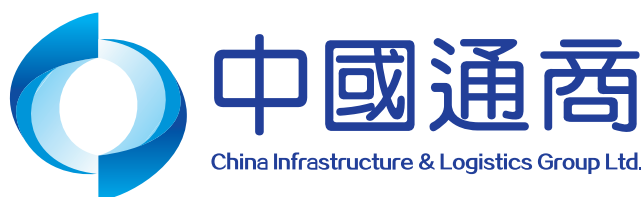


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China Infrastructure & Logistics Group Ltd.

中國通商集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1719)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Infrastructure & Logistics Group Ltd. (the “**Company**”) is pleased to announce the condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023 (the “**Last Period**”) as follows.

HIGHLIGHTS

Comparison of the Period with the Last Period:

- Revenue decreased by approximately 15.9% to approximately HK\$157,177,000 (the Last Period: approximately HK\$186,813,000).
- Gross profit decreased by approximately 14.4% to approximately HK\$37,420,000 (the Last Period: approximately HK\$43,718,000). Gross profit margin slightly increased to 23.8% (the Last Period: 23.4%).
- Profit for the Period increased by approximately 129.3% to approximately HK\$3,393,000 (the Last Period: approximately HK\$1,480,000).
- Profit attributable to owners of the Company increased by approximately 196.7% to approximately HK\$3,468,000 (the Last Period: approximately HK\$1,169,000).

Profit attributable to owners of the Company

- Earning per share attributable to owners of the Company was approximately HK0.2 cents (the Last Period: approximately HK0.07 cents).
- The Board does not recommend the payment of an interim dividend for the Period (the Last Period: Nil).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	4	157,177	186,813
Cost of services rendered and goods sold		<u>(119,757)</u>	<u>(143,095)</u>
Gross profit		37,420	43,718
Other income	5	8,128	2,956
Change in fair value of investment properties	11	(1,298)	(6,893)
Change in fair value of other financial assets		(30)	—
General and administrative expenses		(16,238)	(15,897)
Other operating expenses		<u>(16,100)</u>	<u>(14,789)</u>
Profit from operations		11,882	9,095
Finance costs	6	(6,393)	(8,204)
Share of loss of associates		<u>—</u>	<u>(631)</u>
Profit before taxation	7	5,489	260
Income tax (expense)/credit	8	<u>(2,096)</u>	<u>1,220</u>
Profit for the period		<u><u>3,393</u></u>	<u><u>1,480</u></u>
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		(16,692)	(42,937)
Share of other comprehensive income of associates		<u>—</u>	<u>488</u>
Other comprehensive income for the period		<u>(16,692)</u>	<u>(42,449)</u>
Total comprehensive income for the period		<u><u>(13,299)</u></u>	<u><u>(40,969)</u></u>

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
Profit for the period attributable to:			
— Owners of the Company		3,468	1,169
— Non-controlling interests		(75)	311
		<u>3,393</u>	<u>1,480</u>
Total comprehensive income attributable to:			
— Owners of the Company		(12,006)	(36,786)
— Non-controlling interests		(1,293)	(4,183)
		<u>(13,299)</u>	<u>(40,969)</u>
Earnings per share (HK cents)			
	<i>9</i>		
— Basic		0.2	0.07
— Diluted		0.2	0.07
		<u>0.2</u>	<u>0.07</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June	31 December
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties	<i>11</i>	806,864	824,480
Property, plant and equipment	<i>12</i>	332,507	354,135
Land use rights		15,850	16,417
Other financial assets		11,528	11,558
Deferred tax assets		2,140	1,599
		<hr/> 1,168,889	<hr/> 1,208,189
Current assets			
Inventories	<i>13</i>	36,789	8,167
Trade and other receivables	<i>14</i>	83,144	84,070
Amounts due from related companies		14,464	1,466
Government subsidy receivables		478	1,840
Income tax recoverable		3,303	3,360
Cash and cash equivalents		67,590	56,648
Assets of the disposal group held for sale		—	127,477
		<hr/> 205,768	<hr/> 283,028

		30 June	31 December
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	15	114,022	110,210
Contract liabilities		7,033	1,455
Deferred government subsidies		850	867
Bank borrowings	16	180,409	143,200
Loans from immediate holding company	18	7,000	7,000
Loans from ultimate holding company	18	30,828	106,252
Lease liabilities		2,088	2,332
Income tax payable		645	304
Liabilities directly associated with the disposal group held for sale		—	12,801
		<u>342,875</u>	<u>384,421</u>
Net current liabilities		<u>(137,107)</u>	<u>(101,393)</u>
Total assets less current liabilities		<u>1,031,782</u>	<u>1,106,796</u>
Non-current liabilities			
Deferred government subsidies		7,913	8,219
Bank borrowings	16	98,366	118,982
Lease liabilities		5,396	7,122
Deferred tax liabilities		105,227	107,716
		<u>216,902</u>	<u>242,039</u>
Net assets		<u><u>814,880</u></u>	<u><u>864,757</u></u>
EQUITY			
Share capital		172,507	172,507
Reserves		<u>586,478</u>	<u>594,369</u>
Equity attributable to owners of the Company		758,985	766,876
Non-controlling interests		<u>55,895</u>	<u>97,881</u>
Total equity		<u><u>814,880</u></u>	<u><u>864,757</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

China Infrastructure & Logistics Group Ltd. (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The Company’s registered office is located at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Unit A, 7/F., On Hing Building, No. 1 On Hing Terrace, Central, Hong Kong.

