

# 2023 INTERIM REPORT



## 中國通商

中國通商集團有限公司

China Infrastructure & Logistics Group Ltd.

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1719

Utilize the Golden Waterway along Yangtze River to develop the biggest hub-port and logistics base in central China

## Contents

Corporate information	2
Performance and financial highlights	4
Management discussion and analysis	7
Forward looking	20
The interim financial information	22
Other information	58

## Corporate information

### Directors

#### **Executive Directors:**

Ms. Zhou Wei  
(Re-designated as executive  
Director on 5 May 2023 and appointed  
as Chairman on 28 June 2023)  
Mr. Li Xiaoming (Retired on 28 June 2023)  
Mr. Qiao Yun

#### **Non-executive Directors:**

Mr. Xu Aoling  
Mr. Li Wei (Appointed on 28 June 2023)

#### **Independent non-executive Directors:**

Mr. Chau Kwok Keung  
Mr. Fu Xinping  
Dr. Mao Zhenhua

### Audit committee members

Mr. Chau Kwok Keung (Chairman)  
Mr. Xu Aoling  
Mr. Fu Xinping  
Dr. Mao Zhenhua

### Remuneration committee members

Mr. Chau Kwok Keung (Chairman)  
Ms. Li Wei (Appointed on 28 June 2023)  
Mr. Fu Xinping  
Dr. Mao Zhenhua  
Ms. Zhou Wei (Resigned on 28 June 2023)

### Nomination committee members

Ms. Zhou Wei  
(Chairman, appointed on 28 June 2023)  
Mr. Li Xiaoming (Chairman)  
(Retired on 28 June 2023)  
Mr. Chau Kwok Keung  
Mr. Fu Xinping  
Dr. Mao Zhenhua

### Authorised representatives

Ms. Zhou Wei (Appointed on 28 June 2023)  
Mr. Li Xiaoming (Retired on 28 June 2023)  
Ms. Hui Wai Man, Shirley

### Company secretary

Ms. Hui Wai Man, Shirley

### Auditor

Crowe (HK) CPA Limited  
(Appointed on 28 June 2023)  
Registered Public Interest Entity Auditor

### Legal advisers

Sidley Austin  
Maples and Calder

## Company website

[www.cilgl.com](http://www.cilgl.com)

## Principal bankers

Bank of Communications  
Jiangan Branch, Wuhan  
Hubei Province, the PRC

China Merchants Bank  
Wuhan Branch, the PRC

Bank of Hankou  
Yangluo Branch, the PRC

Rural Commercial Bank  
Yangluo Branch, the PRC

Industrial Bank  
Hong Kong

China CITIC Bank International Limited  
Hong Kong

## Head office

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

## Principal share registrar and transfer office

Suntera (Cayman) Limited  
Suite 3204, Unit 2A,  
Block 3, Building D,  
P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor  
Services Limited  
1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## Registered office

P.O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

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## Stock Code

1719

The board (the “**Board**”) of directors (the “**Directors**”) of China Infrastructure & Logistics Group Ltd. (the “**Company**”) is pleased to announce the condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 as follows.

## HIGHLIGHTS

### For the six months ended 30 June 2023

Comparing to the corresponding six months ended 30 June 2022 (“**2022 Interim Period**”):

- Revenue increased by approximately 43.8% to HK\$186.81 million (2022 Interim Period: HK\$129.92 million), mainly driven by the offsetting effects of (i) the significant increase in revenue of HK\$56.15 million from the supply chain management and trading business due to commencement of the rice and broken rice trading business since September 2022 and the robust market demand for corn for the six months ended 30 June 2023; (ii) the increase in container handling, storage & other service income of approximately HK\$7.64 million from the WIT Port; (iii) due to the effect of the depreciation of the average exchange rate of RMB, despite the increase in the gateway cargo containers and the average tariff, the terminal revenue has decreased by approximately HK\$1.28 million after converting to HK\$; (iv) the decrease in integrated logistics service income of approximately HK\$4.10 million mainly from Hannan Port; (v) the decrease in revenue of HK\$2.25 million from general and bulk cargoes handling service provided from the Shipai Port; and (vi) the increase in revenue of HK\$0.73 million for property business from the logistics of Hannan Port.
- Overall container throughput of the WIT Port increased by approximately 45.6% to 483,268 TEUs (2022 Interim Period: 331,890 TEUs), mainly driven by the effects of (i) the increase in the gateway cargo containers throughput by approximately 3.0% to 155,732 TEUs (2022 Interim Period: 151,134 TEUs); and (ii) the increase in the trans-shipment containers throughput by approximately 81.2% to 327,536 TEUs (2022 Interim Period: 180,756 TEUs).

