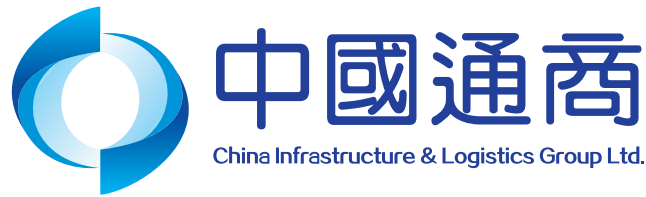


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China Infrastructure & Logistics Group Ltd.

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 2022

The board (the “**Board**”) of directors (the “**Directors**”) of China Infrastructure & Logistics Group Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the corresponding period in 2021.

HIGHLIGHTS

Continuing operations

- Revenue increased by approximately 29.0% to HK\$319.54 million (2021: HK\$247.67 million), mainly due to the offsetting effect of (i) the increase in revenue of HK\$20.61 million from the terminal service business due to the increase in container throughput handled by the WIT Port (陽邏港) and 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 (the “**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\$18.89 million due to the increase in business volume of the WIT Port; (iii) the decrease in revenue of HK\$13.51 million from general and bulk cargoes handling service conducted through the Hannan Port (漢南港) and the Shipai Port (石牌港); (iv) the decrease in stacking yard and warehouse leasing income of HK\$6.06 million in the property business of the WIT Port and the Hannan Port; and (v) the significant increase in revenue of HK\$49.18 million from the supply chain management and trading business due to the commencement of the rice and broken rice trading business since September 2022.
- Overall container throughput of the WIT Port increased by approximately 11.3% to 801,537 TEUs (2021: 720,021 TEUs), mainly due to (i) the increase of gateway cargoes throughput by approximately 18.2% to 337,042 TEUs (2021: 285,048 TEUs); and (ii) increase in trans-shipment cargoes throughput by approximately 6.8% to 464,495 TEUs (2021: 434,973 TEUs).
- The Group’s market share of container throughput in Wuhan for the year ended 31 December 2022 was 29.0% which remained at a similar level compared with that for the year ended 31 December 2021 of 29.7%.
- Gross profit increased by 57.2% to HK\$85.37 million (2021: HK\$54.32 million) and gross profit margin was 26.7% (2021: 21.9%). The increase was mainly due to the increase in the revenue from terminal service with relatively higher gross profit margins. There was an increase in standard tariff for both gateway cargo containers and trans-shipment containers of the WIT Port and the TEUs of gateway cargoes with relatively higher gross profit margins, which accounted for 42.0% of the total TEUs handled (2021: 39.6%), resulting in the increase of gross profit and gross profit margin of the Group.

Discontinued operation

- The Group discontinued its operations in the provision of construction services after 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 gross profit was HK\$0.66 million and the gross profit margin was 3.6% for the year ended 31 December 2021. The profit attributable to owners of the Company was HK\$6.39 million for the year ended 31 December 2021.

Profit for the year

- Profit for the year decreased by approximately 17.0% to HK\$20.91 million (2021: HK\$25.18 million) as a result of offsetting effect of (a) (i) the increase in gross profit of HK\$31.05 million; (ii) the decrease in other income of HK\$23.82 million due to the decrease 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\$38.96 million due to optimizing staff structure and tightening expenses control for the year ended 31 December 2022; (iv) the decrease in finance costs of HK\$4.04 million due to the repayment of other borrowings with higher interest rates for the year ended 31 December 2022; (v) the decrease in fair value gain of investment properties of HK\$47.01 million due to the decrease in the magnitude of rental growth of the warehouse properties in Wuhan for the year ended 31 December 2022; (vi) there being loss on disposal of subsidiaries of HK\$5.99 million incurred during the year ended 31 December 2021 whilst there being no such loss incurred during the year ended 31 December 2022; (vii) the decrease in depreciation and amortisation of HK\$2.39 million; (viii) the increase in income tax expenses of HK\$8.53 million due to the increase in taxable profit of certain subsidiaries; and (b) there being profit generated from the Company’s discontinued operation of HK\$6.39 million during the year ended 31 December 2021 whilst there being no such profit generated during the year ended 31 December 2022.

Profit attributable to owners of the Company

- Profit attributable to owners of the Company decreased by 25.9% to HK\$20.78 million (2021: HK\$28.04 million).
- Earnings per share (basic and diluted) attributable to owners of the Company was HK1.20 cents (2021: HK1.63 cents), representing a decrease of 26.4%.

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 in relation to, among other things, (i) the acquisition of 1,290,451,130 of the issued shares of the Company (the “**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, 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 has 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 modify 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 for the resumption of trading in the Shares (the “**Resumption Guidance**”) 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 4 August 2022, 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.

