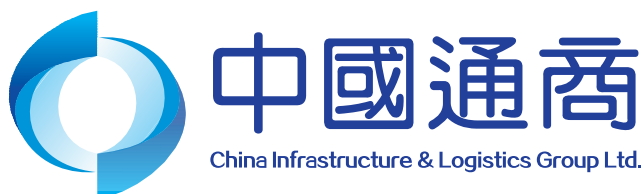


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Infrastructure & Logistics Group Ltd.

中國通商集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1719)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF A SUBSIDIARY

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

THE EQUITY TRANSFER AGREEMENT

On 24 November 2023, Wuhan Zhongji, Hubei Port Hanjiang and Zhongxiang City Zhongji entered into the Equity Transfer Agreement, pursuant to which Wuhan Zhongji conditionally agreed to sell, and Hubei Port Hanjiang conditionally agreed to purchase, the Sale Equity Interest, representing 60% equity interest in Zhongxiang City Zhongji, for a consideration of RMB69,576,900 in cash.

Upon completion of the Equity Transfer Agreement, Zhongxiang City Zhongji will be owned as to 60% by Hubei Port Hanjiang and 40% by Zhongxiang City Transport Investment and Zhongxiang City Zhongji will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Hubei Port Hanjiang is a subsidiary, and thus an associate, of Hubei Port, the controlling shareholder of the Company holding approximately 74.98% of the entire issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, Hubei Port Hanjiang is a connected person of the Company, and as the highest applicable percentage ratio in respect of the Disposal exceeds 5% and the total consideration of the Disposal is more than HK\$10,000,000, the Disposal constitutes a connected transaction of the Company which is subject to reporting, announcement, circular and Independent Shareholders' approval requirements.

GENERAL

The EGM will be convened to consider and, if thought fit, approve the Disposal. Hubei Port and its associates will abstain from voting on the resolutions to be proposed for approving the Disposal at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Equity Transfer Agreement and the Disposal. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Transfer Agreement and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the Disposal at the EGM.

A circular containing, among others, (i) further details of the Equity Transfer Agreement and the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Equity Transfer Agreement and the Disposal; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the Disposal, together with the notice of the EGM, will be despatched to the Shareholders in accordance with the Listing Rules. As additional time is required to prepare and finalise certain information to be included in the circular, the circular is expected to be despatched on or before 22 December 2023.

The Disposal is subject to the approval from the Independent Shareholders at the EGM. Accordingly, the Disposal may or may not be materialised. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

THE EQUITY TRANSFER AGREEMENT

The principal terms and conditions of the Equity Transfer Agreement are set out as follows:

Date

24 November 2023

Parties

- (1) Wuhan Zhongji (as vendor);
- (2) Hubei Port Hanjiang (as purchaser); and
- (3) Zhongxiang City Zhongji (as target company).

Subject Matter

Subject to the terms and conditions under the Equity Transfer Agreement, Wuhan Zhongji conditionally agreed to sell, and Hubei Port Hanjiang conditionally agreed to purchase, the Sale Equity Interest, representing 60% equity interest in Zhongxiang City Zhongji.

Consideration and Payment Terms

The consideration for the Disposal is RMB69,576,900. The consideration shall be paid by Hubei Port Hanjiang to Wuhan Zhongji in cash in the following manner:

- (i) RMB3,478,845, being 5% of the total consideration, shall be paid by Hubei Port Hanjiang to Wuhan Zhongji within 30 working days after the Equity Transfer Agreement becoming effective; and
- (ii) RMB66,098,055, being the remaining consideration, shall be paid by Hubei Port Hanjiang to Wuhan Zhongji within 5 days after the registration of change of shareholding of the Sale Equity Interest having been completed.

The consideration for the Disposal was determined after arm's length negotiations between Wuhan Zhongji and Hubei Port Hanjiang on normal commercial terms and with reference to the appraised equity value of Zhongxiang City Zhongji as of 30 September 2023 in the amount of RMB115,961,500.

The appraised equity value of Zhongxiang City Zhongji as of 30 September 2023 in the amount of RMB115,961,500 was arrived at according to the Asset Valuation Report issued by the Valuer, using the asset-based approach.

Effective Date

The Equity Transfer Agreement shall take effect upon affixing of the company seals by the parties thereto and obtaining all relevant approvals.

Conditions precedent

Completion of the Equity Transfer Agreement is conditional upon the approval of the transactions contemplated under the Equity Transfer Agreement by the Independent Shareholders at the EGM in accordance with the Listing Rules and the approval of the shareholder of Hubei Port Hanjiang.

Completion

The registration in relation to the change of shareholder of Zhongxiang City Zhongji with the relevant authority under the State Administration for Industry and Commerce shall be completed within 10 days after the Equity Transfer Agreement takes effect and the issuance of the relevant approval document.

INFORMATION ON ZHONGXIANG CITY ZHONGJI

Zhongxiang City Zhongji, a company owned as to 60% by the Company and 40% by Zhongxiang City Transport Investment (a state-owned enterprise in the PRC) as at the date of this announcement, is a limited liability company established in the PRC with a registered capital of RMB100,000,000. It is principally engaged in investment, construction, development, operation and management of transportation infrastructure, construction and development of container terminal, loading and unloading, transshipment, storage and custody, loading and unpacking, cleaning and maintenance of containers, loading, unloading, transshipment, storage and custody of other goods, bonded warehousing and logistics, road transportation, international and domestic cargo transportation agency, business related to container and other cargo loading and unloading transportation and operation of freight stations, house leasing and property services.