- The Group's market share of container throughput in Wuhan increased from 29.0% for the year ended 31 December 2022 to 31.6% for the six months ended 30 June 2023. Such increase was mainly due to the increase in the volume of trans-shipment cargoes handled by the Group.
- Gross profit decreased by 9.2% to HK\$43.72 million (2022 Interim Period: HK\$48.16 million). Gross profit margin decreased to 23.4% (2022 Interim Period: 37.1%). The decrease was mainly due to the significant increase in revenue from the supply chain management and trading business with relatively lower gross profit margins and the decrease in revenue from terminal service with relatively higher gross profit margins.

#### **Profit for the period**

- Profit for the period decreased by approximately 93.5% to HK\$1.48 million (2022 Interim Period: HK\$22.75 million) as a result of offsetting effect of (i) there being a fair value gain from investment properties of approximately HK\$28.84 million recorded during the six months ended 30 June 2022 whilst there was no such gain recorded for the six months ended 30 June 2023 and a fair value loss of approximately HK\$6.89 million was recorded resulting from the decrease in market rent of the warehouse properties in the logistics centre adjacent to the Shayang Port; (ii) the decrease in gross profit of HK\$4.44 million; (iii) the decrease in other income of HK\$3.00 million due to the decrease in government subsidies granted to certain subsidiaries of the Group; (iv) the decrease in general, administrative and other operating expenses (excluding depreciation and amortisation) of HK\$3.90 million by improving operation efficiency and tightening expenditure control for the six months ended 30 June 2023; (v) the decrease in finance costs of HK\$6.43 million due to the repayment of bank borrowings with higher interest rates for the six months ended 30 June 2023; and (vi) an income tax credit of HK\$1.22 million due to the decrease in taxable profit of certain subsidiaries and the deferred tax assets arising from the fair value loss on investment properties and the increase in expected credit loss of receivables.

#### **Profit attributable to owners of the Company**

- Profit attributable to owners of the Company decreased by 95.1% to HK\$1.17 million (2022 Interim Period: HK\$23.64 million).
- Earning per share attributable to owners of the Company was HK0.07 cents (2022 Interim Period: HK1.37 cents).

## OTHER HIGHLIGHTS

### Change of auditors

Pursuant to the Administrative Measures for Selection and Appointment of Accounting Firms by Stated-owned Enterprise and Listed Companies issued by the Ministry of Finance of the People's Republic of China, State-owned Assets Supervision and Administration Commission of the State Council and China Securities Regulatory Commission (the "**Administrative Measures**"), the term of consecutive engagement of the same accounting firm by a state-owned enterprise shall in principle not exceed eight years.

Given that the Company is now ultimately owned as to 74.98% by State-owned Assets Supervision and Administration Commission of Wuhan Municipal People's Government, it is subject to the Administrative Measures. Grant Thornton Hong Kong Limited ("**Grant Thornton**") has been the auditor of the Company for more than 15 years. In light of the above, Grant Thornton has retired as the auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on Wednesday, 28 June 2023 (the "**AGM**"). With the recommendation of the audit committee of the Company, the Board has resolved to appoint Crowe (HK) CPA Limited as the new auditor of the Company. Such proposed appointment has been approved by the shareholders of the Company at the AGM. For further details on the change of auditors, please refer to the circular of the Company dated 29 May 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>186,813</b>	129,924
Cost of services rendered and goods sold	<b>(143,095)</b>	(81,764)
Gross profit	<b>43,718</b>	48,160
Other income	<b>2,816</b>	5,817
General, administrative and other operating expenses (exclude depreciation and amortisation)	<b>(14,372)</b>	(18,274)
Operating profit/EBITDA	<b>32,162</b>	35,703
Finance costs — net	<b>(8,064)</b>	(14,494)
EBTDA	<b>24,098</b>	21,209
Depreciation and amortisation	<b>(16,314)</b>	(16,949)
Change in fair value of investment properties	<b>(6,893)</b>	28,841
Share of loss of associates	<b>(631)</b>	(817)
Profit before income tax	<b>260</b>	32,284
Income tax credit/(expense)	<b>1,220</b>	(9,532)
Profit for the period	<b>1,480</b>	22,752
Non-controlling interests	<b>(311)</b>	889
Profit attributable to owners of the Company	<b>1,169</b>	23,641
<b>Basic and diluted earnings per share attributable to owners of the Company (HK cents)</b>	<b>0.07</b>	1.37