The Company’s immediate holding company is Hubei Port (Hong Kong) International Limited (“**Hubei Port**”), a company incorporated in Hong Kong with limited liability and is 100% owned by Hubei Port Group Company Limited (湖北港口集團有限公司, “**Hubei Port Group**”) and ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Hubei Province (湖北省人民政府國有資產監督管理委員會).

The Company is an investment holding company (together with its subsidiaries, the “**Group**”). Its subsidiaries are principally engaged in the investment in and development, operation and management of container and other ports, and the provision of port related logistics and other services including integrated logistics, port and warehouse leasing and the supply chain management and trading services. The Group’s operations are based in Hong Kong and the People’s Republic of China (the “**PRC**”).

The condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2024, and other explanatory notes (collectively the “**Interim Financial Information**”) of the Group were approved for issue by the Board on 30 August 2024. The Interim Financial Information has not been audited but has been reviewed by the Audit Committee.

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

2. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2023 except for the adoption of the new and amended International Financial Reporting Standards (“**IFRSs**”) as disclosed below.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

Going concern

In preparing the Interim Financial Information, Directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of approximately HK\$137,000,000 as at 30 June 2024. This indicates a condition which may cast significant doubt about the Group's ability to continue as a going concern.

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

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

Accordingly, the Interim Financial Information has been prepared on a going concern basis.

Amended IFRSs adopted by the Group

The Group has applied for the first time the following amended IFRSs issued by IASB, which are relevant to the Group's operations and applicable for the Group's Interim Financial Information for the period beginning on 1 January 2024.

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IFRS 16	<i>Lease liability in Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Interim Financial Information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies, as well as the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements for the year ended 31 December 2023.

4. SEGMENT INFORMATION

The Group has four (2023: four) reportable segments as follows:

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

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

The accounting policies of the reportable segments are consistent with those used in the annual financial statements for the year ended 31 December 2023.

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, net change in fair value of other financial assets 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 most senior executive management 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.

All revenue for each of the six months ended 30 June 2024 and 2023 were sourced from external customers located in the PRC. In addition, all (2023: over 99%) of the non-current assets of the Group as at the reporting dates were physically located in the PRC and therefore, no geographical information is presented.

Information regarding the Group's reportable segments is set out below.

2024

Segment revenue and results

For the six months ended 30 June 2024

	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>	Total <i>HK\$'000</i>
Revenue from external customers	6,262	74,269	28,141	48,505	—	157,177
Inter-segment revenue	—	13,626	39	—	(13,665)	—
Reportable segment revenue	<u>6,262</u>	<u>87,895</u>	<u>28,180</u>	<u>48,505</u>	<u>(13,665)</u>	<u>157,177</u>
Reportable segment results	<u>2,445</u>	<u>13,060</u>	<u>1,731</u>	<u>(1,784)</u>	<u>—</u>	15,452
Change in fair value of investment properties						(1,298)
Change in fair value of other financial assets						(30)
Interest income						53
Interest expenses						(6,393)
Corporate income						1,602
Corporate and other unallocated expense						<u>(3,897)</u>
Profit before taxation						5,489
Income tax						<u>(2,096)</u>
Profit for the period						<u><u>3,393</u></u>

2023

Segment revenue and results

For the six months ended 30 June 2023

	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>	Total <i>HK\$'000</i>
Revenue from external customers	5,308	74,926	25,137	81,442	—	186,813
Inter-segment revenue	—	13,946	658	—	(14,604)	—
Reportable segment revenue	<u>5,308</u>	<u>88,872</u>	<u>25,795</u>	<u>81,442</u>	<u>(14,604)</u>	<u>186,813</u>
Reportable segment results	<u>2,479</u>	<u>18,007</u>	<u>(1,516)</u>	<u>(490)</u>	<u>—</u>	<u>18,480</u>
Change in fair value of investment properties						(6,893)
Interest income						140
Interest expenses						(8,204)
Share of loss of associates						(631)
Corporate and other unallocated expense						(2,632)
Profit before taxation						260
Income tax credit						1,220
Profit for the period						<u>1,480</u>

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Rental receivable from operating leases, other than those relating to investment properties	220	548
Government subsidies (<i>note</i>)	1,340	1,983
Gain on disposal of a subsidiary	4,901	—
Net foreign exchange gain	1,602	95
Sundry income	12	190
Bank interest income	53	140
	<u>8,128</u>	<u>2,956</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.

