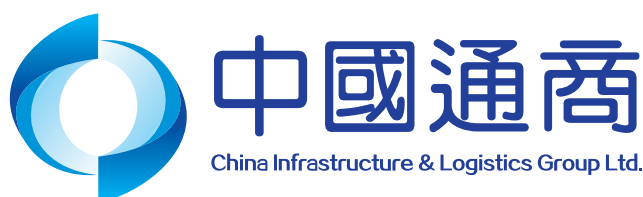


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China Infrastructure & Logistics Group Ltd.

中國通商集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1719)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of China Infrastructure & Logistics Group Ltd. (the “**Company**”) is pleased to announce the condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021.

HIGHLIGHTS

For the six months ended 30 June 2022

Comparing to the corresponding six months ended 30 June 2021 (“**2021 Interim Period**”):

Continuing operations

- Revenue increased by approximately 6.1% to HK\$129.92 million (2021 Interim Period: HK\$122.51 million), mainly driven by the offsetting effects of (i) the increase in revenue of HK\$11.14 million from the terminal service business due to the increase in the standard tariff of both gateway cargo containers and trans-shipment containers since January 2022 after the completion of the acquisition of the controlling interests of the Group by Hubei Port (Hong Kong) International Limited and the successful integration of Phase I, Phase II and Phase III of Yangluo Port area, the price cutting competition ceased to exist; (ii) the increase in integrated logistics service income of HK\$8.64 million due to the increase in business volume from the WIT Port (武漢陽邏港); (iii) the decrease in revenue of HK\$4.42 million from general and bulk cargoes handling service conducted through the Hannan Port (漢南港) and the Shipai Port (石牌港); and (iv) the decrease in revenue of HK\$7.83 million from the supply chain management and trading business due to the decrease in the contribution from cement trading business during the six months ended 30 June 2022.

- Overall container throughput of the WIT Port decreased by approximately 16.3% to 331,890 TEUs (2021 Interim Period: 396,577 TEUs), mainly due to the offsetting effect of (i) the increase in the gateway cargo containers throughput by approximately 3.5% to 151,134 TEUs (2021 Interim Period: 146,005 TEUs); and (ii) the decrease in the trans-shipment containers throughput by approximately 27.9% to 180,756 TEUs (2021 Interim Period: 250,572 TEUs).
- The Group's market share of container throughput in Wuhan decreased from 39.1% for the year ended 31 December 2021 to 32.5% for the six months ended 30 June 2022. The decrease was mainly due to the decrease in volume of trans-shipment containers handled by the Group. During the six months ended 30 June 2022, the Group has relatively reduced trans-shipment cargo containers handled in the WIT Port as the Group focused on developing gateway cargo containers with relatively high profit margin for its business development after the completion of acquisition of the controlling interests of the Group by Hubei Port (Hong Kong) International Limited since January 2022 and the successful integration of Phase I, Phase II and Phase III of Yangluo Port. As a result, the overall container throughput of the WIT Port decreased and the Group's market share of container throughput in Wuhan decreased accordingly.
- Gross profit increased by 15.9% to HK\$48.16 million (2021 Interim Period: HK\$41.54 million). Gross profit margin increased to 37.1% (2021 Interim Period: 33.9%). The increase was mainly due to (i) the increase in the revenue from terminal service with relatively higher gross profit margins due to the increase in standard tariff of both gateway cargo containers and trans-shipment containers of the WIT Port and the change in the structure of the container throughput of WIT Port, of which TEUs of gateway cargoes with relatively higher gross profit margins increased and accounted for 45.5% of the total TEUs handled (2021 Interim Period: 36.8%); and (ii) decrease in revenue from the supply chain management and trading business with relatively lower gross profit margins.

Discontinued operation

- Discontinued operation represented the disposal of Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd (“**Zhongji Tongshang Construction**”) in June 2021. Upon completion of the disposal, Zhongji Tongshang Construction ceased to be an indirectly wholly-owned subsidiary of the Company. The Group therefore discontinued its operation in the provision of construction services.
- The gross profit was HK\$0.66 million and the gross profit margin was 3.6% for the six months ended 30 June 2021. The profit attributable to owners of the Company was HK\$6.39 million for the six months ended 30 June 2021.

Profit for the period

- Profit for the period increased by approximately 89.3% to HK\$22.75 million (2021 Interim Period: HK\$12.02 million) as a result of offsetting effect from (a) continuing operations of (i) the increase in gross profit of HK\$6.62 million; (ii) the increase in other income of HK\$4.29 million due to the increase in government subsidies granted to certain subsidiaries of the Group; (iii) the decrease in general, administrative and other operating expenses (excluding depreciation and amortization) of HK\$4.17 million due to the tightening expenses control for the six months ended 30 June 2022; (iv) the increase in change in fair value of investment properties of HK\$1.15 million due to the increase in market rent of the warehouse properties in Wuhan and the increase in the property occupancy rate; (v) there being loss on disposal of subsidiaries of HK\$5.99 million incurred during the six months ended 30 June 2021 whilst there being no such loss incurred during the six months ended 30 June 2022; (vi) the increase in depreciation and amortisation of HK\$1.07 million; (vii) the increase in income tax expenses of HK\$2.67 million due to the increase in taxable profit of certain subsidiaries; and (b) there being profit for the period from discontinued operation of HK\$6.39 million incurred during the six months ended 30 June 2021 whilst there being no such profit generated during the six months ended 30 June 2022.

Profit attributable to owners of the Company

- Profit attributable to owners of the Company increased by 72.0% to HK\$23.64 million (2021 Interim Period: HK\$13.74 million).
- Earning per share attributable to owners of the Company was HK1.37 cents (2021 Interim Period: HK0.80 cents).

OTHER HIGHLIGHTS

Close of the unconditional mandatory cash offer; results of the share offer; public float of the Company; and suspension of trading in shares

Reference is made to the joint announcement dated 10 January 2022 issued by the Company and Hubei Port (Hong Kong) International Limited (the “**Hubei Port**”) in relation to, among other things, (i) the acquisition of 1,290,451,130 shares, representing approximately 74.81% of the total issued share capital of the Company by Hubei Port from the vendors; and (ii) the possible unconditional mandatory cash offer by China International Capital Corporation Hong Kong Securities Limited for and on behalf of Hubei Port to acquire all the issued shares in the share capital of the Company, other than the shares that are owned and/or agreed to be acquired by Hubei Port and/or parties acting in concert with it. On 18 January 2022, Hubei Port completed the acquisition of approximately 74.81% of the total issued share capital of the Company and became the 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 had 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 had been suspended with effect from 9:00 a.m. on 28 March 2022. For further details on the Share Offer, please refer to the joint announcement of the Company and Hubei Port dated 25 March 2022.

