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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 2023

HIGHLIGHTS

- Revenue increased by approximately 13.1% to HK$361,301,000 (2022: HK$319,535,000).
- Gross profit decreased by 9.0% to HK$77,653,000 (2022: HK$85,371,000) and gross profit margin was 21.5% (2022: 26.7%).
- Profit for the year decreased by approximately 34.1% to HK$13,788,000 (2022: HK$20,913,000).
- Profit attributable to owners of the Company decreased by 26.1% to HK$15,360,000 (2022: HK$20,775,000).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

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 2023, together with the comparative figures for the corresponding period in 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*4*	**361,301**	319,535
Cost of services rendered and goods sold		**(283,648)**	(234,164)
Gross profit		**77,653**	85,371
Other income	*6*	**22,117**	6,201
Net change in fair value of investment properties		**(993)**	25,785
General and administrative expenses		**(27,505)**	(32,550)
Other operating expenses		**(32,028)**	(30,441)
Profit from operations		**39,244**	54,366
Finance income		**355**	254
Finance costs		**(15,898)**	(20,087)
Finance costs — net		**(15,543)**	(19,833)
Share of losses of associates		**(710)**	(796)
Profit before taxation		**22,991**	33,737
Income tax	*7*	**(9,203)**	(12,824)
Profit for the year		**13,788**	20,913
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(27,691)**	(83,192)
Release of reserve upon deregistration of subsidiaries		**(80)**	8
Share of other comprehensive income of associates		**—**	(414)
Other comprehensive income for the year		**(27,771)**	(83,598)
Total comprehensive income for the year		**(13,983)**	(62,685)

	Note	2023 HK$'000	2022 HK$'000
Profit for the year attributable to:			
Owners of the Company		**15,360**	20,775
Non-controlling interests		**(1,572)**	138
		13,788	20,913
Total comprehensive income attributable to:			
Owners of the Company		**(9,483)**	(53,395)
Non-controlling interests		**(4,500)**	(9,290)
		(13,983)	(62,685)
Earnings per share (HK cents)	*8*		
— Basic		**0.89**	1.20
— Diluted		**0.89**	1.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	*10*	**824,480**	851,229
Property, plant and equipment		**354,135**	495,420
Construction in progress		—	6,079
Land use rights		**16,417**	17,491
Intangible assets		—	6,910
Other financial assets		**11,558**	—
Refundable rental deposits		—	155
Interests in associates		—	9,495
Deferred tax assets		**1,599**	8,710
		1,208,189	1,395,489
Current assets			
Inventories		**8,167**	7,237
Trade and other receivables	*11*	**84,070**	99,996
Amount due from an associate		—	414
Amounts due from related companies		**1,466**	830
Government subsidy receivables		**1,840**	3,818
Income tax recoverable		**3,360**	1,922
Cash and cash equivalents		**56,648**	86,298
Assets of the disposal group held for sale	*12*	**127,477**	—
		283,028	200,515

	Note	**2023** **HK$'000**	2022 HK$'000
Current liabilities			
Trade and other payables	*13*	**110,210**	143,844
Contract liabilities		**1,455**	4,894
Deferred government subsidies		**867**	823
		112,532	149,561
Bank borrowings		**143,200**	154,098
Other borrowing		—	6,000
Loans from immediate holding company		**7,000**	7,000
Loans from ultimate holding company		**106,252**	113,555
Lease liabilities		**2,332**	476
Income tax payable		**304**	8,907
Liabilities directly associated with the disposal group held for sale	*12*	**12,801**	—
		384,421	439,597
Net current liabilities		**(101,393)**	(239,082)
Total assets less current liabilities		**1,106,796**	1,156,407
Non-current liabilities			
Deferred government subsidies		**8,219**	9,629
Bank borrowings		**118,982**	152,640
Lease liabilities		**7,122**	369
Deferred tax liabilities		**107,716**	112,203
		242,039	274,841
NET ASSETS		**864,757**	881,566
EQUITY			
Share capital	*14*	**172,507**	172,507
Reserves		**594,369**	604,037
Equity attributable to owners of the Company		**766,876**	776,544
Non-controlling interests		**97,881**	105,022
TOTAL EQUITY		**864,757**	881,566

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, Ugland 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.