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Finance costs		
— Interests on bank and other borrowings	4,784	5,766
— Interest on lease liabilities	183	143
— Interest on loans from immediate holding company	128	134
— Interest on loans from ultimate holding company	1,298	2,161
	<u>6,393</u>	<u>8,204</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Staff costs (including directors' emoluments)		
— Salaries and allowances	22,109	19,927
— Pension contributions	5,780	3,179
	<u>27,889</u>	<u>23,106</u>
Cost of services rendered and goods sold	119,757	143,095
Depreciation:		
— Owned assets	12,486	15,985
— Right-of-use assets	1,268	250
Amortisation of land use rights	243	79
Provision for impairment loss on trade and other receivables and government subsidy receivables, net	2,489	688
Net foreign exchange loss	(1,602)	(80)
Lease charges on short-term leases	220	570
	<u>119,757</u>	<u>143,095</u>

8. INCOME TAX

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	3,040	1,852
	<u>3,040</u>	<u>1,852</u>
Deferred tax		
Origination and reversal of temporary difference	(944)	(3,072)
	<u>2,096</u>	<u>(1,220)</u>

No provision for Hong Kong profits tax has been provided during the six months ended 30 June 2024 and 2023 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% (2023: 25%) on the estimated assessable profits.

According to relevant laws and regulations in the PRC, the Group's subsidiaries, namely Wuhan Yangluo Logistic Company Limited (武漢陽邏港物流有限公司) and Tongshang Supply Chain Management (Wuhan) Company Limited (通商供應鏈管理(武漢)有限公司) are qualified as small and low-profit enterprises and are entitled to enterprise income tax rate of 5% during the six months ended 30 June 2024 (six months ended 30 June 2023: 5%).

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company	<u>3,468</u>	<u>1,169</u>
Number of shares		
Weighted average number of ordinary shares in issue for basic earnings per share	<u>1,725,066,689</u>	<u>1,725,066,689</u>

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the six months ended 30 June 2024 and 2023. The diluted earnings per share are equal to the basic earnings per share.

10. DIVIDEND

Directors do not recommend the payment of a dividend for the six months ended 30 June 2024 (2023: nil).

11. INVESTMENT PROPERTIES

Reconciliation of carrying amount

	Six months ended 30 June 2024 <i>HK\$'000</i>	Year ended 31 December 2023 <i>HK\$'000</i>
Opening net carrying amount	824,480	851,229
Net change in fair value recognised in profit or loss	(1,298)	(993)
Exchange realignment	(16,318)	(25,756)
Closing net carrying amount	<u>806,864</u>	<u>824,480</u>

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

12. PROPERTY, PLANT AND EQUIPMENT

	Port facilities <i>HK\$'000</i>	Terminal equipment <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Right-of-use assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2024						
Opening net book amount	306,936	37,625	214	39	9,321	354,135
Additions	—	—	111	—	—	111
Disposals	(1,167)	—	—	—	—	(1,167)
Depreciation	(7,526)	(4,905)	(56)	—	(1,267)	(13,754)
Exchange realignment	(3,752)	(2,961)	67	(1)	(171)	(6,818)
Closing net book amount	<u>294,491</u>	<u>29,759</u>	<u>336</u>	<u>38</u>	<u>7,883</u>	<u>332,507</u>
Year ended 31 December 2023						
Opening net book amount	441,505	52,967	74	40	834	495,420
Additions	592	7,738	439	—	10,644	19,413
Transferred from construction in progress	4,706	2,803	—	—	—	7,509
Disposals	(5,796)	(12)	(47)	—	—	(5,855)
Depreciation	(17,292)	(13,044)	(227)	—	(2,094)	(32,657)
Reclassification to assets held for sale	(104,306)	(10,704)	(12)	—	—	(115,022)
Exchange realignment	(12,473)	(2,123)	(13)	(1)	(63)	(14,673)
Closing net book amount	<u>306,936</u>	<u>37,625</u>	<u>214</u>	<u>39</u>	<u>9,321</u>	<u>354,135</u>

13. INVENTORIES

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Trading goods, at cost	36,484	2,282
Consumables, at cost	305	5,885
	<u>36,789</u>	<u>8,167</u>

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>	
Trade and bills receivables		
Trade receivables	68,838	78,037
Bills receivables	1,672	828
	<u>70,510</u>	<u>78,865</u>
Less: loss allowance	(8,233)	(5,879)
	<u>(a) 62,277</u>	<u>72,986</u>
Other receivables		
Deposits, prepayment and other receivables	21,177	13,872
Prepayments to suppliers	–	47
Value-added tax receivables	3,319	867
	<u>24,496</u>	<u>14,786</u>
Less: loss allowance	(3,629)	(3,702)
	<u>20,867</u>	<u>11,084</u>
	<u>83,144</u>	<u>84,070</u>