Grant of waiver from strict compliance with the minimum public float requirement

The Company applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1) (a) of the Listing Rules for a period from 25 March 2022 to 25 November 2022 (the “**Waiver Period**”). On 1 June 2022, the Stock Exchange granted the Company a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules during the Waiver Period, subject to the issue of the announcement of the Company dated 1 June 2022. The Stock Exchange may withdraw or change the waiver if the Company’s situation changes. For further details on the grant of waiver, please refer to the announcement of the Company dated 1 June 2022.

Resumption guidance

On 28 June 2022, the Company received a letter from the Stock Exchange setting out the following guidance (the “**Resumption Guidance**”) for the resumption of trading in the Shares to: (i) restore the minimum public float required under Rule 8.08(1)(a) of the Listing Rules; and (ii) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position. For further update on the progress of the resumption of trading, please refer to the announcement of the Company dated 30 June 2022.

The Stock Exchange requests the Company to meet the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange may modify or supplement the Resumption Guidance if the Company’s situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period will expire on 27 September 2023. If the Company fails to remedy the issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its Shares by 27 September 2023, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

Proposed equity transfer by shareholders

On 4 August 2022, the Company received a notice from Hubei Port, the controlling shareholder of the Company, stating that it intends to transfer not more than 22% of the total issued share capital of the Company that it currently holds to not fewer than two transferees who are not related to each other by way of solicitation of transferees through public bidding (the “**Proposed Transfer**”). The Proposed Transfer is subject to (i) the obtaining of approval from the relevant governmental authorities; (ii) the existence of uncertainty as to whether such approval can be obtained; and (iii) the timing for obtaining such approval. As of the date of this announcement, Hubei Port holds 1,512,170,526 shares of the Company, representing approximately 87.66% of the issued share capital of the Company. The Proposed Transfer requires approval from the relevant governmental authorities and is subject to various preconditions, therefore, it may or may not proceed. Further details have been set out in the announcement of the Company dated 4 August 2022. On 5 August 2022, the Company was notified by Hubei Port that its state-owned assets supervision and administration authority has agreed in principle to Hubei Port’s public solicitation of transferees. Further details have been set out in the announcement of the Company dated 5 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<u>Continuing operations</u>		
Revenue	129,924	122,512
Cost of services rendered and goods sold	(81,764)	(80,973)
Gross profit	48,160	41,539
Other income	5,817	1,532
General, administrative and other operating expenses (exclude depreciation and amortisation)	(18,274)	(22,438)
Operating profit/EBITDA	35,703	20,633
Finance costs — net	(14,494)	(14,050)
EBTDA	21,209	6,583
Depreciation and amortisation	(16,949)	(15,878)
Change in fair value of investment properties	28,841	27,695
Loss on disposal of subsidiaries	—	(5,988)
Share of (loss)/profit of associates	(817)	74
Profit before income tax	32,284	12,486
Income tax expense	(9,532)	(6,858)
Profit for the period	22,752	5,628
Non-controlling interests	889	1,724
Profit from continuing operations attributable to owners of the Company	23,641	7,352

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<u>Discontinued operation</u>		
Revenue	—	18,369
Cost of services rendered and goods sold	—	(17,707)
Gross profit	—	662
General, administrative and other operating expenses (exclude depreciation and amortisation)	—	(1,584)
Operating loss/EBITDA	—	(922)
Interest income	—	6
EBTDA	—	(916)
Depreciation and amortisation	—	(11)
Gain on disposal of discontinued operation	—	7,317
Profit for the period	—	6,390
Profit from discontinued operation attributable to owners of the Company	—	6,390
<u>Overall performance</u>		
	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Profit for the period	22,752	12,018
Profit for the period attributable to:		
Owners of the Company		
— continuing operations	23,641	7,352
— discontinued operation	—	6,390
	23,641	13,742
Basic and diluted earnings per share attributable to owners of the Company (HK cents)		
— continuing operations	1.37	0.43
— discontinued operation	—	0.37
	1.37	0.80

REVIEW OF OPERATIONS

Overall business environment

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

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.

Wuhan has a solid and developed industrial base, where various major industrial operators have commenced operations in, including operators of automobile and parts, chemical products, steel, textile, machinery and equipment as well as construction material businesses. They have been and will continue to be the major suppliers of gateway cargo containers in the WIT Port.

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, large ships are precluded from navigating directly between those areas and Shanghai. The trans-shipment service provided by the WIT Port offers a more economical alternative for these areas, namely the trans-shipment of container cargoes to Shanghai or direct shipping overseas upon amalgamation at Yangluo Port. Surrounding areas which are serviced by the WIT Port include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and the WIT Port promotes water-to-water trans-shipment to Yangshan Port in Shanghai and direct shipment to Japan (江海直航) have further strengthened the position of the WIT Port as a trans-shipment port at the mid-stream of the Yangtze River. Phase I terminal of Yangluo Port opened the first direct international shipping route from Wuhan to Japan in the fourth quarter of 2019, which is a milestone of landmark significance as the first international shipping route in the middle and upper reaches of Yangtze River. 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 new channel from sea to river 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 direct container shipping 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 Group has also developed port related services, including agency and integrated logistics service to expand its revenue sources. Such agency and integrated logistics service include bonded warehousing, customs clearance, break bulk and distribution at the WIT Port.

Since Hubei Port became the immediate holding company of the Company in January 2022, the integration of phase I, II and III terminals of Yangluo Port has been completed so as to further 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 is within 80 kilometers of the Beijing-Guangzhou and 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 and to better position itself against the competition from neighbouring ports, the Hannan Port provides an opportunity for the Group to expand its geographical coverage beyond the Yangluo Port area to where the WIT Port and the Multi-Purpose Port in Wuhan are located. The Hannan Port creates synergies between the WIT Port and the Hannan Port, particularly because the management team of the WIT Port has extensive experience in the construction, development and management of ports in the PRC. Being the feeder port of the WIT Port, the Hannan Port can increase the throughput capacity of the WIT Port to satisfy the demand for logistics services in Wuhan. The WIT Port, together with the Hannan Port, can provide more cost effective solutions to the Group's customers. The Hannan Port will be developed into a multi-purpose service platform in several phases, providing terminal, warehousing and logistics services and other services including RORO (Roll on Roll off), bulk cargo transportation and storage, automobile spare parts processing and logistics services.

Phase I of the Hannan Port has been completed. Phase II of the Hannan Port, which will be developed into a multi-purpose port, is now at the stage of doing pre-construction work.

The Shipai Port

The Shipai Port is located in Shipai Town, Zhongxiang City, Hubei Province, the PRC and is intended to be developed into a port, logistics and industrial mixed-use port district with an area of approximately 25 square kilometers. The port portion of the Shipai Port will occupy an area of approximately 2.5 square kilometers with four 1000-tonne class berths, and a logistics park covering approximately 2.5 square kilometers will be constructed next to the port area. The investment in the Shipai Port provides an opportunity for the Group to expand its geographical coverage and create synergy among its ports.