At 31 December 2023, the directors consider the immediate parent to be Hubei Port (Hong Kong) International Limited ("**Hubei Port**"). 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 known 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,"**Wuhan SASAC**"). Neither of them produces financial statements available for public use.

2. MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

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

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2.2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interests in associates.

In determining the appropriate basis of preparation of financial statements, the directors are required to consider whether the Group could continue in operational existence for the foreseeable future.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash flow from operations to meet its debt obligations as and when they fall due, and its ability to obtain adequate external financing to meet its committed future capital expenditures.

As at 31 December 2023, the Group had net current liabilities of approximately HK$101.4 million.

The directors have reviewed the current performance and cash flow projections as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, 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.

(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.

Consequently, the directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

- investment properties; and
- financial assets at fair value through profit or loss.

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

(i) New and amended IFRSs

The Group has applied the following new and amended IFRSs issued by the IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *International Tax Reform – Pillar Two Model Rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs, that are applicable to the Group are discussed below:

IFRS 17, *Insurance contracts*

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregation by major products or services lines		
— Terminal service	**111,183**	101,697
— Container handling, storage & other services	**37,161**	25,384
— General and bulk cargoes handling service	**3,698**	5,171
	152,042	132,252
— Integrated logistics service	**38,230**	61,067
— Supply chain management and trading business	**158,281**	117,315
	348,553	310,634
Revenue from other sources		
Property business — Gross rentals from investment properties	**12,748**	8,901
	361,301	319,535

5. SEGMENT INFORMATION

The Group has four (2022: four) 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.

Segment results represent the profit/loss by each segment without allocation of corporate income and expenses and directors' emoluments. The measure used for reporting segment profit is adjusted profit before interest, taxes, net change in fair value of investment properties and share of results of associates. 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. The Group's chief operating decision maker ("**CODM**") has been identified as the Group's most senior executive management. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

All revenue for 2023 and 2022 were sourced from external customers located in the PRC. In addition, over 99% (2022: 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 2023, the Group's customer with whom transactions have exceeded 10% of the Group's revenue are set out below:

	2023	2022
	HK$'000	*HK$'000*
Customer A (aa)	**47,798**	N/A*
Customer B (aa)	**38,302**	N/A*
Customer C (aa)	**N/A***	71,598

* Transactions with these customers did not exceeded 10% of the Group's revenue in the respective years.

(aa) Revenue from supply chair management and trading business segment.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

Segment revenue and results

For the year ended 31 December 2023

	Property business *HK$'000*	Terminal & related business *HK$'000*	Integrated logistics business *HK$'000*	Supply chain management and trading business *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Disaggregation by timing of revenue recognition						
Point in time	—	152,042	38,230	158,281	—	348,553
Over time	12,748	—	—	—	—	12,748
Revenue from external customers	12,748	152,042	38,230	158,281	—	361,301
Inter-segment revenue	—	28,133	615	—	(28,748)	—
Reportable segment revenue	12,748	180,175	38,845	158,281	(28,748)	361,301
Reportable segment results	7,751	30,043	2,647	590	—	41,031
Net change in fair value of investment properties						(993)
Interest income						355
Interest expenses						(15,898)
Share of loss of associates						(710)
Corporate income						6,851
Corporate and other unallocated expense						(7,645)
Profit before income tax						22,991
Income tax expense						(9,203)
Profit for the year						13,788

Segment revenue and results

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*	Elimination *HK$'000*	Total *HK$'000*
Disaggregation by timing of revenue recognition						
Point in time	—	132,252	61,067	117,315	—	310,634
Over time	8,901	—	—	—	—	8,901
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
Net change in fair value of investment properties						25,785
Interest income						254
Interest expenses						(20,087)
Share of loss of associates						(796)
Corporate and other unallocated expense						(12,621)
Profit before income tax						33,737
Income tax expense						(12,824)
Profit for the year						20,913

6. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Rental receivable from operating leases, other than those relating to investment properties	**464**	616
Sundry income	**2,666**	1,059
Gain on disposal of property, plant and equipment	**164**	—
Gain on disposal of associates	**3,549**	—
Sales of scrap materials	**—**	155
Government subsidies *(note)*	**8,423**	4,181
Net foreign exchange gain	**6,851**	190
	22,117	6,201

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

	2023	2022
	HK$'000	*HK$'000*
Current tax		
— Hong Kong profits tax	**—**	—
— PRC enterprise income tax	**4,715**	1,723
Under/(over)-provision in respect of prior years		
— PRC enterprise income tax	**4**	(108)
	4,719	1,615
Deferred tax		
Origination and reversal of temporary difference	**4,484**	11,209
	9,203	12,824

No provision for Hong Kong profits tax has been provided during the year (2022: 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% (2022: 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, "**Yangluo Logistic**") is qualified as small and low-profit enterprise and is entitled to the enterprise income tax rate of 2.5% (2022: 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:

	2023	2022
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**15,360**	20,775
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share	**1,725,066,689**	1,725,066,689

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2023 and 2022. 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 2023 (2022: nil).

10. INVESTMENT PROPERTIES

(a) Reconciliation of carrying amounts

	Investment properties under construction *HK$'000*	Completed investment properties *HK$'000*	Total *HK$'000*
At 1 January 2022	291,509	604,423	895,932
Additions	3,099	—	3,099
Net change in fair value recognised in profit or loss	2,701	23,084	25,785
Exchange realignment	(23,850)	(49,737)	(73,587)
At 31 December 2022 and 1 January 2023	**273,459**	**577,770**	**851,229**
Net change in fair value recognised in profit or loss	**2,758**	**(3,751)**	**(993)**
Exchange realignment	**(8,295)**	**(17,461)**	**(25,756)**
At 31 December 2023	**267,922**	**556,558**	**824,480**

Fair value adjustment of investment properties is recognised in the line item "net change in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

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

	2023	2022
	HK$'000	*HK$'000*
Trade and bills receivables		
Trade receivables	**78,037**	71,786
Bills receivables	**828**	584
	78,865	72,370
Less: loss allowance	**(5,879)**	(9,088)
	72,986	63,282
Other receivables		
Deposits, prepayment and other receivables	**13,872**	36,104
Prepayment to suppliers	**47**	3,850
Value-added tax receivables	**867**	197
	14,786	40,151
Less: loss allowance	**(3,702)**	(3,437)
	11,084	36,714
	84,070	99,996

Ageing analysis

The following is the ageing analysis of the trade and bills receivables, net of loss allowance, based on the invoice date or transaction date:

	2023	2022
	HK$'000	*HK$'000*
0 — 30 days	**20,135**	24,567
31 — 60 days	**14,297**	11,290
61 — 90 days	**8,170**	6,231
Over 90 days	**30,384**	21,194
	72,986	63,282

12. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In November 2023, the Group entered into a sale and purchase agreement with 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 ("**Hubei Port Hanjiang**"). Pursuant to the sale and purchase agreement, the Group agreed to sell its entire equity interests in Zhongxiang City Zhongji Port Development Co., Ltd. (鐘祥市中基港口發展有限公司) ("**Zhongxiang City Port Co.**") to Hubei Port Hanjiang at a cash consideration of RMB69,576,900, subject to the terms and conditions in the sale and purchase agreement (the "**Disposal**"). Accordingly, the assets and liabilities of Zhongxiang City Port Co. as presented disposal group held for sale.

Assets and liabilities included in disposal group held for sale

Considering that the disposal group's fair value less costs to sell assessed by management as at 31 December 2023 were higher than its carrying amount, the assets and liabilities held for sale were measured at their carrying amounts. As at 31 December 2023, the disposal group comprised the following assets and liabilities after inter-company elimination:

	HK$'000
Assets	
Property, plant and equipment	115,022
Intangible assets	6,203
Deferred tax assets	3,170
Inventories	30
Trade and other receivables	2,975
Cash and cash equivalents	77
Assets of disposal group held for sale	127,477
Liabilities	
Trade and other payables	10,900
Contract liabilities	332
Income tax payable	153
Deferred tax liabilities	1,416
Liabilities directly associated with the disposal group held for sale	12,801