On 29 August 2022, Hubei Port signed two separate share transfer agreements (the “**Share Transfer Agreements**”) with Mr. Wang Kaiwei (“**Mr. Wang**”) and Zall Holdings Company Limited (“**Zall Holdings**”), respectively. Pursuant to the Share Transfer Agreements, Hubei Port has agreed to transfer 132,312,615 Shares (equivalent to approximately 7.67% of the issued share capital of the Company as at the date of this announcement) to Mr. Wang at the price of HK\$1.15 per Share with a total consideration of HK\$152,159,507.25 and transfer 86,428,000 Shares (equivalent to approximately 5.01% of the issued share capital of the Company as at 29 August 2022) to Zall Holdings at the price of HK\$1.15 per Share with a total consideration of HK\$99,392,200.00, respectively (the “**Share Transfer**”).

The completion of the Share Transfer with Mr. Wang and Zall Holdings under the relevant Share Transfer Agreements took place on 28 September 2022 and 30 September 2022 respectively. Immediately following completion, Hubei Port holds 1,293,429,911 Shares, representing approximately 74.98% of the issued share capital of the Company.

For further details on the Share Transfer, please refer to the announcements of the Company dated 29 August 2022, 28 September 2022 and 30 September 2022.

Restoration of public float

Immediately upon completion of the Share Transfer, 431,636,778 Shares, representing approximately 25.02% of the total issued share capital of the Company, were held by the public. Accordingly, the minimum public float of 25% of the total issued share capital of the Company as required under Rule 8.08(1)(a) of the Listing Rules has been restored.

Resumption on trading

The Resumption Guidance required the Company to (a) restore the minimum public float required under Rule 8.08(1)(a) of the Listing Rules; and (b) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position. As at 30 September 2022, the Company has fulfilled the requirements set out in the Resumption Guidance. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 October 2022.

For further details on the restoration of public float and resumption on trading, please refer to the announcement of the Company dated 30 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Continuing operations		
Revenue	319,535	247,671
Cost of services rendered and goods sold	(234,164)	(193,348)
Gross profit	85,371	54,323
Other income	6,201	30,025
General, administrative and other operating expenses	(31,995)	(70,955)
Operating profit/EBITDA (Earnings before interest, income tax expense, depreciation and amortisation)	59,577	13,393
Finance costs — net	(19,833)	(23,869)
EBTDA (Earnings before income tax expense, depreciation and amortisation)	39,744	(10,476)
Depreciation and amortisation	(30,996)	(33,387)
Change in fair value of investment properties	25,785	72,799
Loss on disposal of subsidiaries	—	(5,988)
Share of (loss)/profit of associates	(796)	139
Profit before income tax	33,737	23,087
Income tax expense	(12,824)	(4,297)
Profit for the year	20,913	18,790
Non-controlling interests	(138)	2,860
Profit from continuing operations attributable to owners of the Company	20,775	21,650

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Discontinued operation		
Revenue	—	18,369
Cost of services rendered	—	(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 before income tax	—	6,390
Income tax credit	—	—
Profit for the year	—	6,390
Profit from discontinued operations attributable to owners of the Company	—	6,390

Overall performance

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	20,913	25,180
Profit for the year attributable to:		
Owners of the Company		
— continuing operations	20,775	21,650
— discontinued operation	—	6,390
	20,775	28,040
Basic and diluted earnings per share attributable to owners of the Company (HK cents)		
— continuing operations	1.20	1.26
— discontinued operation	—	0.37
	1.20	1.63

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) 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, and is where various major industrial operators have commenced operations in, including operators of automobile and parts, chemical products, steel, grain, wood, 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 customers in 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 promoted water-to-water trans-shipment to Yangshan Port in Shanghai and direct shipment to Japan, Korea and Russia (江海直航) and 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 this is 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. On 22 July and 23 July 2022, Yangluo Port successfully opened two containerized direct routes for domestic trades, which are the routes from Yangluo Port to Wuhu Port of Anhui Province and from Yangluo Port to Yueyang Port of Hunan Province, respectively. On 30 September 2022, Wuhan opened a new channel for foreign trade which is the direct shipping route from Yangluo Port to Eastern Port in Russia. It is the third international shipping route opened by Wuhan, and also the first direct shipping route to Russia opened in the middle and upper reaches of Yangtze River and even in the central region.

The Group has also developed port related services, including agency and integrated logistics services to expand its revenue sources. Such agency and integrated logistics services 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 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 (長江經濟帶)”, 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 including RORO (Roll on Roll off), bulk cargo transportation and storage, automobile spare parts processing and logistics services.

Since Hubei Port became the immediate holding company of the Company in January 2022, the Group has proactively explored all favorable business opportunities, seized the favorable opportunity of the upcoming construction of the Hannan Bridge and the Sixth Ring Road, and strived for bridge construction-related enterprises to settle in Hannan Port Industrial Park, while vigorously developing its logistics and transportation service business in Hannan. The Group will keep a close eye on the development opportunities brought by the construction of the Hannan Bridge which promotes the explosive expansion in the demand of logistics and transportation services due to the need to transport bridge construction materials and equipment, actively integrate various superior resources, organize relevant supporting services, and make every effort to smooth the supply channels of materials, so as to build the industrial park into a distribution center for imported goods. We endeavour to engage with new customers for new projects to create more economic benefits for the Group.