The Shipai Port commenced commercial operations in 2018. The inspection and acceptance of the construction of the temporary stacking yard and berths were completed in 2019 and 2021 respectively.

The Hanjiang logistics centre

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

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 among enterprises, reduce costs and strengthen competitiveness of the Group.

Due to the shrinking of the construction industry, the demand for cement from the downstream customers for the supply chain management and trading services decreased and the income from the supply chain management and trading business decreased accordingly during the period.

Operating results

Revenue

Continuing operations

	Six months ended 30 June					
	2022		2021		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)			
Terminal service	55,677	42.8	44,537	36.4	11,140	25.0
Integrated logistics service	29,241	22.5	20,602	16.8	8,639	41.9
Property business	4,575	3.5	4,526	3.6	49	1.1
Container handling, storage & other service	11,411	8.8	11,578	9.5	(167)	(1.4)
General and bulk cargoes handling service	3,727	2.9	8,148	6.7	(4,421)	(54.3)
Supply chain management and trading business	25,293	19.5	33,121	27.0	(7,828)	(23.6)
	<u>129,924</u>	<u>100.0</u>	<u>122,512</u>	<u>100.0</u>	<u>7,412</u>	<u>6.1</u>

Discontinued operation

Construction services	<u>—</u>	<u>—</u>	<u>18,369</u>	<u>100.0</u>	<u>(18,369)</u>	N/A
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Continuing operations

For the six months ended 30 June 2022, the Group's revenue amounted to HK\$129.92 million (2021 Interim Period: HK\$122.51 million), representing an increase of HK\$7.41 million or approximately 6.1% as compared to the 2021 Interim Period. The increase in revenue was mainly driven by the offsetting effects of (i) the increase in revenue of HK\$11.14 million from the terminal service business due to the increase in the standard tariff of both gateway cargo containers and trans-shipment containers since January 2022 after the completion of acquisition of the controlling interests of the Group by Hubei Port and the successful integration of Phase I, Phase II and Phase III of Yangluo Port area, the price cutting competition ceased to exist; (ii) the increase in integrated logistics service income of HK\$8.64 million due to the increase in business volume from the WIT Port; (iii) the decrease in revenue of HK\$4.42 million from general and bulk cargoes handling service conducted through the Hannan Port (漢南港) and the Shipai Port (石牌港); and (iv) the decrease in revenue of HK\$7.83 million from the supply chain management and trading business due to the decrease in the contribution from cement trading business during the six months ended 30 June 2022.

Terminal service

Container throughput

	Six months ended 30 June					
	2022		2021		Increase/(decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargo containers	151,134	45.5	146,005	36.8	5,129	3.5
Trans-shipment containers	180,756	54.5	250,572	63.2	(69,816)	(27.9)
	<u>331,890</u>	<u>100.0</u>	<u>396,577</u>	<u>100.0</u>	<u>(64,687)</u>	<u>(16.3)</u>

The throughput of the WIT Port for the six months ended 30 June 2022 was 331,890 TEUs, representing a decrease of 64,687 TEUs or approximately 16.3% compared to 396,577 TEUs for the 2021 Interim Period. Of the 331,890 TEUs handled, 151,134 TEUs or approximately 45.5% (2021 Interim Period: 146,005 TEUs or approximately 36.8%) and 180,756 TEUs or approximately 54.5% (2021 Interim Period: 250,572 TEUs or approximately 63.2%) were attributable to gateway cargo containers and trans-shipment containers, respectively.

The decrease in overall container throughput was mainly attributable to offsetting effect of an approximately 3.5% increase in gateway cargo containers and an approximately 27.9% decrease in trans-shipment containers. The increase in gateway cargo containers was mainly due to the cessation of price cutting competition after the completion of acquisition of the controlling interests of the Group by Hubei Port since January 2022 and the successful integration of Phase I, Phase II and Phase III of Yangluo Port area. As a result, the Group captured certain market shares. The decrease in trans-shipment containers is mainly due to relatively reduced trans-shipment cargo containers handled by the Group in the WIT Port as the Group focused on developing gateway cargo containers with relatively high profit margin for its business development after the integration.

Average tariff

Tariff, which is dominated in Renminbi (“RMB”), is converted into Hong Kong Dollars, the reporting currency of the Group. The average tariff for gateway cargo containers at the WIT Port for the six months ended 30 June 2022 was RMB256 (equivalent to approximately HK\$310) per TEU (2021 Interim Period: RMB210 (equivalent to approximately HK\$252) per TEU), representing an increase of approximately 21.9% compared to that of the 2021 Interim Period. The average tariff for trans-shipment containers at the WIT Port was RMB21 (equivalent to approximately HK\$25) per TEU (2021 Interim Period: RMB11 (equivalent to approximately HK\$13) per TEU), increased by approximately 90.9% as compared to that of the 2021 Interim Period. The increase in the tariff of both gateway cargo containers and trans-shipment containers was due to cessation of price cutting competition after the integration. Besides, the increase in the tariff for the trans-shipment containers was due to the decrease in volume of transportation of trans-shipment cargoes with relatively low tariffs.

Market share

In terms of market share of Yangluo Port area, the Group's market share decreased from 39.1% for the year ended 31 December 2021 to 32.5% for the six months ended 30 June 2022. The decrease in market share was mainly attributable to the decrease in volume of trans-shipment containers handled by the Group. During the six months ended 30 June 2022, the Group has relatively reduced trans-shipment cargo containers handled in the WIT Port as the Group focused on developing gateway cargo containers with relatively high profit margin for its business development after the completion of acquisition of the controlling interests of the Group by Hubei Port since January 2022 and the successful integration of Phase I, Phase II and Phase III of Yangluo Port area. As a result, the overall container throughput of the WIT Port decreased and the Group's market share of container throughput in Wuhan decreased accordingly.

Integrated logistics service

The integrated logistics service business of the Group provides agency and integrated logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management services. Revenue generated from the integrated logistics service business increased to HK\$29.24 million for the six months ended 30 June 2022 (2021 Interim Period: HK\$20.60 million) which accounted for approximately 22.5% of the Group's total revenue for the six months ended 30 June 2022 (2021 Interim Period: 16.8%).

The increase in revenue from integrated logistics service for the six months ended 30 June 2022 was mainly attributable to the increase in business volume from the WIT Port.

Property business

Income for the property business is mainly generated from the port and warehouse leasing business of the Hannan Port, which owns investment properties of leasehold lands, berth, commercial buildings and pontoon, as well as the leasing out of a stacking yard and certain warehouses at the WIT Port. The port and warehouse leasing income remained at a similar level at HK\$4.58 million (2021 Interim Period: HK\$4.53 million), which accounted for approximately 3.5% of the Group's total revenue for the six months ended 30 June 2022 (2021 Interim Period: 3.6%).