At 31 December 2023, the ageing analysis of trade receivables, based on the invoice date or transaction date and net of loss allowance, is as follows:

	2023
	$'000
0 – 30 days	**185**
31 – 60 days	**45**
61 – 90 days	**–**
Over 90 days	**25**
	255

At 31 December 2023, the ageing analysis of trade payable based on the invoice/incurred date, is as follows:

	2023
	$'000
Over 90 days	**935**
	935

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**12,415**	15,015
Other payables		
— Payables to subcontractors	**50,861**	73,766
— Accruals and sundry payables	**46,934**	55,063
	97,795	128,829
	110,210	143,844

Ageing analysis

The following is the ageing analysis of the Group's trade payables based on the invoice/incurred date:

	2023	2022
	HK$'000	*HK$'000*
0 — 30 days	**2,729**	7,152
31 — 60 days	**2,895**	2,920
61 — 90 days	**1,072**	391
Over 90 days	**5,719**	4,552
	12,415	15,015

14. SHARE CAPITAL

	2023		2022	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At 1 January and 31 December	**1,725,066,689**	**172,507**	1,725,066,689	172,507

MANAGEMENT DISCUSSION AND ANALYSIS

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 (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), and the provision of port related integrated logistics, leasing of port-related warehouses, supply chain management, trading services and other services,.

In 2023, the inland port in the PRC completed the cargo throughput of 3.80 billion tonnes , representing a year-on-year increase of 14.2%; In terms of region, the cargo throughput in the Yangtze River increased by 15.9% year-on-year. Container throughput was 21.322 million TEUs, representing a year-on-year increase of 15.2%.

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 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 transportation service in the WIT Port.

There are many ports opened. Due to the channel passage capacity 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. The economic hinterlands which are serviced by the WIT Port include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. In 2023, the regional routes of "Wuhan-Huanggang" and "Wuhan-Ezhou", rail-water route of "Macheng-Wuhan-Shanghai-Ethiopia", rail-water route of "Yingcheng-Wuhan-Shanghai/Guangdong", river-sea route of "Russia-Shanghai- Yangluo Port" and the direct shipping route of "Yangluo Port to Kailai Port in Vietnam" were newly opened. The direct shipping route of "Yangluo Port to Kailai Port in Vietnam" is the fourth international direct shipping route opened by Wuhan. It is the most convenient transportation channel between Hubei and ASEAN region, which will help promote business and trade between Hubei and ASEAN, and help Hubei to build a modern comprehensive traffic and transportation system leading central China, radiating the whole country, and reaching the whole world. In addition, two new ships were put into operation on the international direct route of "Wuhan-Japan, South Korea and Russia", forming a regular export schedule of two shipments per week. Enriching shipping routes and increasing the number of shipments are beneficial to the further enhancement of the turnover rates of import and export goods in Hubei, marking the further enhancement of the position of Wuhan International Port as a hub and taking the construction of the Wuhan maritime centre along the middle reaches of the Yangtze River to a new stage.

The business expansion in 2023 was highly effective. Container throughput amounted to 900,142 TEUs, representing an increase of 12.3% over the same period last year. The assembling and dissembling of containers in CFS increased significantly, with a total of 18,661 TEUs, representing an increase of 10% over the same period last year. The loading and unloading volume of general cargo continued to rise, with 190 voyages of bulk carriers completed and 252,000 tonnes of cargoes loaded and unloaded. The introduction of the new business of conversion of bulk cargo to container for cobblestone can increase the income of nearly RMB500,000 per year. The container management realizes the unified management of logistics in the WIT Port (陽邏港), and the radiation scope is further expanded, and the container management service is extended to Yichang, Huangshi, Jiangxi and other places.

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.

The Hannan Port

The Hannan Port is located along the Yangtze River in Wuhan, adjacent to the Shanghai-Chengdu Expressway, Beijing- Zhuhai Expressway and is within 80 kilometers of the Beijing-Guangzhou and Beijing-Kowloon rail link.