Note:

(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 to 90 days to its customers. The following is the ageing analysis of the trade and bills receivables, net of loss allowance, based on the invoice date or transaction date:

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
0 — 30 days	20,132	20,135
31 — 60 days	12,536	14,297
61 — 90 days	5,477	8,170
Over 90 days	24,132	30,384
	<u>62,277</u>	<u>72,986</u>

15. **TRADE AND OTHER PAYABLES**

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Trade payables	20,104	12,415
Other payables		
— Payables to subcontractors	49,320	50,861
— Accruals and sundry payables	44,598	46,934
	<u>93,918</u>	<u>97,795</u>
	<u>114,022</u>	<u>110,210</u>

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

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
0 — 30 days	6,731	2,729
31 — 60 days	2,965	2,895
61 — 90 days	3,520	1,072
Over 90 days	6,888	5,719
	<u>20,104</u>	<u>12,415</u>

16. BANK BORROWINGS

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Bank borrowings		
— Unsecured	123,521	114,161
— Secured	155,254	148,021
	<u>278,775</u>	<u>262,182</u>
Less: Amount due within one year shown under current liabilities	<u>(180,409)</u>	<u>(143,200)</u>
	<u>98,366</u>	<u>118,982</u>

At 30 June 2024 and 31 December 2023, certain of the Group's bank borrowings were guaranteed by Hubei Port Group and a subsidiary of the Group and secured by the following assets of the Group:

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
— Property, plant and equipment — port facilities and terminal equipment	4,050	4,297
— Land use rights	15,850	16,417
	<u>19,900</u>	<u>20,714</u>

17. DISPOSAL OF A SUBSIDIARY

On 24 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) (“**Hubei Port Hanjiang**”), a limited liability company established in the PRC. Pursuant to the sale and purchase agreement, the Group agreed to sell its entire 60% equity interests in Zhongxiang City Port Co. (“**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. are presented as disposal group held for sale in 2023 annual report. The Disposal was completed on 18 June 2024.

Summary of the Disposal

18 June 2024

HK\$'000

Assets

Property, plant and equipment	113,502
Intangible assets	6,203
Deferred tax assets	3,170
Inventories	30
Trade and other receivables	2,930
Cash and cash equivalents	12

125,847

Liabilities

Trade and other payables	3,565
Contract liabilities	332
Income tax payable	153
Deferred tax liabilities	1,416

5,466

Net assets disposed of

120,381

Gain on the Disposal

Consideration received	74,733
Net assets disposed of	(120,381)
Amounts due to the Group upon disposal	14,464
Non-controlling interests	40,618
Release of reserve upon disposal	(4,533)

Gain on disposal

4,901

18 June 2024

HK\$'000

Net cash inflows arising from the Disposal

Cash consideration received	74,733
Cash and cash equivalents disposed of	<u>(12)</u>
Net cash inflows	<u><u>74,721</u></u>

18. LOANS FROM IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The amounts as at 30 June 2024 were unsecured, interest bearing at 3.59% (31 December 2023: 3.7%) per annum and repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY DEVELOPMENT

Currently, there are two channels for sea freight from Wuhan. The first channel, opened in March 2016, is the river-sea route that the cargoes sent from Wuhan to other parts of the world will be reloaded in Shanghai for sea freight. The second channel is the near-sea direct route, which has eliminated the link of cargo transit in Shanghai, reduced the transportation cycle and improved the quality of service. Wuhan opened direct routes from Wuhan to Japan, from Wuhan to South Korea and from Wuhan to Russia in November 2019, on 27 October 2021 and on 30 September 2022 respectively. Hubei opened the first direct ASEAN container shipping route from Wuhan to Ho Chi Minh City on 15 November 2023.

In recent years, Yangluo Port has been expanding the radiation area of its terminals and vigorously developing “inter- regional logistics”, “rail-water transportation”, “river-sea route” and “direct shipment to the river and sea”. At the same time, Yangluo Port continued to promote the construction of a green and smart port, has built the first public terminal with the function of online container business in the middle and upper reaches of Yangtze River and Central China. Green energy-saving, safe and efficient new energy vehicles, gantry crane remote control system and other new technologies are gradually applied. We have developed and promoted the “one ship, one peg” service model to significantly improve port operation efficiency, reduce vessel standby time and effectively reduce operating costs.

In the first half of 2024, affected by the Red Sea incident, ship bypasses boosted the demand for marine transportation, resulting in port congestion which exacerbated supply chain disruption. A number of parallel events pushed the demand side to exceed expectations, making freight rates increase significantly. In terms of domestic trade, freight rates were under pressure in the first half of the year, and may be affected by the rise in freight rates of foreign trade in the second half of the year. Given the traditional peak season of domestic trade in the second half of the year, freight rates are expected to gradually stabilize.