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2022 was HK\$48.16 million, representing an increase of HK\$6.62 million as compared with HK\$41.54 million for the 2021 Interim Period. Gross profit margin increased to 37.1% (2021 Interim Period: 33.9%). The increase was mainly due to (i) the increase in the revenue from terminal service with relatively higher gross profit margins due to the increase in standard tariff of both gateway cargo containers and trans-shipment containers of the WIT Port and the change in the

structure of the container throughput of WIT Port, of which TEUs of gateway cargoes with relatively higher gross profit margins increased and accounted for 45.5% of the total TEUs handled (2021 Interim Period: 36.8%); and (ii) decrease in revenue from the supply chain management and trading business with relatively lower gross profit margins.

Other income

Other income for the six months ended 30 June 2022 increased by 280.4% to HK\$5.82 million (2021 Interim Period: HK\$1.53 million). The increase was mainly attributable to the increase in government subsidies granted to certain subsidiaries of the Group during the six months ended 30 June 2022.

Change in fair value of investment properties

The Group holds certain investment properties, including (i) port and warehouses in the Hannan Port; (ii) a logistics centre adjacent to the Shayang Port; and (iii) a stacking yard and certain warehouses at the WIT Port. The Group's investment properties are revalued at the end of the reporting period on an open market value basis by an independent property valuer. Changes in fair value arising from such revaluations are accounted for as "change in fair value of investment properties" through the consolidated statement of profit or loss and other comprehensive income. For the six months ended 30 June 2022, the Group recorded fair value gain in the value of investment properties of HK\$28.84 million (2021 Interim Period: fair value gain of HK\$27.70 million).

The fair value gain of investment properties is mainly due to the increase in market rent of warehouse properties in Wuhan and the increase in the property occupancy rate as compared to the 2021 Interim Period.

Loss on disposal of subsidiaries

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

Share of (loss)/profit of associates

Share of loss was HK\$817,000 for the six months ended 30 June 2022 (2021 Interim Period: share of profit of HK\$74,000) of the two 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 Wuhan Chang Sheng Gang Tong and Tongshang Port (Jiangling) are the sale of motor vehicles, provision of car parking services and provision of customs clearance and logistics services respectively.

Profit from continuing operations attributable to owners of the Company

Profit from continuing operations attributable to owners of the Company increased by HK\$16.29 million or approximately 221.6% to HK\$23.64 million (2021 Interim Period: HK\$7.35 million). The increase in profit was mainly attributable to the offsetting effects of (i) the increase in EBITDA of HK\$15.07 million; (ii) the increase in change in fair value of investment properties of HK\$1.15 million due to the increase in market rent of the warehouse properties in Wuhan and the increase in the property occupancy rate; (iii) there being loss on disposal of subsidiaries of HK\$5.99 million incurred during the six months ended 30 June 2021 whilst there being no such loss incurred during the six months ended 30 June 2022; (iv) the increase in depreciation and amortisation of HK\$1.07 million; and (v) the increase in income tax expenses of HK\$2.67 million due to the increase in taxable profit of certain subsidiaries.

Earning per share attributable to owners of the Company for the six months ended 30 June 2022 was HK1.37 cents (2021 Interim Period: HK0.43 cents).

Discontinued operation

Construction business

The Group commenced its construction business through Zhongji Tongshang Construction in December 2019, acting as main contractor for the provision of construction services for the projects of (i) the residential structures and commercial structures and a performance stage at Northwest of Bayuanhe Bridge, Provincial Highway S309, Shengli Town, Luotian County, Huanggang City, Hubei Province, the PRC* (中國湖北省黃岡市羅田縣勝利鎮S309省道巴源河大橋西北); and (ii) the major and secondary structural construction, earthworks, drainage installation works and other ancillary works for residential and commercial buildings (both 3-storey or below) at Yangdian Town, Xiaogan City, Hubei Province, the PRC* (中國湖北省孝感市楊店鎮). 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 decreased during the six months ended 30 June 2021.

The gain on disposal of the discontinued operation was HK\$7.32 million for the six months ended 30 June 2021, representing the gain on disposal of Zhongji Tongshang Construction.

FORWARD LOOKING

Under the new development pattern in the PRC, which is based on domestic macro-circulation, along with international and domestic dual circulation and mutual promotion, 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)” strategy. During the 14th Five-Year Plan period, Hubei Province and Wuhan City successively introduced policies to support the development of the port and the shipping industry. The Hubei Provincial Government has issued a three-year action plan for the development of multimodal transport across the province to facilitate multimodal transport. The plan aims to continuously optimize the transportation structure, enhance the transportation efficiency and reduce logistics costs by improving the multimodal transportation collection and distribution system, building multimodal transportation demonstration projects, and creating multimodal transportation brand lines for the establishment of national multimodal transportation in the province. Wuhan transportation development plan facilitates 174 projects to speed up the construction of Wuhan into an international comprehensive transportation hub and a port-type national logistics hub. As a result, the Group continues to maintain an optimistic view towards the prospects of the port business in the PRC and expects continuing growth in freight volumes in the PRC. In particular, the Group remains confident in the development for inner ports along the “Yangtze River Economic Belt (長江經濟帶)”.

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

As disclosed in the composite document for the Share Offer, 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 businesses, that is, the investment in and development, operation and management of containers 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, 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 policies favorable to its port business from the Hubei Provincial Government and the Wuhan Municipal Government and certain policies have been 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 in the 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 river-sea route, water-to-water transshipment, rail-water transport, and piggybacking along the river, which was highly valued by the Wuhan Municipal Government. 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 hold a positive view towards the future prospects of the port industry in Wuhan.

HALF YEAR RESULTS

The Board is pleased to announce the unaudited condensed consolidated half year results of the Group for the six-months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021 which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

Condensed consolidated statement of profit or loss and other comprehensive income

For the six-months ended 30 June 2022

		Six-months ended 30 June	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	3	129,924	122,512
Cost of services rendered and goods sold		(81,764)	(80,973)
Gross profit		48,160	41,539
Other income	4	5,817	1,532
Change in fair value of investment properties	8	28,841	27,695
General and administrative expenses		(17,918)	(23,038)
Other operating expenses		(17,305)	(15,278)
Finance costs — net		(14,494)	(14,050)
Loss on disposal of subsidiaries	13	—	(5,988)
Share of (loss)/profit of associates		(817)	74
Profit before income tax		32,284	12,486
Income tax expense	5	(9,532)	(6,858)
Profit for the period from continuing operations		22,752	5,628
Discontinued operation			
Profit for the period and gain on disposal	12	—	6,390
Profit for the period		22,752	12,018
Other comprehensive (expense)/income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange (loss)/gain on translation of financial statements of foreign operations			
— continuing operations		(49,939)	15,621
— discontinued operation		—	890
Release of translation reserve upon disposal of subsidiaries		—	(4,089)
Share of other comprehensive income of associates		6	—
Other comprehensive (expense)/income for the period		(49,933)	12,422
Total comprehensive (expense)/income for the period		(27,181)	24,440