Phase I of the Hannan Port has been completed. Phase II, 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 is 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 services, and enhance efficiency of integrated services. At the same time, it will enable the Group to consolidate and optimise the flow of commodities, capital and information for the supply chain, which will facilitate trading among enterprises, reduce costs and strengthen competitiveness of the Group.

OPERATING RESULTS

Revenue

	Year ended 31 December					
	2022		2021		Increase/(Decrease)	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Continuing operations						
Terminal service	101,697	31.8	81,085	32.8	20,612	25.4
Integrated logistics service	61,067	19.1	42,177	17.1	18,890	44.8
Property business	8,901	2.8	14,963	6.0	(6,062)	(40.5)
Container handling, storage & other service	25,384	7.9	22,626	9.1	2,758	12.2
General and bulk cargoes handling service	5,171	1.7	18,685	7.5	(13,514)	(72.3)
Supply chain management and trading business	117,315	36.7	68,135	27.5	49,180	72.2
	<u>319,535</u>	<u>100.0</u>	<u>247,671</u>	<u>100.0</u>	<u>71,864</u>	<u>29.0</u>
Discontinued operation						
Construction services	—	—	18,369	100.0	(18,369)	(100.0)

Continuing operations

For the year ended 31 December 2022, the Group's revenue amounted to HK\$319.54 million (2021: HK\$247.67 million), representing an increase of approximately 29.0% as compared to 2021. The increase was mainly due to the offsetting effect of (i) the increase in revenue of HK\$20.61 million from the terminal service business due to the increase in container throughout handled by the WIT Port (陽邏港) and the increase in the standard tariff of both gateway cargo containers and trans-shipment containers 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, the price cutting competition ceased to exist; (ii) the increase in integrated logistics service income of HK\$18.89 million due to the increase in business volume from the WIT Port; (iii) the decrease in revenue of HK\$13.51 million from general and bulk cargoes handling service conducted through the Hannan Port (漢南港) and the Shipai Port (石牌港); (iv) the decrease in stacking yard and warehouse leasing income of HK\$6.06 million in the property business of the WIT Port and the Hannan Port; and (v) the significant increase in revenue of HK\$49.18 million from the supply chain management and trading business due to the commencement of the rice and broken rice trading business since September 2022.

Terminal service

Container throughput

	Year ended 31 December					
	2022		2021		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	337,042	42.0	285,048	39.6	51,994	18.2
Trans-shipment cargoes	464,495	58.0	434,973	60.4	29,522	6.8
	<u>801,537</u>	<u>100.0</u>	<u>720,021</u>	<u>100.0</u>	<u>81,516</u>	<u>11.3</u>

Total throughput achieved by WIT for the year ended 31 December 2022 was 801,537 TEUs, representing an increase of 81,516 TEUs or approximately 11.3% as compared to that of 720,021 TEUs for the year ended 31 December 2021. For the 801,537 (2021: 720,021 TEUs) TEUs handled in 2022, 337,042 TEUs (2021: 285,048 TEUs) or approximately 42.0% (2021: 39.6%) and 464,495 TEUs (2021: 434,973 TEUs) or approximately 58.0% (2021: 60.4%) were attributed to gateway cargoes and trans-shipment cargoes respectively. The gateway cargoes throughput increased by approximately 18.2% to 337,042 TEUs (2021: 285,048 TEUs) and the trans-shipment cargoes throughput increased by approximately 6.8% to 464,495 TEUs (2021: 434,973 TEUs).

The increase in overall container throughput for the year ended 31 December 2022 was attributable to an approximately 18.2% increase in gateway cargoes and an approximately 6.8% increase in trans-shipment cargoes. The increase in gateway cargoes and trans-shipment cargoes 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.

Market share

The Group's market share of container throughput in Wuhan for the year ended 31 December 2022 was 29.0% which remained at a similar level compared with that for the year ended 31 December 2021 of 29.7% based on a total of 2.70 million TEUs (2021: 2.48 million) handled for the whole of Wuhan Ports in 2022.

Average tariff

Tariff, which is denominated in Renminbi (“**RMB**”), is converted into Hong Kong dollars (“**HK\$**”), the reporting currency of the Group. The average tariff for gateway cargo containers at the WIT Port for the year ended 31 December 2022 was RMB232 (equivalent to approximately HK\$269) per TEU (2021: RMB205 (equivalent to approximately HK\$246) per TEU), representing an increase of approximately 13.2% compared to that of 2021. The average tariff for trans-shipment containers at the WIT Port was RMB19 (equivalent to approximately HK\$22) per TEU (2021: RMB11 (equivalent to approximately HK\$13) per TEU), increased by approximately 72.7% as compared to that of 2021. The increase in the tariff of both gateway cargo containers and trans-shipment containers was due to the cessation of price cutting competition after the integration. Besides, the increase in the tariff for the transshipment containers was due to the decrease in volume of transportation of trans-shipment cargoes with relatively low tariffs.