REVIEW OF OPERATIONS

Overall business environment

The principal activities of China Infrastructure & Logistics Group Ltd. 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) of Hanjiang Port, all located along main line of the Yangtze River 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 the first half of 2024, China completed a port cargo throughput of 8.56 billion tons, representing an increase of 4.6% over the same period last year. Among them, the cargo throughput of inland ports was 3.0 billion tons, representing an increase of 4.9%; the cargo throughput of coastal ports was 5.56 billion tons, representing an increase of 4.4%; the throughput of foreign trade goods was 2.69 billion tons, representing an increase of 8.8%; and the throughput of domestic trade goods was 5.87 billion tons, representing an increase of 2.7%. The container throughput was 162 million TEUs, representing an increase of 8.5%.

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 Group has vigorously developed new projects and new source of goods. The whole-vehicle container transportation business has been introduced. To actively develop new source of goods, leveraging on the opportunity of domestic vehicles to enter the international market, the Group has designed optimal packing solutions for different whole-vehicle container transportation so as to open up export channels for new energy vehicles, and form a stable source of goods for export projects. In the first half of 2024, 1,468 vehicles were packed with a total of 1,072 TEUs. Macheng stone market has been further developed. According to the unified deployment of the Group, a special team has been established to develop the Macheng stone market. The team takes advantage of the existing direct shipments to Japan and South Korea at Yangluo Port and successfully guides the return of some customers who export stone to Busan, Korea, thus securing a regular source of goods for export per week. The steel product loading and unloading business has been further developed. The Group has reached cooperation with Hubei Daming, Wuhan Zhuolixin (武漢卓立信), Hanyang Steel Mill (漢陽鋼廠) and other companies on steel coil loading and unloading business, which is operated in the free time of port berths and has greatly improved the utilization rate of berths. In the first half of 2024, 62 voyages of bulk carriers were completed, with 101,300 tonnes of cargoes loaded and unloaded. The Group continued to guarantee the services for direct shipping vessels. At present, Wuhan Datong (武漢大通) has put a total of 4 ships into operation on the international direct route of "Wuhan-Japan, South Korea and Russia", forming a regular export schedule of 2-3 shipments per week. In the first half of 2024, a container throughput of 16,000 TEUs and 64 voyages were completed on the route. As the designated port for operations of international direct shipping vessels, Yangluo Port continued to offer "priority berthing, efficient and safe" loading and unloading services for international direct shipping vessels as a way to provide "logistics" support for the development of international direct shipping vessel business.

The WIT Port and the Multi-Purpose Port

The WIT Port and the Multi-Purpose Port are located in the Yangluo Economic Development Zone, Wuhan, Hubei Province, the PRC, which are the core ports of maritime centre along middle reaches of the Yangtze River.

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, petrochemical 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 Last Period. The assembling and disassembling of containers in CFS increased significantly, with a total of 18,661 TEUs, representing an increase of 10% over the Last Period. 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 further expanded and improved the scope and level of port services. Water-gate inspection points have been established. In order to meet the customer demand for container inspection services and reduce customer friction, upon communicating with Wuhan Xinsanli (武漢鑫三利) and Wuhan Jiujia (武漢久嘉), two container repair service companies, and through public bidding, the Group has set up container inspection service points at water-gates to further reduce the turnover of empty containers in the field, and thus lower operating costs and improve customer satisfaction. The source of empty containers at ports has been enriched. The Group has newly signed 3 container management customers, namely Jiangsu Changyue (江蘇長越), Russian Railway Jiangsu Xinhelu Shipping Co., Ltd. (俄鐵江蘇新合路航運有限公司), and Summit Shipping Co., Ltd. (薩米特航運有限公司), to further enrich the source of empty containers at ports, which is expected to bring 340-600 TEUs of new containers per month. The coverage of port container management has been extended. The Group has signed the Regional Container Management Agreement with CMA CGM Group to extend our port container management service to Yichang, Huangshi and Jiangxi. By doing this, the Group has further extended the coverage of port container management. We have communicated with various agent customers to assemble and disassemble containers outside the port in our CFS to ensure the stable growth of CFS business. The CFS of Yangluo Port and Zhonggang Logistics (中港物流) have shared out the work and cooperated with each other on assembling and disassembling business as a way to reasonably allocate existing resources, and enhance market competitiveness.

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 economic and technological development zone, 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 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, 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 and other services including RORO (Roll on Roll off), bulk cargo transportation and storage, automobile spare parts processing, as well as logistics services.