		Six-months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company			
— continuing operations		23,641	7,352
— discontinued operation		—	6,390
		<hr/>	<hr/>
		23,641	13,742
Non-controlling interests			
— continuing operations		(889)	(1,724)
— discontinued operation		—	—
		<hr/>	<hr/>
		(889)	(1,724)
		<hr/>	<hr/>
		22,752	12,018
Total comprehensive (expense)/income attributable to:			
Owners of the Company			
— continuing operations		(20,659)	16,321
— discontinued operation		—	7,280
		<hr/>	<hr/>
		(20,659)	23,601
Non-controlling interests			
— continuing operations		(6,522)	839
— discontinued operation		—	—
		<hr/>	<hr/>
		(6,522)	839
		<hr/>	<hr/>
		(27,181)	24,440
		<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share			
attributable to owners of the Company (HK cents)			
	<i>6</i>		
— continuing operations		1.37	0.43
— discontinued operation		—	0.37
		<hr/>	<hr/>
		1.37	0.80
		<hr/> <hr/>	<hr/> <hr/>

Condensed consolidated statement of financial position

As at 30 June 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	8	880,191	895,932
Property, plant and equipment		528,722	568,514
Construction in progress		5,228	5,497
Land use rights		18,357	19,593
Intangible assets		7,403	7,697
Restricted deposits		10,834	11,389
Interest in the associates		10,494	10,705
Deferred tax assets		13,037	14,548
		<hr/> 1,474,266	<hr/> 1,533,875
Current assets			
Inventories		6,820	7,091
Trade and other receivables	9	122,627	97,782
Amount due from an associate		1,939	92
Amount due from a former related company		—	56
Government subsidy receivables	10	5,049	11,165
Income tax recoverable		3,179	1,662
Restricted deposits		1,053	1,107
Cash and cash equivalents		187,508	31,127
		<hr/> 328,175	<hr/> 150,082

	<i>Notes</i>	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables	<i>11</i>	179,821	175,784
Amount due to the former controlling shareholder		—	56,120
Amount due to former ultimate holding company		—	1,259
Loans from shareholders		129,100	—
Bank borrowings		133,771	103,935
Other borrowings		77,280	93,046
Lease liabilities		91	679
Income tax payable		10,168	12,088
		<hr/>	<hr/>
		530,231	442,911
		<hr/>	<hr/>
Net current liabilities		(202,056)	(292,829)
		<hr/>	<hr/>
Total assets less current liabilities		1,272,210	1,241,046
		<hr/>	<hr/>
Non-current liabilities			
Other payables	<i>11</i>	12,354	10,033
Bank borrowings		212,152	124,722
Other borrowings		8,946	41,479
Deferred tax liabilities		116,764	115,637
		<hr/>	<hr/>
		350,216	291,871
		<hr/>	<hr/>
Net assets		921,994	949,175
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	<i>14</i>	172,507	172,507
Reserves		636,773	657,432
		<hr/>	<hr/>
Equity attributable to owners of the Company		809,280	829,939
Non-controlling interests		112,714	119,236
		<hr/>	<hr/>
Total equity		921,994	949,175
		<hr/> <hr/>	<hr/> <hr/>

Condensed consolidated statement of cash flows

For the six-months ended 30 June 2022

	Six-months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	21,994	43,296
Interest paid	(13,470)	(12,298)
Income tax paid	(4,780)	(9,117)
	<hr/>	<hr/>
<i>Net cash generated from operating activities</i>	3,744	21,881
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,839)	(1,719)
Additions for investment properties	(78)	(25)
Payments for construction in progress	—	(17,205)
Proceeds from disposal of discontinued operation	—	6,180
Net cash inflow from disposal of subsidiaries	—	54,842
Interest received	17	67
	<hr/>	<hr/>
<i>Net cash (used in)/generated from investing activities</i>	(3,900)	42,140
	<hr/>	<hr/>
Cash flows from financing activities		
Payment of lease liabilities	(584)	(632)
Proceeds from bank borrowings	161,971	64,800
Repayment of bank borrowings	(29,161)	(101,364)
Proceeds from other borrowings	—	4,200
Repayment of other borrowings	(43,736)	(33,004)
Repayment to the former controlling shareholder	(56,120)	—
Proceeds from loans from shareholders	129,100	—
Repayment to former ultimate holding company	(1,259)	—
	<hr/>	<hr/>
<i>Net cash generated from/(used in) financing activities</i>	160,211	(66,000)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	160,055	(1,979)
Cash and cash equivalents at 1 January	31,127	38,180
Effect for foreign exchange rate changes	(3,674)	643
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	187,508	36,844
	<hr/> <hr/>	<hr/> <hr/>

Condensed consolidated statement of changes in equity

For the six-months ended 30 June 2022

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Foreign exchange reserve	Fair value reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2022	172,507	597,322	(530,414)	117,121	45,475	46,808	381,120	829,939	119,236	949,175
Total comprehensive income/ (expense) for the period										
Profit for the period	—	—	—	—	—	—	23,641	23,641	(889)	22,752
Other comprehensive (expense)/income for the period										
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(44,306)	—	—	(44,306)	(5,633)	(49,939)
— Share of other comprehensive income of associates	—	—	—	—	6	—	—	6	—	6
	—	—	—	—	(44,300)	—	23,641	(20,659)	(6,522)	(27,181)
Balance at 30 June 2022	172,507	597,322	(530,414)	117,121	1,175	46,808	404,761	809,280	112,714	921,994
	Attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Other reserve	Foreign exchange reserve	Fair value reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2021	172,507	597,322	(530,414)	116,250	11,974	46,808	353,080	767,527	154,778	922,305
Total comprehensive income/ (expense) for the period										
Profit for the period	—	—	—	—	—	—	13,742	13,742	(1,724)	12,018
Other comprehensive income/(expense) for the period										
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	13,948	—	—	13,948	2,563	16,511
— Release of translation reserve upon disposal of subsidiaries (notes 12 & 13)	—	—	—	—	(4,089)	—	—	(4,089)	—	(4,089)
	—	—	—	—	9,859	—	13,742	23,601	839	24,440
Transaction with owner										
Disposal of subsidiaries (note 13)	—	—	—	—	—	—	—	—	(40,773)	(40,773)
Balance at 30 June 2021	172,507	597,322	(530,414)	116,250	21,833	46,808	366,822	791,128	114,844	905,972

Notes to the condensed consolidated interim financial information

For the six-months ended 30 June 2022

1. CORPORATE INFORMATION

China Infrastructure & Logistics Group Ltd. (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The Company’s registered office is located at P.O. Box 309, 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 considered the ultimate holding company to be Zall Holdings Company Limited (“**Zall Holdings**”), a company incorporated in the British Virgin Islands and was wholly owned and controlled by Mr. Yan Zhi (“**Mr. Yan**”).