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 services. Revenue generated from the integrated logistics service business for the year ended 31 December 2022 increased by HK\$18.89 million to HK\$61.07 million (2021: HK\$42.18 million), which accounted for approximately 19.1% of the Group's total revenue for the year ended 31 December 2022 (2021: 17.1%).

The increase was mainly attributable to the increase in business volume from the WIT Port during the year ended 31 December 2022.

Property business

Revenue for the Group's 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 2022. The port and warehouse leasing income for property business decreased to HK\$8.90 million (2021: HK\$14.96 million) which accounted for approximately 2.8% of the Group's total revenue for the year ended 31 December 2022 (2021: 6.0%).

The decrease was mainly due to the decrease in revenue from the leases for the stacking yard and warehouses at the WIT Port and the Hannan Port.

Supply chain management and trading business

The revenue of the Group's supply chain management and trading business increased to HK\$117.32 million (2021: HK\$68.14 million) which accounted for approximately 36.7% of the Group's total revenue for the year ended 31 December 2022 (2021: 27.5%).

Due to the robust market demand of the agriculture and food product, the Group have commenced the rice and broken rice trading business since September 2022 and the revenue from supply chain management and trading business increased significantly during the year ended 31 December 2022.

Gross profit and gross profit margin

For the year ended 31 December 2022, gross profit increased by 57.2% to HK\$85.37 million (2021: HK\$54.32 million) and gross profit margin was 26.7% (2021: 21.9%). The increase was mainly due to the increase in the revenue from terminal services 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 TEUs of gateway cargoes with relatively higher gross profit margins increased and accounted for 42.0% of the total TEUs handled (2021: 39.6%).

Other income

Other income for the year ended 31 December 2022 decreased by HK\$23.82 million or approximately 79.3% to HK\$6.20 million (2021: HK\$30.03 million). The decrease is mainly due to the decrease in government subsidies of HK\$22.26 million granted to certain subsidiaries of the Group.

Decrease in fair value gain of investment properties

The Group holds certain investment properties, including (i) the 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 2022, the Group recorded positive fair value gain in the value of investment properties of HK\$25.79 million (2021: HK\$72.80 million).

The decrease in fair value gain of investment properties is mainly due to the decrease in the magnitude of rental growth of the warehouse properties in Wuhan for the year ended 31 December 2022.

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 County Guoli Transportation Investment Co., Limited of HK\$6.58 million; and (ii) gain on disposal of Zhongji Tongshang Yuanlin (Wuhan) Co. Ltd. of HK\$99,000 and Zhongji Tongshang Construction (Wuhan) Co. Ltd. of HK\$497,000.

Share of (loss)/profit of associates

Share of loss was HK\$0.80 million for the year ended 31 December 2022 (2021: share of profit of HK\$0.14 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 Wuhan Chang Sheng Gang Tong are the sale of motor vehicles and provision of car parking services. The principal activities of Tongshang Port (Jiangling) are provision of customs clearance and logistics services.

Profit from continuing operations attributable to owners of the Company for the year

Profit from continuing operations attributable to owners of the Company decreased by HK\$0.87 million or approximately 4.0% to HK\$20.78 million (2021: HK\$21.65 million). The decrease in profit was mainly attributable to the offsetting effects of (i) the increase in EBITDA of HK\$46.18 million; (ii) the decrease in finance costs of HK\$4.04 million due to the repayment of other borrowings with higher interest rates for the year ended 31 December 2022; (iii) the decrease in depreciation and amortisation of HK\$2.39 million; (iv) the decrease in fair value gain of investment properties of HK\$47.01 million due to the decrease in the magnitude of rental growth of the warehouse properties in Wuhan for the year ended 31 December 2022; (v) there being loss on disposal of subsidiaries of HK\$5.99 million incurred during the year ended 31 December 2021 whilst there being no such loss incurred during the year ended 31 December 2022; and (vi) the increase in income tax expenses of HK\$8.53 million due to the increase in taxable profit of certain subsidiaries.

Earnings per share (basic and diluted) attributable to owners of the Company for the year ended 31 December 2022 was HK1.20 cents (2021: HK1.26 cents), representing an decrease of 4.8% as compared with that for the year ended 31 December 2021.

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, revenue decreased during the year ended 31 December 2022.

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.