Wuhan, the provincial capital of Hubei, is an important transport hub city in the PRC. In terms of riverway traffic, Wuhan is linked through the Yangtze River with eight provinces (namely Jiangsu, Anhui, Hubei, Sichuan, Jiangxi, Hunan, Yunnan and Guizhou) and Shanghai. Given the important role of Wuhan in the development of the Yangtze River Economic Belt, the Directors consider that it is in the interests of the Group to make further investments in its port businesses in the Wuhan area.

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, 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 and seized the favorable opportunity of the upcoming construction of the Hannan Bridge and the Sixth Ring Road to strive for the settlement of bridge construction-related enterprises in Hannan Port Industrial Park. At the same time, the Group has vigorously developed its logistics and transportation service business around 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 centre for imported goods. We endeavour to engage with new customers for new projects to create more economic benefits for the Group.

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. Currently, four 1000-tonne class berths and around 70 mu of temporary stacking yard have been built. Two 40t gantry cranes, one 7-tonne forklift have been installed at the front of the terminal, with an investment of RMB120 million. As a comprehensive terminal, Shipai Port is mainly engaged in container businesses for goods such as fertiliser and conversion of bulk cargo to container for crushed stone, supplemented by port logistics services for bulk cargo such as construction materials, steel, block stones and chemical raw materials, become an important comprehensive terminal in the Han River Basin.

The Hanjiang logistics centre

The Group owned the Hanjiang logistics centre adjacent to the Shayang Port. 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 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, positioning in various business such as trading, logistics, storage and delivery of bulk grain commodities domestically and in Southeast Asia and enhance efficiency of integrated services. At the same time, it will enable the Group to consolidate and optimise flows of commodities, capital and information for the supply chain, which will facilitate trading among enterprises, reduce costs and strengthen competitiveness of the Group, striving to build a bulk grain trading and distribution centre which centered around Wuhan, Hubei and relying on the port.

OPERATING RESULTS

Revenue

	Year ended 31 December					
	2023		2022		Increase/(Decrease)	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Revenue from contracts with customers within scope of IFRS 15						
Terminal service	**111,183**	**30.8**	101,697	31.8	9,486	9.3
Container handling, storage & other service	**37,161**	**10.3**	25,384	7.9	11,777	46.4
General and bulk cargoes handling service	**3,698**	**1.0**	5,171	1.7	(1,473)	(28.5)
	152,042	**42.1**	132,252	41.4	19,790	15.0
Integrated logistics service	**38,230**	**10.6**	61,067	19.1	(22,837)	(37.4)
Supply chain management and trading business	**158,281**	**43.8**	117,315	36.7	40,966	34.9
	348,553	**96.5**	310,634	97.2	37,919	12.2
Revenue from other sources						
Property business	**12,748**	**3.5**	8,901	2.8	3,847	43.2
	361,301	**100**	319,535	100.0	41,766	13.1

For the year ended 31 December 2023, the Group's revenue amounted to HK$361,301,000 (2022: HK$319,535,000), representing an increase of approximately 13.1% as compared to 2022. The increase was mainly due to the offsetting effect of (i) the increase in revenue from terminal and related business by 15.0% to HK$152,042,000 (2022: HK$132,252,000), mainly due to the increase in container throughout handled by the WIT Port (陽邏港), and 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, and the increase in the standard tariff of both gateway cargo containers and trans-shipment containers drove the increase in revenue from the terminal service business; (ii) the decrease in integrated logistics service income by 37.4% to HK$38,230,000 (2022: HK$61,067,000); (iii) the significant increase in revenue by 34.9% to HK$158,281,000 (2022: HK$117,315,000) from the supply chain management and trading business, due to commencement of the rice and broken rice trading business since September 2022 and the continued strong demand for such business; and (iv) the increase in stacking yard and warehouse leasing income by 43.2% to HK$12,748,000 (2022: HK$8,901,000) in the WIT Port and the Hannan Port.