## REVIEW OF OPERATIONS

### Overall business environment

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

### *The WIT Port and the Multi-Purpose Port*

The WIT Port is located along the Yangtze River in the Yangluo Economic Development Zone, Wuhan, Hubei Province, the PRC.

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

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, large ships are precluded from navigating directly between those areas and Shanghai. The trans-shipment services provided by the WIT Port offers a more economical alternative for the Group's clients in those areas, namely the trans-shipment of container cargoes to Shanghai or direct shipping overseas upon amalgamation at Yangluo Port. Surrounding areas which are serviced by the WIT Port include various cities of Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and the WIT Port promoted water-to-water trans-shipment to Yangshan Port in Shanghai and direct shipment to Japan, Korea and Russia (江海直航), which further strengthened the position of the WIT Port as a trans-shipment port in the middle reaches of the Yangtze River. Phase I terminal of Yangluo Port opened the first direct international shipping route from Wuhan to Japan in the fourth quarter of 2019, which is a milestone of landmark significance as the first international shipping route in the middle and upper reaches of Yangtze River. In the third quarter of 2021, the Group opened up two new sea channels. The first one is directly from Zhoushan to the WIT Port, then from Yangluo Port to Chengdu-Chongqing region, indicating that Wuhan has successfully opened up the new channel from sea to river for foreign trade. The new channels play an important role in promoting the development of direct shipment, in enhancing the functions of the golden waterway of Yangtze River, and in building a modern comprehensive transportation system. Another new channel for foreign trade is a direct container shipping route from Yangluo Port to Busan Port in South Korea, which is the second international shipping route opened in Wuhan and the first direct shipping route to South Korea opened in the middle and upper reaches of Yangtze River and in the central region. On 22 July 2022 and 23 July 2022, Yangluo Port successfully opened two containerized direct routes for domestic trades, which are the routes from Yangluo Port to Wuhu Port of Anhui Province and from Yangluo Port to Yueyang Port of Hunan Province, respectively. On 30 September 2022, Wuhan opened another new channel for foreign trade which is the direct shipping route from Yangluo Port to Eastern Port in Russia. It is the third international shipping route opened by Wuhan, and also the first direct shipping route to Russia opened in the middle and upper reaches of Yangtze River and even in the central region. In the first half of

2023, the WIT Port newly opened regional routes of “Wuhan-Huanggang” and “Wuhan-Ezhou”, rail-water route of “Macheng-Wuhan-Shanghai-Ethiopia”, rail-water route of “Yingcheng-Wuhan-Shanghai/Guangdong” and route of “Russia- Yangluo Port-Eastern China/Southern China”. 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 Group has also developed port related services, including agency and integrated logistics services to expand its revenue sources. Such agency and integrated logistics services include bonded warehousing, customs clearance, break bulk and distribution at the WIT Port.

Since Hubei Port became the immediate holding company of the Company in January 2022, the integration of Phases I, II and III terminals of Yangluo Port has been completed so as to further optimize port logistics resources, all of which were conducive to the synergy and development of the Group’s port business.

### ***The Hannan Port***

The Hannan Port is located along the Yangtze River in Wuhan, adjacent to the Shanghai-Chengdu 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 six provinces (namely Jiangsu, Anhui, Hubei, Sichuan, Jiangxi and Hunan) and Shanghai. Given the important role of Wuhan in the development of the Yangtze River Economic Belt, the Directors consider that it is in the interests of the Group to make further investments in its port businesses in the Wuhan area.