Forward looking

Under the new development pattern in the PRC, which is based on international and domestic dual circulation and mutual promotion, along with domestic macrocirculation, Wuhan is ordained to be the main development center of the “Belt and Road (一帶一路)” strategy and the “Yangtze River Economic Belt”. In addition, Hubei Province has invested approximately RMB2.3 trillion in “10 Major Projects” to revitalise its economy after the COVID-19 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 of inner ports along the “Yangtze River Economic Belt”.

In recent years, the Group has accelerated its transformation and upgraded to a “Port Logistics” business model, with a focus on port construction and operation, port and warehouse leasing, provision of logistics services in the middle reaches of the Yangtze River. The Group has expanded its integrated port-surrounding processing trade, 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 jointly published by Hubei Port and the Company dated 4 March 2022, 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 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, 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.

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 2022, the Group recorded a net cash inflow from operating activities of HK\$16.33 million (2021: HK\$17.99 million).

As at 31 December 2022, the Group had total outstanding interest-bearing borrowings of HK\$427.29 million (2021: HK\$350.98 million). The Group also had total cash and cash equivalents of HK\$86.30 million as at 31 December 2022 (2021: HK\$31.13 million) and net assets of HK\$881.57 million (2021: HK\$949.18 million).

As at 31 December 2022, the Group's net gearing ratio was 0.4 times (2021: 0.4 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 2022, the Group's net current liabilities was HK\$239.08 million (2021: HK\$292.83 million), with current assets of HK\$200.52 million (2021: HK\$150.08 million) and current liabilities of HK\$439.60 million (2021: HK\$442.91 million), representing a current ratio of 0.5 times (2021: 0.3 times). The net current liabilities as at 31 December 2022 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 rate changes to best preserve the Group's cash value.

Capital commitments

As at 31 December 2022, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK\$63.15 million (2021: HK\$74.32 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\$62.87 million.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2022 (2021: nil).

Pledge of assets

As at 31 December 2022, the Group has pledged certain of its port facilities and terminal equipment, land use rights, investment properties and restricted deposits with carrying amount of approximately HK\$4.42 million (2021: HK\$355.40 million), HK\$17.49 million (2021: HK\$19.60 million), nil (2021: HK\$600.21 million) and nil (2021: HK\$12.49 million) respectively, to secure bank and other borrowings granted to the Group.

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures

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 2022.

Employees and remuneration policies

As at 31 December 2022, the Group had an aggregate of 369 full-time employees (2021: 389). 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 2022 amounted to HK\$52.26 million (2021: HK\$76.69 million). The Directors were entitled to remuneration of HK\$2.88 million (2021: HK\$5.15 million) during the year ended 31 December 2022.

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

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 2022, together with the comparative figures for the year ended 31 December 2021 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 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Continuing operations			
Revenue	4	319,535	247,671
Cost of services rendered and goods sold		<u>(234,164)</u>	<u>(193,348)</u>
Gross profit		85,371	54,323
Other income	6	6,201	30,025
Change in fair value of investment properties	10	25,785	72,799
General and administrative expenses		(32,550)	(75,484)
Other operating expenses		(30,441)	(28,858)
Finance costs — net		(19,833)	(23,869)
Loss on disposal of subsidiaries		—	(5,988)
Share of (loss)/profit of associates		(796)	139
Profit before income tax		33,737	23,087
Income tax expense	7	(12,824)	(4,297)
Profit for the year from continuing operations		20,913	18,790
Discontinued operation			
Profit for the year and gain on disposal	14	—	6,390
Profit for the year		20,913	25,180
Other comprehensive (expenses)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange (losses)/gain on translation of financial statements of foreign operations			
— continuing operations		(83,192)	40,876
— discontinued operation		—	890
Release of reserve upon deregistration/disposal of subsidiaries		8	(4,089)
Share of other comprehensive expenses of associates		(414)	(14)
Other comprehensive (expense)/income for the year		(83,598)	37,663
Total comprehensive (expense)/income for the year		(62,685)	62,843

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company			
— continuing operations		20,775	21,650
— discontinued operation		—	6,390
		<hr/> 20,775	<hr/> 28,040
Non-controlling interests			
— continuing operations		138	(2,860)
— discontinued operation		—	—
		<hr/> 138	<hr/> (2,860)
		<hr/> 20,913	<hr/> 25,180
		<hr/> <hr/> 20,913	<hr/> <hr/> 25,180
Total comprehensive (expense)/income attributable to:			
Owners of the Company			
— continuing operations		(53,395)	54,261
— discontinued operation		—	7,280
		<hr/> (53,395)	<hr/> 61,541
Non-controlling interests			
— continuing operations		(9,290)	1,302
— discontinued operation		—	—
		<hr/> (9,290)	<hr/> 1,302
		<hr/> (62,685)	<hr/> 62,843
		<hr/> <hr/> (62,685)	<hr/> <hr/> 62,843
Basic and diluted earnings per share attributable			
to owners of the Company (HK cents)	8		
— continuing operations		1.20	1.26
— discontinued operation		—	0.37
		<hr/> 1.20	<hr/> 1.63
		<hr/> <hr/> 1.20	<hr/> <hr/> 1.63