The Group is committed to transforming the Hannan Port into the largest port in Central China, integrating supply chain design and operations, waterway logistics distribution, O2O automotive transactions, multi-modal transportation, logistics finance, distribution and delivery, customs brokerage, and so on. The port will primarily focus on automotive logistics and transactions, complemented by general cargo and container services, blending specialization with comprehensive services. It aims to become a regional economic hub and a key logistics node, establishing itself as the most important logistics center in the southwest of Wuhan, a crucial automotive transaction center in the "Wuhan Metropolitan Area", and a significant modern, comprehensive logistics service base.

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. Bridge construction-related enterprises have already settled 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 Hanjiang logistics centre

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

Tongshang Supply Chain

Leveraging the Group’s extensive experience in the operation and management of various ports and terminals located within the Yangtze River Basin in Hubei Province, coupled with its solid customer and supplier network cultivated during its many years of business operation, Tongshang Supply Chain Management (Wuhan) Co., Ltd.* (通商供應鏈管理(武漢)有限公司) (“**Tongshang Supply Chain**”) serves as the principal supply chain service provider and trader for up-stream suppliers and down-stream customers through the supply chain management and trading business of the Group. The development of supply chain management and trading business will enable the Group to establish deeper connections with both supply and demand sides of the supply chain, 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.

Leveraging the Group’s resources 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**”) has integrated and optimized the information flow, logistics and capital flow of upstream and downstream customers through its supply chain business to obtain a more obvious competitive advantage with stable and deeper cooperative relationships. Relying on the unique geographical location and the function as a grain port of the Yangluo Port as well as the strong hinterland economy, Tongshang Supply Chain focuses on the livelihood fields such as grain and agricultural and sideline products, and provides customers with integrated comprehensive logistics services such as logistics, warehousing, distribution, and supply chain finance. It vigorously develops the hub economy, and strives to build a modern port-surrounding supply chain system featured “port + trading + warehousing + logistics” to promote closer integration of port, industry and city. Tongshang Supply Chain aims to build a bulk grain commodity trading center with Yangluo Port as the core, contributing the port strength to “foreign to domestic grain transportation” and “north to south grain transportation”.

Operating results

Revenue

	Six months ended 30 June					
	2024		2023		Increase/(Decrease)	
	<i>HK\$'000</i>	<i>Percentage</i>	<i>HK\$'000</i>	<i>Percentage</i>	<i>HK\$'000</i>	<i>Percentage</i>
	(Unaudited)		(Unaudited)			
Revenue from contracts with customers						
within scope of IFRS 15						
Terminal service	56,361	35.9%	54,396	29.1%	1,965	3.6%
Container handling, storage & other service	16,380	10.4%	19,055	10.2%	(2,675)	(14.0%)
General and bulk cargoes handling service	1,528	1.0%	1,475	0.8%	53	3.6%
	74,269	47.3%	74,926	40.1%	(657)	(0.9%)
Integrated logistics service	28,141	17.9%	25,137	13.5%	3,004	12.0%
Supply chain management and trading business	48,505	30.8%	81,442	43.6%	(32,937)	(40.4%)
	150,915	96.0%	181,505	97.2%	(30,590)	(16.9%)
Revenue from other sources						
Property business	6,262	4.0%	5,308	2.8%	954	18.0%
	157,177	100.0%	186,813	100.0%	(29,636)	(15.9%)

During the Period, the Group's revenue amounted to approximately HK\$157,177,000 (the Last Period: approximately HK\$186,813,000), representing a decrease of approximately HK\$29,636,000 or approximately 15.9% as compared to the Last Period. The decrease in revenue was mainly driven by the offsetting effects of (i) the significant decrease in revenue of approximately HK\$32,937,000 from the supply chain management and trading business; (ii) the increase in integrated logistics service of approximately HK\$3,004,000; (iii) the decrease in revenue from terminal and related services of approximately HK\$657,000; (iv) the increase in rental income from investment properties of approximately HK\$954,000.

Terminal service

Container throughput

	Six months ended 30 June					
	2024		2023		Increase/(Decrease)	
	TEUs	Percentage	TEUs	Percentage	TEUs	Percentage
Gateway cargo containers	186,336	41.8%	155,732	32.2%	30,604	19.7%
Trans-shipment containers	<u>259,469</u>	<u>58.2%</u>	<u>327,536</u>	<u>67.8%</u>	<u>(68,067)</u>	<u>(20.8%)</u>
	<u>445,805</u>	<u>100%</u>	<u>483,268</u>	<u>100.0%</u>	<u>(37,463)</u>	<u>(7.8%)</u>

The throughput of the WIT Port during the Period was 445,805 TEUs, representing a decrease of 37,463 TEUs or approximately 7.8% compared to 483,268 TEUs for the Last Period. Of the 445,805 TEUs handled, 186,336 TEUs or approximately 41.8% (the Last Period: 155,732 TEUs or approximately 32.2%) and 259,469 TEUs or approximately 58.2% (the Last Period: 327,536 TEUs or approximately 67.8%) were attributable to gateway cargo containers and trans-shipment containers, respectively.