Following the 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 (湖北港口集團有限公司, “**Hubei Port Group**”) and 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 condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-months period then ended, and other explanatory notes (collectively defined as the “**Interim Financial Information**”) of the Group were approved for issue by the board of directors on 26 August 2022. The Interim Financial Information has not been audited but has been reviewed by the audit committee.

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

2. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2021 except for the adoption of the new and amended International Financial Reporting Standards (“IFRSs”) as disclosed below.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

Going concern

In preparing the Interim Financial Information, the directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of HK\$202,056,000 as at 30 June 2022. This indicate a condition which may cast significant doubt about the Group’s ability to continue as a going concern.

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

- i. after assessing the Group’s current and forecasted cash positions, the Group expects to generate sufficient cash flows for the next twelve months from the end of the reporting period; and
- ii. the Group has obtained confirmation from 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 Interim Financial Information has been prepared on a going concern basis.

Amended IFRSs adopted by the Group

In the current period, the Group has applied for the first time the following amended IFRSs issued by IASB, which are relevant to the Group’s operations and effective for the Group’s Interim Financial Information for the annual period beginning on 1 January 2022.

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 Cycle

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

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

3. SEGMENT INFORMATION

The Group has four (2021: five) reportable segments as follows:

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

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

As disclosed in note 12, the entire equity interest of Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd. (“**Zhongji Tongshang Construction**”), which represent the Group’s construction business segment, was disposed during the six-months period ended 30 June 2021. Therefore, the construction business segment is presented as the discontinued operation during the six-months period ended 30 June 2021.

The accounting policies of the reporting segments are consistent with those used in the annual financial statements for the year ended 31 December 2021.

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

All revenues for six-months periods ended 30 June 2022 and 2021 were sourced from external customers located in the PRC, in addition, all (2021: over 99%) of the non-current assets of the Group as at the reporting dates were physically located in the PRC and therefore, no geographic information is presented.

2022

Segment revenue and results

For the six-months ended 30 June 2022

	Continuing operations						Total HK\$'000 (Unaudited)
	Property business HK\$'000 (Unaudited)	Terminal & related business HK\$'000 (Unaudited)	Integrated logistics business HK\$'000 (Unaudited)	Supply chain management and trading business HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Unallocated corporate expense HK\$'000 (Unaudited)	
Revenue from external customers	4,575	70,815	29,241	25,293	—	—	129,924
Inter-segment revenue	—	3,062	2,181	—	(5,243)	—	—
Reportable segment revenue	4,575	73,877	31,422	25,293	(5,243)	—	129,924
Reportable segment results	3,440	18,913	2,225	12	—	—	24,590
Fair value changes on investment properties	28,841	—	—	—	—	—	28,841
Interest income	6	5	1	5	—	—	17
Interest expenses	(1,203)	(12,721)	(131)	—	—	(456)	(14,511)
Share of loss of associates	(638)	(179)	—	—	—	—	(817)
Corporate and other unallocated expense	—	—	—	—	—	(5,836)	(5,836)
Profit/(Loss) before income tax	30,446	6,018	2,095	17	—	(6,292)	32,284
Income tax expense	(7,981)	(986)	(565)	—	—	—	(9,532)
Profit/(Loss) for the period	22,465	5,032	1,530	17	—	(6,292)	22,752

Segment assets and liabilities

At 30 June 2022

	Property business <i>HK\$'000</i> (Unaudited)	Terminal & related business <i>HK\$'000</i> (Unaudited)	Integrated logistics business <i>HK\$'000</i> (Unaudited)	Supply chain management and trading business <i>HK\$'000</i> (Unaudited)	Unallocated corporate assets/ (liabilities) <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	894,154	641,124	20,095	31,317	1,533	1,588,223
Interest in the associates	10,060	434	—	—	—	10,494
Cash and cash equivalents	1,020	162,923	2,156	4,014	17,395	187,508
Income tax recoverable	—	3,161	18	—	—	3,179
Deferred tax assets	446	11,165	1,193	233	—	13,037
Total assets	905,680	818,807	23,462	35,564	18,928	1,802,441
Segment liabilities	(71,298)	(63,687)	(27,886)	(27,865)	(1,530)	(192,266)
Bank borrowings	(2,983)	(303,920)	(39,020)	—	—	(345,923)
Other borrowings	—	(76,226)	—	—	(10,000)	(86,226)
Loans from shareholders	—	(35,100)	—	—	(94,000)	(129,100)
Deferred tax liabilities	(88,251)	(28,513)	—	—	—	(116,764)
Income tax payable	(9,517)	(265)	(374)	(12)	—	(10,168)
Total liabilities	(172,049)	(507,711)	(67,280)	(27,877)	(105,530)	(880,447)
Net assets/(liabilities)	733,631	311,096	(43,818)	7,687	(86,602)	921,994

2021

Segment revenue and results

For the six-months ended 30 June 2021

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

Segment assets and liabilities

At 31 December 2021

	Property business HK\$ '000 (Audited)	Terminal & related business HK\$ '000 (Audited)	Integrated logistics business HK\$ '000 (Audited)	Supply chain management and trading business HK\$ '000 (Audited)	Unallocated corporate assets/ (liabilities) HK\$ '000 (Audited)	Total HK\$ '000 (Audited)
Segment assets	914,733	688,403	8,777	13,550	452	1,625,915
Interest in 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
Total assets	932,600	707,297	20,103	14,201	9,756	1,683,957
Segment liabilities	(75,375)	(65,628)	(21,823)	(6,811)	(74,238)	(243,875)
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)
Total liabilities	(201,943)	(371,538)	(65,596)	(6,823)	(88,882)	(734,782)
Net assets/(liabilities)	730,657	335,759	(45,493)	7,378	(79,126)	949,175

4. OTHER INCOME

	Six-months ended 30 June	
	2022	2021
	HK\$ '000	HK\$ '000
	(Unaudited)	(Unaudited)
Continuing operations		
Rental income	321	319
Net foreign exchange gain	741	—
Sundry income	414	504
Sales of scrap materials	109	59
Government subsidies (<i>note</i>)	3,499	650
Reversal of expected credit loss (“ECL”) allowance	733	—
	5,817	1,532

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.

5. INCOME TAX EXPENSE

	Six-months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	1,535	38
	<hr/>	<hr/>
	1,535	38
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of temporary difference	7,997	6,820
	<hr/>	<hr/>
	9,532	6,858
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong profits tax has been provided during the six-months periods ended 30 June 2022 and 2021 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% (2021: 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, 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 Zhongxiang City Port Co., which commenced on 1 January 2017, ended on 31 December 2019 irrespective of whether Zhongxiang City Port Co. was profit-making during this period and the 3-Year 50% Tax Reduction Entitlement was commenced from 1 January 2021 to 31 December 2022 and tax payable is charged at 12.5%.