Terminal service

Container throughput

	Year ended 31 December					
	2023		2022		Increase/(Decrease)	
	TEUs	***%***	*TEUs*	%	*TEUs*	%
Gateway cargoes	**320,905**	**35.7**	337,042	42.0	(16,137)	(4.8)
Trans-shipment cargoes	**579,237**	**64.3**	464,495	58.0	114,742	24.7
	900,142	**100.0**	801,537	100.0	98,605	12.3

Provision of terminal service, container handling, storage and other service, general and bulk cargoes handling service at the WIT Port is one of the Group's principal business. Total throughput achieved by the WIT Port for the year ended 31 December 2023 increased by approximately 12.3% to 900,142 TEUs (2022: 801,537 TEUs). Among them, the shares of local and trans-shipment cargoes were about 35.7% and 64.3%, respectively. The gateway cargoes throughput decreased by approximately 4.8% to 320,905 TEUs (2022: 337,042 TEUs) and the trans-shipment cargoes throughput increased by approximately 24.7% to 579,237 TEUs (2022: 464,495 TEUs).

The increase in the total throughput of the WIT Port 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. Besides, a new trans-shipment route between Yangluo and Huanggang region and Ezhou intercity trans-shipment route were added during the year. Hubei opened the first direct ASEAN shipping route from Wuhan to Kailai Port in Vietnam on 15 November 2023. The newly added routes boosted the increase in land-to-water transportation containers business and the Group has continued to increase its share of certain markets.

Market share

The Group's market share of container throughput in Wuhan for the year ended 31 December 2023 was approximately 32%, (2022: 29%) based on a total of 2,790,000 TEUs (2022: 2,700,000 TEUs) handled for the whole of Wuhan Ports in 2023.

Integrated logistics service

The integrated logistics service business of the Group provides agency and logistics services mainly at the WIT Port and the Hannan Port, 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 2023 decreased by 37.4% to HK$38,230,000 (2022: HK$61,067,000). The relevant revenue accounted for approximately 10.6% of the Group's total revenue for the year ended 31 December 2023 (2022: 19.1%).

The decrease was mainly attributable to the decline in business volume from certain agency and logistics services with thin gross margin because of the Group's business optimization in place during the year ended 31 December 2023.

Supply chain management and trading business

The revenue of the Group's supply chain management and trading business increased by 34.9% to HK$158,281,000 (2022: HK$117,315,000) which accounted for approximately 43.8% of the Group's total revenue for the year ended 31 December 2023 (2022: 36.7%).

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 2023.

Property business

Revenue for the Group's property business was 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 2023. The port and warehouse leasing income for property business increased by 43.2% to HK$12,748,000 (2022: HK$8,901,000) which accounted for approximately 3.5% of the Group's total revenue for the year ended 31 December 2023 (2022: 2.8%).

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

Gross profit and gross profit margin

For the year ended 31 December 2023, gross profit decreased by 9.0% to HK$77,653,000 (2022: HK$85,371,000) and gross profit margin was 21.5% (2022: 26.7%). The decrease in gross profit and gross profit margin was mainly due to the significant increase in revenue from the supply chain management and trading business with relatively lower gross profit margins.

Other income

Other income for the year ended 31 December 2023 increased by approximately 305.0% to HK$22,117,000 (2022: HK$6,201,000). The increase was mainly due to (i) the increase in government subsidies of approximately HK$4,212,000 granted to certain subsidiaries of the Group; (ii) the Group recorded a gain of HK$3,549,000 on the disposal of interests in certain subsidiaries and associates during the year; and (iii) the foreign exchange gain of approximately HK$6,851,000, mainly arising from loans from the ultimate controlling shareholder denominated in RMB, which decreased and generated foreign exchange gains due to the continued depreciation of RMB during the year.

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 2023, the Group recorded a fair value loss in the value of investment properties of HK$993,000 (2022: fair value gain in the value of investment properties of HK$25,785,000).

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 2023.

Share of loss of associates

Share of loss was HK$710,000 for the year ended 31 December 2023 (2022: share of profit of HK$796,000) 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 attributable to owners of the Company for the year

Profit attributable to owners of the Company for the year decreased by HK$5,415,000 or approximately 26.1% to HK$15,360,000 (2022: HK$20,775,000). The decrease in profit attributable to owners of the Company was mainly driven by the offsetting effects of (i) there being a fair value gain from investment properties of approximately HK$25,785,000 recorded during the year ended 31 December 2022 whilst there was no such gain recorded for the year ended 31 December 2023 but a fair value loss of approximately HK$993,000 was recorded resulting from the slightly decrease in market rent; (ii) the decrease in gross profit of HK$7,718,000; (iii) the lower loan facility and the lower interest rate on the loan from the ultimate controlling shareholder resulted in a decrease in financing costs of HK$4,290,000; and (iv) the decrease in general administrative and other operating expenses (excluding depreciation and amortisation) by improving operation efficiency and tightening expenditure control.