Consolidated statement of financial position

At 31 December 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	10	851,229	895,932
Property, plant and equipment		495,420	568,514
Construction in progress		6,079	5,497
Land use rights		17,491	19,593
Intangible assets		6,910	7,697
Restricted deposits		—	11,389
Rental deposit		155	—
Interest in the associates		9,495	10,705
Deferred tax assets		8,710	14,548
		<u>1,395,489</u>	<u>1,533,875</u>
Current assets			
Inventories		7,237	7,091
Trade and other receivables	11	99,996	97,782
Amount due from an associate		414	92
Amounts due from related companies		830	56
Government subsidy receivables	12	3,818	11,165
Income tax recoverable		1,922	1,662
Restricted deposits		—	1,107
Cash and cash equivalents		86,298	31,127
		<u>200,515</u>	<u>150,082</u>

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Current liabilities			
Trade and other payables	13	149,561	175,784
Amount due to the then controlling shareholder		—	56,120
Amount due to then ultimate holding company		—	1,259
Bank borrowings		154,098	103,935
Other borrowings		6,000	93,046
Loans from immediate holding company		7,000	—
Loans from ultimate holding company		113,555	—
Lease liabilities		476	679
Income tax payable		8,907	12,088
		<u>439,597</u>	<u>442,911</u>
Net current liabilities		(239,082)	(292,829)
Total assets less current liabilities		1,156,407	1,241,046
Non-current liabilities			
Other payables	13	9,629	10,033
Bank borrowings		152,640	124,722
Other borrowings		—	41,479
Lease liabilities		369	—
Deferred tax liabilities		112,203	115,637
		<u>274,841</u>	<u>291,871</u>
Net assets		881,566	949,175
EQUITY			
Share capital	15	172,507	172,507
Reserves		604,037	657,432
Equity attributable to owners of the Company		776,544	829,939
Non-controlling interests		105,022	119,236
Total equity		881,566	949,175

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 Unit A, 7/F., On Hing Building, No. 1 On Hing Terrace, Central, Hong Kong.

As at 31 December 2021, the Company’s immediate holding company is China Tongshang Investment Group Limited (“**China Tongshang Investment**”), a limited liability company incorporated in the British Virgin Islands. The ultimate holding company is 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 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. Further to completion of disposal of approximately 12.68% issued share capital of the Company by Hubei Port in September 2022, as at 31 December 2022, Hubei Port owns approximately 74.98% of the issued share capital of the Company. 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 (formerly know as “湖北省港口集團有限公司”), “**Hubei Port Group**”) and ultimate 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 2022 were approved for issue by the board of directors on 24 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the 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\$239,082,000 as at 31 December 2022. 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 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 non-current liabilities as current assets and current 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 2022

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 2022:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	COVID-19 — Related Rent Concessions beyond 30 June 2021
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

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 ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date not yet determined

The directors 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 and general and bulk cargoes handling service rendered 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Types of goods or services:		
— Terminal service	101,697	81,085
— Integrated logistics service	61,067	42,177
— Property business	8,901	14,963
— Container handling, storage & other service	25,384	22,626
— General and bulk cargoes handling service	5,171	18,685
— Supply chain management and trading business	117,315	68,135
	<u>319,535</u>	<u>247,671</u>
Revenue recognised at a point in time	310,634	232,708
Rental income from investment properties	8,901	14,963
	<u>319,535</u>	<u>247,671</u>

5. 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, 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.

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 represents the Group’s construction business segment, was disposed during the year ended 31 December 2021. Therefore, the construction business segment was presented as the discontinued operation during the year ended 31 December 2021.

The accounting policies of the reportable 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 2022 and 2021 were sourced from external customers located in the PRC. In addition, over 99% (2021: 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 2022, HK\$71,598,000 or 22% of the Group’s revenue were generated from a single customer in the supply chain management and trading business segment. During the year ended 31 December 2021, there were no customers with whom transactions have exceeded 10% of the Group’s revenue from continuing operations.