According to relevant laws and regulations in the PRC, the Group's subsidiary, namely Wuhan Yangluo Logistic Company Limited (武漢陽邏港物流有限公司) and Tongshang Supply Chain Management (Wuhan) Company Limited (通商供應鏈管理(武漢)有限公司) are qualified as small and low-profit enterprise and are entitled to enterprise income tax rate of 2.5% (2021: 5%) during the six-months period ended 30 June 2022.

6. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six-months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company		
— Continuing operations	23,641	7,352
— Discontinued operation	—	6,390
	<u>23,641</u>	<u>13,742</u>
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share	1,725,066,689	1,725,066,689
Basic earnings per share (HK cents)		
— Continuing operations	1.37	0.43
— Discontinued operation	—	0.37
	<u>1.37</u>	<u>0.80</u>

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the six-months periods ended 30 June 2022 and 2021. The diluted earnings per share are equal to the basic earnings per share.

7. DIVIDEND

The directors do not recommend the payment of a dividend for the six-months period ended 30 June 2022 (2021: nil).

8. INVESTMENT PROPERTIES

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

	Six-months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2021 <i>HK\$'000</i> (Audited)
Opening net carrying amount	895,932	768,298
Additions (<i>note</i>)	78	19,961
Change in fair value of investment properties recognised in profit or loss	28,841	72,799
Exchange realignment	(44,660)	34,874
	<hr/>	<hr/>
Closing net carrying amount	880,191	895,932
	<hr/> <hr/>	<hr/> <hr/>

Note: Additions mainly represent the cost of construction during the six-month ended 30 June 2022 and the year ended 31 December 2021.

9. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade and bills receivables			
Trade receivables due from third parties		102,067	57,249
Bills receivables		2,009	557
		<hr/>	<hr/>
		104,076	57,806
Less: ECL allowance of trade receivables		(10,686)	(11,978)
		<hr/>	<hr/>
	(a)	93,390	45,828
		<hr/>	<hr/>
Other receivables			
Deposits, prepayment and other receivables	(b)	24,364	40,200
Prepayments to suppliers		7,029	9,357
Value-added tax receivables		935	5,609
		<hr/>	<hr/>
		32,328	55,166
Less: ECL allowance of other receivables		(3,091)	(3,212)
		<hr/>	<hr/>
		29,237	51,954
		<hr/>	<hr/>
		122,627	97,782
		<hr/> <hr/>	<hr/> <hr/>

Notes:

(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:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
0 — 30 days	42,610	14,114
31 — 60 days	14,179	8,607
61 — 90 days	11,279	4,102
Over 90 days	25,322	19,005
	<u>93,390</u>	<u>45,828</u>

(b) Deposits, prepayment and other receivables

The amount mainly represent the advance to staff and one of the senior management of a company, of which Mr. Yan is the controlling shareholder of that company, and the prepayment for operating expenses.

10. GOVERNMENT SUBSIDY RECEIVABLES

The amounts represent subsidies receivables from the Wuhan Municipal government by certain of the subsidiaries of the Company as at 30 June 2022 and 31 December 2021.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables	48,645	16,278
Other payables		
— Payables to subcontractors	57,699	80,350
— Deferred government subsidies	13,754	10,507
— Accruals and sundry payables	68,987	72,799
— Receipts in advance	3,090	5,883
	<u>143,530</u>	<u>169,539</u>
	<u>192,175</u>	<u>185,817</u>
Less: Deferred government subsidies included in non-current other payables	<u>(12,354)</u>	<u>(10,033)</u>
	<u><u>179,821</u></u>	<u><u>175,784</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:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
0 — 30 days	24,656	3,682
31 — 60 days	4,283	2,726
61 — 90 days	1,991	1,284
Over 90 days	17,715	8,586
	<u>48,645</u>	<u>16,278</u>
	<u><u>48,645</u></u>	<u><u>16,278</u></u>

12. DISCONTINUED OPERATION

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

The results of Zhongji Tongshang Construction during the six-months period ended 30 June 2021 was presented as discontinued operation.

(a) Results of discontinued operation

	Six-months ended 30 June 2021 HK\$'000 (Unaudited)
Revenue	18,369
Cost of services rendered	(17,707)
	<hr/>
Gross profit	662
Bank interest income	6
General and administrative expenses	(1,595)
Gain on disposal of discontinued operation (<i>note (c)</i>)	7,317
	<hr/>
Profit before income tax	6,390
Income tax credit	—
	<hr/>
Profit from discontinued operation for the period	6,390
	<hr/>
Other comprehensive income from discontinued operation for the period	
Exchange gain on translation of financial statements of foreign operation	890
	<hr/>
Other comprehensive income from discontinued operation for the period	890
	<hr/>
Total comprehensive income from discontinued operation for the period	7,280
	<hr/> <hr/>

Profit before income tax was arrived at after charging the following:

Six-months ended
30 June 2021
HK\$'000
(Unaudited)

Staff costs (including directors' emoluments)

— Salaries and allowances

1,142

— Pension contributions

115

1,257

Cost of services rendered and goods sold

17,707

Depreciation for owned assets

11

(b) Analysis of cash flows of discontinued operation

Six-months ended
30 June 2021
HK\$'000
(Unaudited)

Net cash used in operating activities

(3,360)

Net cash generated from investing activities

6

Net cash used in discontinued operation

(3,354)

(c) **Analysis of assets and liabilities of discontinued operation**

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

13. DISPOSAL OF SUBSIDIARIES

Other than the disposal that carried out all of the Group's construction business segment as set out in note 12 during the six-months period ended 30 June 2021, the Group also disposed of its entire interests in the following subsidiaries:

(a) Shayang County Guoli Transportation Investment Co., Limited (“Shayang Guoli”)

During the six-months period ended 30 June 2021, the Group entered into a sale and purchase agreement with Shayang Xingang Investment Development Centre (沙洋新港區投資發展中心), a former non-controlling shareholder, to dispose its equity interest of Shayang Guoli for a consideration of RMB47,148,000 (equivalent to HK\$56,577,000). The disposal was completed in March 2021.

(b) Zhongji Tongshang Construction (Wuhan) Co. Ltd. (“Zhongji Tongshang Construction (Wuhan)”)

During the six-months period ended 30 June 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose its equity interest of Zhongji Tongshang Construction (Wuhan) for a consideration of RMB1,371,000 (equivalent to HK\$1,645,000). The disposal was completed in June 2021.

(c) Zhongji Tongshang Yuanlin (Wuhan) Co. Ltd. (“Zhongji Tongshang Yuanlin”)

During the six-months period ended 30 June 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose its equity interest of Zhongji Tongshang Yuanlin for a consideration of RMB3,000 (equivalent to HK\$4,000). The disposal was completed in June 2021.