The decrease in overall container throughput was mainly attributable to a 20.8% decrease in trans-shipment containers, which offset the increase in gateway cargo containers. The increase in gateway cargo containers was mainly due to 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, resulting in the cessation of price cutting competition and exertion of synergetic effect.

Market share

In terms of market share of Yangluo Port area, the Group's market share was approximately 47.9% during the Period (the Last Period: approximately 31.6%). The increase in market share was mainly attributable to the increase in volume of gateway cargo containers handled by the Group.

Integrated logistics service

The integrated logistics service business of the Group provides agency and integrated logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management services. Revenue generated from the integrated logistics service business increased to approximately HK\$28,141,000 during the Period (the Last Period: approximately HK\$25,137,000), which accounted for approximately 17.9% of the Group's total revenue during the Period (the Last Period: approximately 13.5%).

The increase in revenue was mainly attributable to the increase in business volume from the Hannan Port during the Period.

Property business

Income for the property business is mainly generated from the port and warehouse leasing business of the Hannan Port, which owns investment properties of leasehold lands, berth, commercial buildings and pontoon, as well as the leasing out of a stacking yard and certain warehouses at the WIT Port. The port and warehouse leasing income increased to approximately HK\$6,262,000 (the Last Period: approximately HK\$5,308,000), which accounted for approximately 4.0% of the Group's total revenue during the Period (the Last Period: approximately 2.8%).

The increase in revenue was mainly attributable to the increase in warehouse leasing income in the Hannan Port.

Gross profit and gross profit margin

Gross profit during the Period was approximately HK\$37,420,000, representing a decrease of approximately HK\$6,298,000 as compared with approximately HK\$43,718,000 for the Last Period. Gross profit margin increased to 23.8% (the Last Period: 23.4%). The decrease in gross profit was mainly due to the significant decrease in revenue from the supply chain management and trading business.

Other income

Other income during the Period increased by approximately 175.0% to approximately HK\$8,128,000 (the Last Period: approximately HK\$2,956,000). The increase was mainly attributable to the disposal of equity interest in a subsidiary by the Group with a gain of approximately HK\$4,901,000 during the Period.

Change in fair value of investment properties

The Group holds certain investment properties, including (i) port and warehouses in the Hannan Port; (ii) a logistics centre adjacent to the Shayang Port; and (iii) a stacking yard and certain warehouses at the WIT Port. The Group's investment properties are revalued at the end of the reporting period on an open market value basis by an independent property valuer. Changes in fair value arising from such revaluations are accounted for as "change in fair value of investment properties" through the consolidated statement of profit or loss and other comprehensive income.

During the Period, the Group recorded a fair value loss in investment properties of approximately HK\$1,298,000 (the Last Period: fair value loss of approximately HK\$6,893,000). The decrease in fair value loss of investment properties is mainly due to a moderation in the decrease in market rent of the warehouse properties in the logistics centre adjacent to the Shayang Port as compared to the Last Period.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased by approximately HK\$2,299,000 or approximately 196.7% to approximately HK\$3,468,000 (the Last Period: approximately HK\$1,169,000). The increase in profit attributable to owners of the Company was mainly driven by the offsetting effects of (i) the decrease in gross profit of approximately HK\$6,298,000; (ii) the decrease in a fair value loss from investment properties of approximately HK\$5,595,000 as compared to the corresponding period; (iii) the increase in other income of approximately HK\$5,172,000 which was mainly due to the one-off non-recurring gain of approximately HK\$4,901,000 recorded by the Group on disposal of equity interest in a subsidiary during the Period; (iv) the decrease in net finance costs of approximately HK\$1,811,000; and (v) an income tax expense of approximately HK\$2,096,000 during the Period (the Last Period: an income tax credit of approximately HK\$1,220,000) due to a one-off non-recurring gain on disposal of equity interest in a subsidiary and the deferred tax assets arising from the fair value loss on investment properties and the increase in expected credit loss of receivables.

Earning per share attributable to owners of the Company during the Period was approximately HK0.2 cents (the Last Period: approximately HK0.07 cents).

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. 2023 marks the transitional turning point of the implementation of 14th Five-Year Plan by the PRC. As various economic policies which stabilises the economy and induces different sectors will gradually be in place, it is expected that, upon of effective and continuous release of various trade agreements, the domestic import and export trade flow will be improved effectively, providing new opportunities for ports. The Group will integrate deeply with the “Belt and Road” and the rise of middle of the Yangtze River Economic Belt, assist the transportation power to build a national modern, high-quality and comprehensive three-dimensional transportation network, continue to optimise the green and intelligence development of ports, and hence facilitating “golden benefits” from the “golden waterway”.