Earnings per share (basic and diluted) attributable to owners of the Company for the year ended 31 December 2023 was HK0.89 cents (2022: HK1.20 cents), representing a decrease of 25.8% as compared with that for the year ended 31 December 2022.

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.

As at 31 December 2023, the Group has cash and cash equivalents of approximately HK$56,648,000 (2022: approximately HK$86,298,000).

As at 31 December 2023, the Group had total outstanding interest-bearing borrowings of HK$375,434,000 (2022: HK$427,293,000). The Group had net assets of HK$864,757,000 (2022: HK$881,566,000).

As at 31 December 2023, the Group's net gearing ratio was 0.4 times (2022: 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 2023, the Group's net current liabilities was HK$100,526,000 (2022: HK$239,082,000), with current assets of HK$283,028,000 (2022: HK$200,515,000) and current liabilities of HK$383,554,000 (2022: HK$439,597,000), representing a current ratio of 0.74 times (2022: 0.5 times). The net current liabilities as at 31 December 2023 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 2023, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK$45,603,000 (2022: HK$63,145,000). 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$62,870,000.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2023 (2022: nil).

Pledge of assets

As at 31 December 2023, the Group has pledged certain of its port facilities, terminal equipment and land use rights with carrying amount of approximately HK$4,297,000 (2022: HK$4,423,000), HK$16,417,000 (2022: HK$17,491,000) respectively, to secure bank 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 and joint ventures during the year ended 31 December 2023.

Employees and remuneration policies

As at 31 December 2023, the Group had an aggregate of 357 full-time employees (2022: 369). 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.

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.

FUTURE OUTLOOK

A new round of global inflation is spreading, exacerbated by escalating geopolitical conflicts in certain countries and regions. Uncertainty factors such as fluctuating interest and exchange rates are increasing, posing significant challenges to global economic growth, which is expected to enter a phase of moderate to slow growth. In 2023, China's implementation of the "14th Five-Year Plan" marked a crucial transition year. As various economic policies aimed at stabilizing the economy and revitalizing industries gradually take effect, it is anticipated that domestic trade will receive a boost from the sustained implementation of various trade agreements, presenting new opportunities for ports. The Group is actively striving towards the goal of building the Yangtze River Midstream Shipping Center with higher quality. We are deeply integrating into the two major national strategies of the "Belt and Road" and the Yangtze River Economic Belt, coordinating the transformation of ports towards intelligence and green development. We aim to enhance the efficiency and effectiveness of the "Golden Waterway" to yield "golden benefits".

In the new year, the Group will continue to adhere to the work principle of seeking progress while ensuring stability. Through an integrated approach focusing on "internal-driven growth", "smart reforms", and "exploration and innovation", we will endeavor to create a comprehensive port system with higher service quality, expanded market presence, and increased value-added services. In terms of core port construction, our focus lies on building the Yangtze River Midstream Port and its operations, port and warehouse leasing, and providing logistics services as the core industries. The Group is expanding into comprehensive on-port processing and trading, specialized services for port management and operation, and infrastructure investments to create an integrated service system. Our aim is to develop China's largest inland port logistics system and construct a leading domestic on-port logistics ecosystem.