2022

Segment revenue and results

For the year ended 31 December 2022

	Property business <i>HK\$'000</i>	Terminal & related business <i>HK\$'000</i>	Integrated logistics business <i>HK\$'000</i>	Supply chain management and trading business <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Unallocated corporate income/ (expense) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	8,901	132,252	61,067	117,315	—	—	319,535
Inter-segment revenue	—	6,604	3,397	—	(10,001)	—	—
Reportable segment revenue	8,901	138,856	64,464	117,315	(10,001)	—	319,535
Reportable segment results	(836)	35,809	6,272	(43)	—	—	41,202
Fair value changes on investment properties	25,785	—	—	—	—	—	25,785
Interest income	9	225	13	7	—	—	254
Interest expenses	—	(15,762)	(2,047)	—	—	(2,278)	(20,087)
Share of loss of associates	(574)	(222)	—	—	—	—	(796)
Corporate and other unallocated expense	—	—	—	—	—	(12,621)	(12,621)
Profit/(Loss) before income tax	24,384	20,050	4,238	(36)	—	(14,899)	33,737
Income tax expense	(6,087)	(5,777)	(960)	—	—	—	(12,824)
Profit/(Loss) for the year	18,297	14,273	3,278	(36)	—	(14,899)	20,913

Segment assets and liabilities

At 31 December 2022

	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
Segment assets	867,417	595,710	13,200	12,594	658	1,489,579
Interest in the associates	9,131	364	—	—	—	9,495
Cash and cash equivalents	11,545	21,737	36,603	12,814	3,599	86,298
Income tax recoverable	1,068	854	—	—	—	1,922
Deferred tax assets	523	7,093	1,064	30	—	8,710
Total assets	889,684	625,758	50,867	25,438	4,257	1,596,004
Segment liabilities	(66,976)	(62,628)	(17,997)	(7,572)	(4,862)	(160,035)
Bank borrowings	—	(276,228)	(30,510)	—	—	(306,738)
Other borrowings	—	—	—	—	(6,000)	(6,000)
Loans from immediate holding company	—	—	—	—	(7,000)	(7,000)
Loans from ultimate holding company	—	(26,555)	—	—	(87,000)	(113,555)
Deferred tax liabilities	(110,474)	(1,729)	—	—	—	(112,203)
Income tax payable	(8,304)	(111)	(450)	(42)	—	(8,907)
Total liabilities	(185,754)	(367,251)	(48,957)	(7,614)	(104,862)	(714,438)
Net assets/(liabilities)	703,930	258,507	1,910	17,824	(100,605)	881,566

For the year ended 31 December 2022

	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Unallocated	Total HK\$'000
Capital additions (<i>note</i>)	3,099	2,366	48	—	894	6,407
Depreciation and amortisation	96	30,532	8	7	353	30,996
Expected credit loss (“ECL”) allowance (reversal)/recognised	(198)	3,428	(1,142)	(547)	—	1,541

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

2021

Segment revenue and results

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	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)	—	—	—
Reportable segment revenue	<u>14,963</u>	<u>124,703</u>	<u>47,378</u>	<u>68,135</u>	<u>(7,508)</u>	<u>—</u>	<u>247,671</u>	<u>18,369</u>
Reportable segment results	8,599	(19,339)	1,847	175	—	—	(8,718)	(933)
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)	—
Profit/(Loss) for the year	<u>62,252</u>	<u>(23,638)</u>	<u>(680)</u>	<u>(163)</u>	<u>—</u>	<u>(18,981)</u>	<u>18,790</u>	<u>6,390</u>

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
Segment assets	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
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

For the year ended 31 December 2021

	Continuing operations					Total HK\$'000	Discontinued Operation Construction business HK\$'000
	Property business HK\$'000	Terminal & related business HK\$'000	Integrated logistics business HK\$'000	Supply chain management and trading business HK\$'000	Unallocated 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
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.

6. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Rental income	616	1,002
Sundry income	1,059	2,503
Sales of scrap materials	155	80
Government subsidies (<i>note</i>)	4,181	26,440
Net foreign exchange gain	190	—
	<u>6,201</u>	<u>30,025</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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Current tax		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	1,723	2,448
Overprovision in prior year		
— PRC enterprise income tax	(108)	(6,640)
	<u>1,615</u>	<u>(4,192)</u>
Deferred tax		
Origination and reversal of temporary difference	11,209	8,489
	<u>12,824</u>	<u>4,297</u>

No provision for Hong Kong profits tax has been provided during the year (2021: 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% (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.**”) is 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 commenced from 1 January 2020 and ended on 31 December 2022 and tax payable has been charged at 12.5%. Since then, Zhongxiang City Port Co. is not entitled to this preferential tax treatment and will be charged at 25%.

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% (2021: 2.5%).

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Earnings		
Profit for the year attributable to owners of the Company		
— Continuing operations	20,775	21,650
— Discontinued operation	—	6,390
	<u>20,775</u>	<u>28,040</u>
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share	<u>1,725,066,689</u>	<u>1,725,066,689</u>
Basic earnings per share (HK cents)		
— Continuing operations	1.20	1.26
— Discontinued operation	—	0.37
	<u>1.20</u>	<u>1.63</u>

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2022 and 2021. 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 2022 (2021: nil).