In the new year, the Group will continue to uphold the general principle of making steady progress. With its trinity driving model of “driving internal growth”, “intelligent reform” and “expansion and innovation”, the Group will strive to establish an integrated port system with better service quality, stronger market expansion and higher added value. The Group establishes its core business with 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.

Being benefited from its strong background of shareholders and its capability of resources integration, as well as a balanced and optimized networking layout of Hubei Port, the Group enhances the innovation of intelligent ports and expands the trades in port logistics through stabilising its focus of “Port Logistics” operation. 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.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the “**Share Option Scheme**”) on 25 May 2018. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Since the adoption of the Share Option Scheme and up to the date of this announcement, no option was granted or agreed to be granted, exercised, lapsed or cancelled by the Company under the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at the date of this announcement.

As at 1 January 2024 and 30 June 2024, the aggregate number of options available for grant under the Share Option Scheme were 172,506,668 and 172,506,668, respectively. There was no service provider sublimit set under the Share Option Scheme.

DIRECTOR’S RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30 June 2024, none of Directors was granted any options to subscribe for the shares.

FINANCIAL RESOURCES AND LIQUIDITY

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

As at 30 June 2024, the Group had total outstanding interest-bearing borrowings of approximately HK\$316,603,000 (31 December 2023: approximately HK\$375,434,000). The Group also had total cash and cash equivalents of approximately HK\$67,590,000 (31 December 2023: approximately HK\$56,648,000) and consolidated net assets of approximately HK\$814,880,000 (31 December 2023: approximately HK\$864,757,000).

As at 30 June 2024, the Group's net gearing ratio was 0.3 time (31 December 2023: 0.4 time). The calculation of the gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 30 June 2024, the Group's net current liabilities was approximately HK\$137,107,000 (31 December 2023: approximately HK\$101,393,000), and current assets was approximately HK\$205,768,000 (31 December 2023: approximately HK\$283,028,000) and current liabilities was approximately HK\$342,875,000 (31 December 2023: approximately HK\$384,421,000), representing a current ratio of 0.6 time (31 December 2023: 0.7 time).

EXCHANGE RATE RISK

The Group operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, Directors consider that the Group had no significant foreign currency risk during the six months ended 30 June 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as the disposal of Zhongxiang City Port Co. disclosed in Note 17 to the condensed consolidated interim financial statement, there were no other significant investments, material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to approximately HK\$44,390,000 (31 December 2023: approximately HK\$45,603,000).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

PLEDGE OF ASSETS

As at 30 June 2024, the Group has pledged certain port facilities and terminal equipment, as well as land use rights with carrying amount of approximately HK\$4,050,000 (31 December 2023: approximately HK\$4,297,000) and approximately HK\$15,850,000 (31 December 2023: approximately HK\$16,417,000), respectively, to secure bank and other borrowings granted to the Group.

CAPITAL STRUCTURE

As at 30 June 2024, the Group's total equity amounted to approximately HK\$814,880,000 (31 December 2023: approximately HK\$864,757,000).

EMPLOYEE INFORMATION

As at 30 June 2024, the Group had employed 327 employees (31 December 2023: 357 full-time employees). The Group participates in retirement insurance, medicare, unemployment insurance and housing funds schemes according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong and medical benefits for its employees in Hong Kong. The Group also adopts a remuneration policy similar to its peers in the same industry. The Group remunerates its employees in accordance with their work performance and experience, which is fixed by reference to their respective duties and the prevailing market rates in the region.

In addition, in response to the pandemic, the Group provided contingency manual and trainings to the employees regarding the proper handling of COVID-19 related matters. The Company has also adopted the Share Option Scheme to recognise and acknowledge the contributions of eligible employees and Directors of the Company or its subsidiaries. Further details of the Share Option Scheme have been set out in this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There is no plan authorised by the Board for any material investments or additions of capital assets during the six months ended 30 June 2024. The Group will continue to look for suitable opportunities for investments or acquisition of material capital assets to enhance its profitability in the ordinary course of its business.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (the Last Period: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. As at 30 June 2024, the Company did not hold any treasury shares.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has been in compliance with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2024.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by Directors.

Specific enquiry has been made to all Directors, who have confirmed that, during the six months ended 30 June 2024, each of them has been in compliance with the required standard as set out in the Model Code in respect of dealings in securities of the Company.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The Group did not have any other significant events subsequent to the reporting period and up to the date of this announcement.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, internal control and risk management principles of the Company and to assist the Board to fulfill its responsibilities over audit. The condensed consolidated results of the Group for the six months ended 30 June 2024 is unaudited and have not been reviewed by external auditors but have been reviewed by the Audit Committee. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and has discussed the auditing, internal control, risk management and financial reporting matters.

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

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

Hong Kong, 30 August 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 Xiping and Dr. Mao Zhenhua as independent non-executive Directors.

* *For identification purpose only*