Summary of disposal of subsidiaries

	Shayang Guoli <i>HK\$ '000</i> (Unaudited)	Zhongji Tongshang Construction (Wuhan) <i>HK\$ '000</i> (Unaudited)	Zhongji Tongshang Yuanlin <i>HK\$ '000</i> (Unaudited)
Property, plant and equipment	152,455	39	—
Construction in progress	65,504	—	—
Intangible assets	8,802	—	—
Deferred tax assets	465	—	—
Trade and other receivables	10,631	66,390	5,050
Amounts due from the fellow subsidiaries	880	13,867	6,000
Government subsidy receivables	3,640	—	—
Cash and cash equivalents	3,343	41	—
Trade and other payables	(53,160)	(69,895)	(5,045)
Amounts due to the fellow subsidiaries	(32,174)	(8,931)	—
Amount due to a non-controlling interest	(60,858)	—	—
Deferred tax liabilities	(2,197)	—	—
	<u>97,331</u>	<u>1,511</u>	<u>6,005</u>
Net assets disposed of	<u>97,331</u>	<u>1,511</u>	<u>6,005</u>

	Shayang Guoli <i>HK\$'000</i> (Unaudited)	Zhongji Tongshang Construction (Wuhan) <i>HK\$'000</i> (Unaudited)	Zhongji Tongshang Yuanlin <i>HK\$'000</i> (Unaudited)
Loss on disposal of subsidiaries			
Consideration received	56,577	1,645	4
Net assets disposed of	(97,331)	(1,511)	(6,005)
Waiver of amounts owed to the Group upon disposal	(6,583)	—	6,000
Non-controlling interests	40,773	—	—
Release of reserve upon disposal	(20)	363	100
	<u>(6,584)</u>	<u>497</u>	<u>99</u>
Net cash inflow arising on the disposal of subsidiaries			
Consideration received in cash	56,577	1,645	4
Cash and cash equivalents disposed of	(3,343)	(41)	—
	<u>53,234</u>	<u>1,604</u>	<u>4</u>

14. SHARE CAPITAL

	As at 30 June 2022		As at 31 December 2021	
	Number of shares (Unaudited)	<i>HK\$'000</i> (Unaudited)	Number of shares (Audited)	<i>HK\$'000</i> (Audited)
Authorised:				
Ordinary shares of HK\$0.1 each	<u>2,000,000,000</u>	<u>200,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	<u>1,725,066,689</u>	<u>172,507</u>	<u>1,725,066,689</u>	<u>172,507</u>

There was no movement in the Company's share capital during the six-months period ended 30 June 2022 and the year ended 31 December 2021.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30 June 2022, none of the Directors was granted any options to subscribe for the Shares.

FINANCIAL RESOURCES AND LIQUIDITY

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

As at 30 June 2022, the Group had total outstanding interest-bearing borrowings of HK\$553.25 million (31 December 2021: HK\$350.98 million). The Group also had total cash and cash equivalents of HK\$187.51 million (31 December 2021: HK\$31.13 million) and consolidated net assets of HK\$921.99 million (31 December 2021: HK\$949.18 million).

As at 30 June 2022, the Group's net gearing ratio was 0.5 times (31 December 2021: 0.4 times). The calculation of the gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 30 June 2022, the Group's net current liabilities was HK\$202.05 million (31 December 2021: HK\$292.83 million), and current assets was HK\$328.18 million (31 December 2021: HK\$150.08 million) and current liabilities was HK\$530.23 million (31 December 2021: HK\$442.91 million), representing a current ratio of 0.6 times (31 December 2021: 0.3 times).

EXCHANGE RATE RISK

The Group operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, the Directors consider that the Group had no significant foreign currency risk during the six months ended 30 June 2022.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2022.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments in respect of the construction of port facilities contracted for but not provided for amounting to HK\$68.32 million (31 December 2021: HK\$74.32 million).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

PLEDGE OF ASSETS

As at 30 June 2022, the Group has pledged the equity interests of certain subsidiaries and certain of its port facilities and terminal equipment, land use rights, investment properties and restricted deposits with carrying amount of approximately HK\$331.57 million (31 December 2021: HK\$355.40 million), HK\$18.36 million (31 December 2021: HK\$19.60 million), HK\$509.70 million (31 December 2021: HK\$600.21 million) and HK\$11.89 million (31 December 2021: HK\$12.49 million) respectively, to secure bank and other borrowings granted to the Group.

CAPITAL STRUCTURE

As at 30 June 2022, the Group's total equity amounted to HK\$921.99 million (31 December 2021: HK\$949.18 million).

EMPLOYEE INFORMATION

As at 30 June 2022, the Group had employed 375 employees (31 December 2021: 389 full-time employees). The Group participates in retirement insurance, medicare, unemployment insurance and housing funds schemes according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong and medical benefits for its employees in Hong Kong. The Group also adopts a remuneration policy similar to its peers in the same industry. The Group remunerates its employees in accordance with their work performance and experience, which is fixed by reference to their respective duties and the prevailing market rates in the region. The Company has also adopted a share option scheme to recognise and acknowledge the contributions of eligible employees and directors of the Company or its subsidiaries. Further details of the share option scheme will be set out in the interim report of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There is no plan authorised by the Board for any material investments or additions of capital assets during the six months ended 30 June 2022. The Group will continue to look for suitable opportunities for investments or acquisition of material capital assets to enhance its profitability in the ordinary course of its business.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021 Interim Period: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has been in compliance with the code provisions as set out in the Corporate Governance Code (“CG Code”) in Part 2 of Appendix 14 to the Listing Rules during the six months ended 30 June 2022.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors.

Specific enquiry has been made to all Directors, who have confirmed that, during the six months ended 30 June 2022, each of them was in compliance with the required standard as set out in the Model Code.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Company and to assist the Board to fulfill its responsibilities over audit. The condensed consolidated results of the Group for the six months ended 30 June 2022 is unaudited and have not been reviewed by external auditors but have been reviewed by the Audit Committee. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and has discussed the auditing, internal control, risk management and financial reporting matters.

The Audit Committee consists of one non-executive Director: Mr. Xu Aoling and three independent non-executive Directors: Mr. Chau Kwok Keung, Mr. Fu Xinping and Dr. Mao Zhenhua. Mr. Chau Kwok Keung serves as the chairman of the Audit Committee.

By order of the Board
China Infrastructure & Logistics Group Ltd.
Mr. Li Xiaoming
Executive Director and Chairman

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises Mr. Li Xiaoming and Mr. Qiao Yun as executive Directors; Ms. Zhou Wei and Mr. Xu Aoling as non-executive Directors; and Mr. Chau Kwok Keung, Mr. Fu Xinping and Dr. Mao Zhenhua as independent non-executive Directors.

* *For identification purpose only*