>Total comprehensive income for the year</b>	<b>7,280</b>	1,137
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Profit/(Loss) before income tax is arrived at after charging:		
Staff costs (including directors' emoluments)		
— Salaries and allowances	<b>1,142</b>	1,611
— Pension contributions	<b>115</b>	95
	<b>1,257</b>	1,706
Cost of services rendered	<b>17,707</b>	24,846
Lease charges of short term leases	<b>—</b>	35
Depreciation for owned assets	<b>11</b>	14
Amortisation of intangible assets	<b>—</b>	1,013

(b) Analysis of cash flows of discontinued operation

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Net cash (used in)/generated from operating activities	(3,360)	3,943
Net cash generated from/(used in) investing activities	6	(114)
	<hr/>	<hr/>
Net cash (used in)/generated from discontinued operation	<b>(3,354)</b>	<b>3,829</b>
	<hr/> <hr/>	<hr/> <hr/>

(c) Analysis of assets and liabilities of discontinued operation

	<i>HK\$'000</i>
Property, plant and equipment	133
Goodwill	1,071
Trade and other receivables	33,955
Contract assets	30,422
Amounts due from fellow subsidiaries	57,600
Cash and cash equivalents	1,974
Trade and other payables	(70,843)
Tax payable	(1,829)
	<hr/>
<b>Net assets disposed of</b>	<b>52,483</b>
	<hr/> <hr/>
<b>Gain on disposal of discontinued operation</b>	
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
	<hr/>
<b>Gain on disposal</b>	<b>7,317</b>
	<hr/> <hr/>
<b>Net cash inflow arising from disposal</b>	
Consideration received in cash	8,154
Cash and cash equivalents disposed of	(1,974)
	<hr/>
<b>Net cash inflow</b>	<b>6,180</b>
	<hr/> <hr/>

## 15. DISPOSAL OF SUBSIDIARIES

Other than disclosed in note 14, during the year ended 31 December 2021, the Group also disposed of its entire equity interests in the following subsidiaries, which results loss on disposal of HK\$5,988,000.

### (a) Shayang Guoli

During the year ended 31 December 2021, the Group entered into a disposal agreement with Shayang Xingang to dispose of 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 year ended 31 December 2021, the Group entered into a disposal agreement with Wuhan Lingqiaoia Trading to dispose of 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 year ended 31 December 2021, the Group entered into a disposal agreement with Wuhan Minfudong Construction to dispose of 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.

## 16. SHARE CAPITAL

	2021		2020	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each	<u>2,000,000,000</u>	<u>200,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>				
At 1 January and 31 December	<u><u>1,725,066,689</u></u>	<u><u>172,507</u></u>	<u><u>1,725,066,689</u></u>	<u><u>172,507</u></u>

## Material differences between unaudited and audited consolidated results

Since the consolidated financial information contained in the Unaudited Consolidated Results Announcement was unaudited and subsequent adjustments have been made to such information upon completion of the auditing process, shareholders and potential investors of the Company are advised to pay attention to the following differences between the consolidated financial information of the audited consolidated annual results of the Group for the Reporting Period as disclosed in this announcement and those disclosed in the Unaudited Consolidated Results Announcement.

Set forth below are details and reason for the material differences in such consolidated financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules:

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i> (unaudited)	<b>2021</b> <i>HK\$'000</i> (audited)	<b>Variance</b> <i>HK\$'000</i>
<b>Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021</b>				
<b>Continuing operations</b>				
Other income	(a)	37,315	30,025	(7,290)
General and administrative expenses	(b)	76,624	75,484	(1,140)
Other operating expenses	(c)	36,295	28,858	(7,437)
<b>Consolidated statement of financial position at 31 December 2021</b>				
Trade and other receivables	(d)	101,887	97,782	(4,105)
Government subsidy receivables	(e)	17,008	11,165	(5,843)
Trade and other payables	(f)	184,928	175,784	(9,144)

### Notes:

- (a) The differences include (i) the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC of approximately HK\$1.03 million; and (ii) the decrease in government subsidies of approximately HK\$6.26 million during the year ended 31 December 2021.
- (b) The differences include the offsetting effect of (i) the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC of approximately HK\$1.59 million; (ii) the recognition of ECL allowance on other receivables of approximately HK\$2.25 million; and (iii) the decrease in general and administrative expenses of approximately HK\$1.80 million during the year ended 31 December 2021.

- (c) The differences include (i) the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC of approximately HK\$0.84 million; and (ii) the decrease in other operating expenses of approximately HK\$6.60 million during the year ended 31 December 2021.
- (d) The differences include the offsetting effect of (i) the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC of approximately HK\$2.92 million; (ii) the resultant effect of note (b) (ii); and (iii) the offsetting effect between trade and other receivables to trade and other payables of approximately HK\$4.72 million as at 31 December 2021.
- (e) The differences include the offsetting effect (i) the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC of approximately HK\$0.57 million; and (ii) the resultant effect of note (a) (ii).
- (f) The differences include the offsetting effect of (i) the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC of approximately HK\$4.19 million; (ii) the resultant effect of notes (b) (iii), (c) (ii) and (d) (iii).

Apart from the above, there are slight differences between (i) the unaudited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of profit or loss and other comprehensive income; and (ii) the unaudited consolidated statement of financial position and the audited consolidated statement of financial position due to the adoption of the updated exchange rates on translation of financial statements of the Group's subsidiaries in the PRC in general, which are not material in nature.

Save as disclosed in this announcement, the corresponding adjustments in totals, percentages, ratios and comparative figures related to the above differences, all other information contained in the Unaudited Consolidated Results Announcement remain unchanged.

## **Dividend**

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: nil).

## **Purchase, sale, or redemption of the listed securities**

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **Compliance with code of corporate governance practices**

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

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2021.

### **Compliance with Model Code for Securities Transactions by Directors**

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

Specific enquiry has been made to all Directors, who have confirmed that, during the year ended 31 December 2021, each of them was in compliance with the required standards set out in the Model Code and the Company’s code of conduct.

### **Review by Audit Committee**

The audit committee of the Company (the “**Audit Committee**”) has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in-compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Group and to assist the Board to fulfill its responsibilities over audit. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The annual results of the Group for the year ended 31 December 2021 have also been reviewed by the Audit Committee. The Audit Committee consists of one non-executive Director: Mr. Xia Yu and three independent non-executive Directors: Mr. Lee Kang Bor, Thomas, Dr. Mao Zhenhua and Mr. Wong Wai Keung, Frederick. Mr. Lee Kang Bor, Thomas serves as the chairman of the Audit Committee.

### **Scope of work of Grant Thornton Hong Kong Limited**

The figures in respect of the results of the Group for the year ended 31 December 2021 as set out in this results announcement have been agreed by the Company’s auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2021. The work performed by Grant Thornton in this respect was limited and did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Grant Thornton on this results announcement.

## **Publication of final results announcement and annual report**

This annual results announcement is published on the website of Stock Exchange at <http://www.hkexnews.hk> and on the Company's website at [www.cilgl.com](http://www.cilgl.com). The annual report of the Group for the year ended 31 December 2021 containing all the information required by the Listing Rules will also be published on the same websites and be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 22 April 2022

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

*\* for identification purpose only*