To capture the future economic growth in Wuhan and to better position itself against the competition from neighbouring ports, the Hannan Port provides an opportunity for the Group to expand its geographical coverage beyond the Yangluo Port area to where the WIT Port and the Multi-Purpose Port in Wuhan are located. The Hannan Port creates synergies between the WIT Port and the Hannan Port, particularly because the management team of the WIT Port has extensive experience in the construction, development and management of ports in the PRC. Being the feeder port of the WIT Port, the Hannan Port can increase the throughput capacity of the WIT Port to satisfy the demand for logistics services in Wuhan. The WIT Port, together with the Hannan Port, can provide more cost effective solutions to the Group's customers. The Hannan Port will be developed into a multi-purpose service platform in several phases, providing terminal, warehousing and logistics services and other services including RORO (Roll on Roll off), bulk cargo transportation and storage, automobile spare parts processing and logistics services.

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.

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

### ***The Shipai Port***

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

The Shipai Port commenced commercial operations in 2018. Currently, four 1000-tonne class berths and around 70 mu of temporary stacking yard have been built. 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, striving to become an important comprehensive terminal in the Han River Basin.

### ***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.

The significant increase in revenue from supply chain management and trading business is due to commencement of the rice and broken rice trading business since September 2022 and the robust market demand for corn for the six months ended 30 June 2023.

## Operating results

### Revenue

	Six months ended 30 June					
	2023		2022		Increase/(Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)			
Terminal service	54,396	29.1	55,677	42.8	(1,281)	(2.3)
Integrated logistics service	25,137	13.5	29,241	22.5	(4,104)	(14.0)
Property business	5,308	2.8	4,575	3.5	733	16.0
Container handling, storage & other service	19,055	10.2	11,411	8.8	7,644	67.0
General and bulk cargoes handling service	1,475	0.8	3,727	2.9	(2,252)	(60.4)
Supply chain management and trading business	81,442	43.6	25,293	19.5	56,149	222.0
	<b>186,813</b>	<b>100.0</b>	<b>129,924</b>	<b>100.0</b>	<b>56,889</b>	<b>43.8</b>

For the six months ended 30 June 2023, the Group's revenue amounted to HK\$186.81 million (2022 Interim Period: HK\$129.92 million), representing an increase of HK\$56.89 million or approximately 43.8% as compared to the 2022 Interim Period. The increase in revenue was mainly driven by the offsetting effects of (i) the significant increase in revenue of HK\$56.15 million from the supply chain management and trading business due to commencement of the rice and broken rice trading business since September 2022 and the robust market demand for corn for the six months ended 30 June 2023; (ii) the increase in container handling, storage & other service income of approximately HK\$7.64 million from the WIT Port; (iii) due to the effect of the depreciation of the average exchange rate of RMB, despite the increase in the gateway cargo containers and the average tariff, the terminal revenue has decreased by approximately HK\$1.28 million after converting to HK\$; (iv) the decrease in integrated logistics service income of approximately HK\$4.10 million mainly from Hannan Port; (v) the decrease in revenue of HK\$2.25 million from general and bulk cargoes handling service provided from the Shipai Port; and (vi) the increase in revenue of HK\$0.73 million for property business from the logistics of Hannan Port.

## Terminal service

### Container throughput

	Six months ended 30 June					
	2023		2022		Increase/(decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargo containers	155,732	32.2	151,134	45.5	4,598	3.0
Trans-shipment containers	327,536	67.8	180,756	54.5	146,780	81.2
	<b>483,268</b>	<b>100.0</b>	331,890	100.0	151,378	45.6

The throughput of the WIT Port for the six months ended 30 June 2023 was 483,268 TEUs, representing an increase of 151,378 TEUs or approximately 45.6% compared to 331,890 TEUs for the 2022 Interim Period. Of the 483,268 TEUs handled, 155,732 TEUs or approximately 32.2% (2022 Interim Period: 151,134 TEUs or approximately 45.5%) and 327,536 TEUs or approximately 67.8% (2022 Interim Period: 180,756 TEUs or approximately 54.5%) were attributable to gateway cargo containers and trans-shipment containers, respectively.