The audited consolidated financial information of Zhongxiang City Zhongji for the two years ended 31 December 2021 and 2022 prepared in accordance with China Accounting Standards for Business Enterprises are as follows:

	For the year ended 31 December 2021 (audited) <i>HK\$</i>	For the year ended 31 December 2022 (audited) <i>HK\$</i>
Net profit/(loss) before taxation	(1,527,963.4)	(4,641,138.9)
Net profit/(loss) after taxation	4,965,842.12	(3,753,641.53)

As at 31 December 2022, the audited net asset value of Zhongxiang City Zhongji was approximately HK\$119,934,724.13. As at 30 June 2023, the unaudited net asset value of Zhongxiang City Zhongji was approximately HK\$105,469,000.

INFORMATION ON HUBEI PORT HANJIANG

Hubei Port Hanjiang, a subsidiary of Hubei Port, is a limited liability company established in the PRC. It is principally engaged in port operation, sale of coal and related products, general cargo warehousing service and non-vessel operating common carrier service.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Equity Transfer Agreement, Zhongxiang City Zhongji will be owned as to 60% by Hubei Port Hanjiang and 40% by Zhongxiang City Transport Investment and Zhongxiang City Zhongji will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the financial statements of the Group.

Based on the consideration of the Disposal, the Company expects to recognise a pre-tax disposal gain of approximately HK\$5,818,473.87 before costs and expenses in relation to the disposal of the Sale Equity Interest, which is the difference between the consideration of the Disposal and the unaudited carrying value of the Sale Equity Interest as at 30 September 2023.

The actual effect of the Disposal on the consolidated financial statements of the Group is subject to audit.

The Company intends to use the proceeds from the Disposal to repay loans and for the future development of the Group's core business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are investment in and development, operation and management of container and other ports, and 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. By disposing of the loss-making subsidiary, the Company will obtain funds to seek more development opportunities and expand the Group's core business. It will also enhance the Company's profitability.

As such, the Directors (other than the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) believe that the terms of the Equity Transfer Agreement and the Disposal (including the consideration) are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Hubei Port Hanjiang is a subsidiary, and thus an associate, of Hubei Port, the controlling shareholder of the Company holding approximately 74.98% of the entire issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, Hubei Port Hanjiang is a connected person of the Company, and as the highest applicable percentage ratio in respect of the Disposal exceeds 5% and the total consideration of the Disposal is more than HK\$10,000,000, the Disposal constitutes a connected transaction of the Company which is subject to reporting, announcement, circular and Independent Shareholders' approval requirements.

GENERAL

The EGM will be convened to consider and, if thought fit, approve the Disposal. Hubei Port and its associates will abstain from voting on the resolutions to be proposed for approving the Disposal at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Equity Transfer Agreement and the Disposal. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Transfer Agreement and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the Disposal at the EGM.

A circular containing, among others, (i) further details of the Equity Transfer Agreement and the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Equity Transfer Agreement and the Disposal; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the Disposal, together with the notice of the EGM, will be despatched to the Shareholders in accordance with the Listing Rules. As additional time is required to prepare and finalise certain information to be included in the circular, the circular is expected to be despatched on or before 22 December 2023.

The Disposal is subject to the approval from the Independent Shareholders at the EGM. Accordingly, the Disposal may or may not be materialised. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follow:

“Asset Valuation Report”	the asset valuation report in respect of 100% equity interests of Zhongxiang City Zhongji as at 30 September 2023 issued by the Valuer;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	China Infrastructure & Logistics Group Ltd. (中國通商集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 01719;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Equity Interest by Wuhan Zhongji to Hubei Port Hanjiang pursuant to the Equity Transfer Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Disposal;
“Equity Transfer Agreement”	the equity transfer agreement dated 24 November 2023 entered into among Wuhan Zhongji, Hubei Port Hanjiang and Zhongxiang City Zhongji in relation to, among others, the disposal of the Sale Equity Interest;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Hubei Port”	Hubei Port Group Company Limited* (湖北港口集團有限公司), (formerly known as Wuhan Port and Shipping Development Group Co., Ltd.* (武漢港航發展集團有限公司)), a state-owned enterprise and the controlling shareholder of the Company as at the date of this announcement;
“Hubei Port Hanjiang”	Hubei Port Group Hanjiang Co., Ltd.* (湖北港口集團漢江有限公司), a limited liability company established in the PRC;
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in relation to the Equity Transfer Agreement and the Disposal;
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the Disposal;
“Independent Shareholder(s)”	Shareholder(s) other than (i) Hubei Port and its associates; and (ii) any other persons who are involved or interested in the Disposal;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Equity Interest”	60% equity interest in Zhongxiang City Zhongji, being the subject matter of the Equity Transfer Agreement;
“Shareholder(s)”	the holder(s) of the Shares;
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Valuer”	Beijing Renda Real Estate and Land Assets Appraisal Co., Ltd.* (北京仁達房地產土地資產評估有限公司);
“Wuhan Zhongji”	Wuhan Zhongji Tongyong Port Development Co., Ltd.* (武漢中基通用港口發展有限公司), a limited liability company established in the PRC;
“Zhongxiang City Transport Investment”	Zhongxiang City Transport Investment Co., Ltd.* (鐘祥市交通投資有限公司), a limited liability company established in the PRC, an independent third party of the Company;
“Zhongxiang City Zhongji”	Zhongxiang City Zhongji Port Development Co., Ltd.* (鐘祥市中基港口發展有限公司), a limited liability company established in the PRC; and
“%”	per cent.

By Order of the Board
China Infrastructure & Logistics Group Ltd.
Ms. Zhou Wei
Executive Director and Chairman

Hong Kong, 24 November 2023

As at the date of this announcement, the Board comprises Ms. Zhou Wei and Mr. Qiao Yun as executive Directors; Mr. Xu Aoling and Mr. Li Wei 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*