Benefiting from a strong shareholder background, resource integration capabilities, and a well-balanced and comprehensive network of ports in Hubei, the Group is stabilizing core "port logistics" operations, enhancing intelligent port innovations, and expanding port logistics trade. Regarding operational management: the Company will clarify the business scope of each project company, further optimize and restructure to enhance project company efficiency, and accelerate the construction of a "professional-market-lean" operational control system. In terms of smart transformation: We're looking to deploy remote-controlled gantry cranes and unmanned IGV (integrated gate vehicles), forming an automated operation loop to establish a closed system. This will lead to the development of smart, eco-friendly ports, gradually enhancing operational efficiency within the port area. For exploration and innovation: We are integrating and synergizing the development of comprehensive logistics industries such as combined water transport and the China-Europe Railway Express, bonded zones, etc., continuously developing a chain-based comprehensive business model for "pre-port, on-port, industrial base". Regarding capital operation: The Group will gradually improve capital operations, drive financial value creation, and mitigate investment risks. In the supply chain trading business, focusing on grain segmentation categories, we are forming an integrated operation mode of transportation and trading, attempting to create an on-port grain trading and delivery platform, further extending the industrial chain.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: nil).

Significant events after the reporting period

Subject to the terms and conditions under the equity transfer agreement dated 24 November 2023 (the "**Equity Transfer Agreement**"), Wuhan Zhongji Tongyong Port Development Co., Ltd.* (武漢中基通用港口發展有限公司), ("**Wuhan Zhongji**"), a wholly-owned subsidiary of the Company, conditionally agreed to sell, and Hubei Port Group Hanjiang Co., Ltd.* (湖北港口集團漢江有限公司), ("**Hubei Port Hanjiang**"), a wholly-owned subsidiary of Hubei Port Group Company Limited* (湖北港口集團有限公司), a state-owned enterprise and the ultimate controlling shareholder of the Company ("**Hubei Port**"), conditionally agreed to purchase, the sale equity interest, representing 60% equity interest in Zhongxiang City Zhongji Port Development Co., Ltd.* (鐘祥市中基港口發展有限公司) ("**Zhongxiang City Zhongji**"). The consideration for the disposal is RMB69,576,900. 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.

Based on the consideration of the Disposal, the Company expects to recognise a pre-tax disposal gain of approximately HK$5,818,474 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 held an extraordinary general meeting on 19 January 2024 (the "**EGM**") to consider, recognize, confirm and approve the Equity Transfer Agreement. As at the date of the EGM, Hubei Port and its associates together held 1,293,429,911 Shares, representing approximately 74.98% of the entire issued share capital of the Company. Hubei Port and its associates have material interest in and have therefore abstained from voting on the resolution at the EGM. As more than 50% of the votes were cast in favour of the relevant solution, there solution was duly passed as ordinary resolution.

Upon completion of the Equity Transfer Agreement, 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.

Save as disclosed above, there are no significant events after the end of the reporting period.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained sufficient public float throughout the Year as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time (the "**Listing Rules**").

Future plans for material investments or capital assets

The Group has no concrete future plans for material investments and capital assets as at 31 December 2023.

Purchase, sale, or redemption of the Company's listed securities

During the year ended 31 December 2023, 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 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, save for the deviation from code provision F.2.2 of the Corporate Governance Code i.e. that Mr. Li Xiaoming ("**Mr. Li**"), the chairman of the Board at that time, did not attend the Company's Annual General Meeting ("**AGM**") held on 28 June 2023, the Company had complied with all applicable code provisions under the Corporate Governance Code during the year ended 31 December 2023.

In accordance with the requirements of code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Li was unable to attend the Company's 2023 AGM due to other significant work commitments. He retired as an executive Director and chairman of the Board at the conclusion of the said AGM. Before the AGM, Mr. Li and Ms. Zhou Wei, his successor, maintained effective communication on the Board's activities. Mr. Li was confident that Ms. Zhou Wei, along with Mr. Qiao Yun, the other executive Director and General Manager, and the majority of other Directors, would attend the AGM and would be able to effectively address shareholders' questions at the AGM, fostering a balanced understanding of shareholders' perspectives. Due to these reasons and to balance other work commitments, Mr. Li did not attend the AGM.

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 (which has been renumbered to Appendix C3 with effect from 31 December 2023) 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 2023, 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 2023 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 Crowe (HK) CPA Limited

The figures in respect of the results of the Group for the year ended 31 December 2023 as set out in this results announcement have been agreed by the Company's auditor, Crowe (HK) CPA Limited ("**Crowe**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Crowe 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 Crowe 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 2023 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.
Ms. Zhou Wei
Executive Director and Chairman

Hong Kong, 27 March 2024

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*