10. INVESTMENT PROPERTIES

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

	Under construction HK\$'000	Completed HK\$'000	Total HK\$'000
Carrying amount at 1 January 2021	234,819	533,479	768,298
Additions	6	19,955	19,961
Change in fair value of investment properties recognised in profit or loss	45,594	27,205	72,799
Exchange realignment	11,090	23,784	34,874
	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2021 and 1 January 2022	291,509	604,423	895,932
Additions	3,099	—	3,099
Change in fair value of investment properties recognised in profit or loss	2,701	23,084	25,785
Exchange realignment	(23,850)	(49,737)	(73,587)
	<hr/>	<hr/>	<hr/>
Carrying amount at 31 December 2022	<u>273,459</u>	<u>577,770</u>	<u>851,229</u>

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

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

11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and bills receivables			
Trade receivables		71,786	57,249
Bills receivables		584	557
		<u>72,370</u>	<u>57,806</u>
<i>Less:</i> ECL allowance of trade receivables		<u>(9,088)</u>	<u>(11,978)</u>
	(a)	<u>63,282</u>	<u>45,828</u>
Other receivables			
Deposits, prepayment and other receivables		36,104	40,200
Prepayment to suppliers		3,850	9,357
Value-added tax receivables		197	5,609
		<u>40,151</u>	<u>55,166</u>
<i>Less:</i> ECL allowance of other receivables		<u>(3,437)</u>	<u>(3,212)</u>
		<u>36,714</u>	<u>51,954</u>
		<u>99,996</u>	<u>97,782</u>

Notes:

(a) Trade and bills receivables

Management of the Group considers 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 — 30 days	24,567	14,114
31 — 60 days	11,290	8,607
61 — 90 days	6,231	4,102
Over 90 days	21,194	19,005
	<u>63,282</u>	<u>45,828</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 2022 and 2021.

13. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<u>15,015</u>	<u>16,278</u>
Other payables		
— Payables to subcontractors	73,766	80,350
— Deferred government subsidies	10,452	10,507
— Accruals and sundry payables	55,063	72,799
— Receipts in advance	<u>4,894</u>	<u>5,883</u>
	<u>144,175</u>	<u>169,539</u>
	<u>159,190</u>	<u>185,817</u>
<i>Less: Deferred government subsidies included in non-current other payables</i>	<u>(9,629)</u>	<u>(10,033)</u>
	<u><u>149,561</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 — 30 days	7,152	3,682
31 — 60 days	2,920	2,726
61 — 90 days	391	1,284
Over 90 days	<u>4,552</u>	<u>8,586</u>
	<u><u>15,015</u></u>	<u><u>16,278</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 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 year ended 31 December 2021 was presented as discontinued operation.

(a) Results of discontinued operation

	2021 HK\$'000
Revenue	18,369
Cost of services rendered	<u>(17,707)</u>
Gross profit	662
Bank interest income	6
General and administrative expenses	(1,595)
Gain on disposal of discontinued operation (<i>note (c)</i>)	<u>7,317</u>
Profit before income tax	6,390
Income tax expense	<u>—</u>
Profit from discontinued operation for the year	<u>6,390</u>
Other comprehensive income for the year	
Exchange gain on translation of financial statements of foreign operation	<u>890</u>
Other comprehensive income for the year	<u>890</u>
Total comprehensive income for the year	<u><u>7,280</u></u>
	2021 HK\$'000
Profit before income tax is arrived at after charging:	
Staff costs (including directors' emoluments)	
— Salaries and allowances	1,142
— Pension contributions	<u>115</u>
	<u>1,257</u>
Cost of services rendered	17,707
Depreciation for owned assets	<u><u>11</u></u>

(b) Analysis of cash flows of discontinued operation

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

(c) Analysis of assets and liabilities of discontinued operation

	HK\$'000
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/> <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 from the disposal	
Consideration received in cash	8,154
Cash and cash equivalents disposed of	(1,974)
	<hr/>
Net cash inflow	6,180
	<hr/> <hr/>

15. SHARE CAPITAL

	2022		2021	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u>2,000,000,000</u>	<u>200,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:				
At 1 January and 31 December	<u>1,725,066,689</u>	<u>172,507</u>	<u>1,725,066,689</u>	<u>172,507</u>

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: nil).

Significant events after the reporting period

There are no significant events after the end of the reporting period.

Future plans for material investments

There is no concrete plan for future investments as at the date of this announcement.

Purchase, sale, or redemption of the listed securities

During the year ended 31 December 2022, 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 Part 2 of 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 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 as set out in Appendix 10 to 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 2022, 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 Corporate Governance 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 2022 have also been reviewed by the Audit Committee. The Audit Committee consists of one non-executive Director, namely, Mr. Xu Aoling, and three independent non-executive Directors, namely, Mr. Chau Kwok Keung, Mr. Fu Xinping and Dr. Mao Zhenhua. Mr. Chau Kwok Keung 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 2022 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 2022. 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 in this 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. The annual report of the Group for the year ended 31 December 2022 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.
Mr. Li Xiaoming
Executive Director and Chairman

Hong Kong, 24 March 2023

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*