The increase in overall container throughput was mainly attributable to an approximately 3% increase in gateway cargo containers and an approximately 81.2% increase in trans-shipment 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. The increase in trans-shipment containers is mainly due to the newly added trans-shipment route between Yangluo and Huanggang region during the period.

### ***Average tariff***

Tariff, which is dominated in Renminbi (“**RMB**”), is converted into Hong Kong Dollars, the reporting currency of the Group. The average tariff for gateway cargo containers at the WIT Port for the six months ended 30 June 2023 was RMB263 (equivalent to approximately HK\$297) per TEU (2022 Interim Period: RMB256 (equivalent to approximately HK\$310) per TEU), representing an increase of approximately 2.7% compared to that of the 2022 Interim Period. The average tariff for trans-shipment containers at the WIT Port was RMB16 (equivalent to approximately HK\$18) per TEU (2022 Interim Period: RMB21 (equivalent to approximately HK\$25) per TEU), decreased by approximately 23.8% as compared to that of the 2022 Interim Period. The increase in the tariff of gateway cargo containers was due to cessation of price cutting competition after the integration. The decrease in the tariff for the trans-shipment containers was due to the increase in volume of transportation of trans-shipment cargoes with relatively low tariffs.

### ***Market share***

In terms of market share of Yangluo Port area, the Group’s market share increased from 29.0% for the year ended 31 December 2022 to 31.6% for the six months ended 30 June 2023. The increase in market share was mainly attributable to the increase in volume of trans-shipment 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 decreased to HK\$25.14 million for the six months ended 30 June 2023 (2022 Interim Period: HK\$29.24 million), which accounted for approximately 13.5% of the Group’s total revenue for the six months ended 30 June 2023 (2022 Interim Period: 22.5%).

The decrease in revenue was mainly attributable to the decrease in business volume from the Hannan Port for the six months ended 30 June 2023.

### ***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 HK\$5.31 million (2022 Interim Period: HK\$4.58 million), which accounted for approximately 2.8% of the Group's total revenue for the six months ended 30 June 2023 (2022 Interim Period: 3.5%).

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 for the six months ended 30 June 2023 was HK\$43.72 million, representing a decrease of HK\$4.44 million as compared with HK\$48.16 million for the 2022 Interim Period. Gross profit margin decreased to 23.4% (2022 Interim Period: 37.1%). The decrease was mainly due to the significant increase in revenue from the supply chain management and trading business with relatively lower gross profit margins and the decrease in revenue from terminal service with relatively higher gross profit margins.

### **Other income**

Other income for the six months ended 30 June 2023 decreased by 51.5% to HK\$2.82 million (2022 Interim Period: HK\$5.82 million). The decrease was mainly attributable to the decrease in government subsidies granted to certain subsidiaries of the Group during the six months ended 30 June 2023.

## Change in fair value of investment properties

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

For the six months ended 30 June 2023, the Group recorded a fair value loss in investment properties of HK\$6.89 million (2022 Interim Period: fair value gain of HK\$28.84 million). The fair value loss of investment properties is mainly due to the decrease in market rent of the warehouse properties in the logistics centre adjacent to the Shayang Port as compared to the 2022 Interim Period.

## Share of loss of associates

Share of loss was HK\$631,000 for the six months ended 30 June 2023 (2022 Interim Period: HK\$817,000) of the two associates, namely Wuhan Chang Sheng Gang Tong Automobile Logistics Company Limited\* (武漢長盛港通汽車物流有限公司) ("**Wuhan Chang Sheng Gang Tong**"), which reflected the Group's share of the results of its 20.4% equity interests of the entity, and Tongshang Port (Jiangling) Company Limited\* (通商港口(江陵)有限公司) ("**Tongshang Port (Jiangling)**"), which reflected the Group's share of the results of its 40.0% equity interests of the entity. The principal activities of Wuhan Chang Sheng Gang Tong are the sales of motor vehicles and the provision of car parking services. The principal activities of Tongshang Port (Jiangling) are the provision of customs inspection and logistics services.

## Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by HK\$22.47 million or approximately 95.1% to HK\$1.17 million (2022 Interim Period: HK\$23.64 million). 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\$28.84 million recorded during the six months ended 30 June 2022 whilst there was no such gain recorded for the six months ended 30 June 2023 and a fair value loss of approximately HK\$6.89 million was recorded resulting from the decrease in market rent of the warehouse properties in the logistics centre adjacent to the Shayang Port; (ii) the decrease in gross profit of HK\$4.44 million; (iii) the decrease in other income of HK\$3.00 million due to the decrease in government subsidies granted to certain subsidiaries of the Group; (iv) the decrease in general, administrative and other operating expenses (excluding depreciation and amortisation) of HK\$3.90 million by improving operation efficiency and tightening expenditure control for the six months ended 30 June 2023; (v) the decrease in finance costs of HK\$6.43 million due to the repayment of bank borrowings with higher interest rates for the six months ended 30 June 2023; and (vi) an income tax credit of HK\$1.22 million due to the decrease in taxable profit of certain subsidiaries 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 for the six months ended 30 June 2023 was HK0.07 cents (2022 Interim Period: HK1.37 cents).

## FORWARD LOOKING

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".

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, to improve the operation effectiveness of ports progressively. Port Logistics business integrated and synergized with port supporting industries businesses such as China Railway Express and comprehensive bonded areas, continuous to bring increment of the integrated port system through multimodal transportation and industries development within the park. Meanwhile, the Group will enhance capital operations and promote the creation of financial value to prevent investment risks.

In light of the support from the Hubei Provincial and Wuhan Municipal governments for port business and implementation of favourable government policies on a continuous basis, the Group believes that the government places great emphasis on the growth and development of the port industry in the Yangtze River Basin. The Group continues to maintain a positive view towards the future prospects of the port industry in Wuhan.

## Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>186,813</b>	129,924
Cost of services rendered and goods sold		<b>(143,095)</b>	(81,764)
<b>Gross profit</b>		<b>43,718</b>	48,160
Other income	5	<b>2,816</b>	5,817
Change in fair value of investment properties	11	<b>(6,893)</b>	28,841
General and administrative expenses		<b>(15,897)</b>	(17,918)
Other operating expenses		<b>(14,789)</b>	(17,305)
Finance costs — net	7	<b>(8,064)</b>	(14,494)
Share of loss of associates		<b>(631)</b>	(817)
<b>Profit before income tax</b>	6	<b>260</b>	32,284
Income tax credit/(expense)	8	<b>1,220</b>	(9,532)
<b>Profit for the period</b>		<b>1,480</b>	22,752
<b>Other comprehensive (expense)/ income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of financial statements of foreign operations		<b>(42,937)</b>	(49,939)
Share of other comprehensive income of associates		<b>488</b>	6
<b>Other comprehensive expense for the period</b>		<b>(42,449)</b>	(49,933)
<b>Total comprehensive expense for the period</b>		<b>(40,969)</b>	(27,181)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
Note	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period attributable to:</b>		
— Owners of the Company	<b>1,169</b>	23,641
— Non-controlling interests	<b>311</b>	(889)
	<b>1,480</b>	22,752
<b>Comprehensive expense attributable to:</b>		
— Owners of the Company	<b>(36,786)</b>	(20,659)
— Non-controlling interests	<b>(4,183)</b>	(6,522)
	<b>(40,969)</b>	(27,181)
<b>Basic and diluted earnings per share attributable to owners of the Company (HK cents)</b>	9	
	<b>0.07</b>	1.37

## Condensed consolidated statement of financial position

As at 30 June 2023

		As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	11	806,976	851,229
Property, plant and equipment	12	472,304	495,420
Construction in progress	13	8,993	6,079
Land use rights		15,960	17,491
Intangible assets		6,189	6,910
Rental deposits		112	155
Interest in the associates		8,511	9,495
Deferred tax assets		9,624	8,710
		<b>1,328,669</b>	1,395,489
<b>Current assets</b>			
Inventories		29,693	7,237
Trade and other receivables	14	113,750	99,996
Amount due from an associate	23(c)	—	414
Amount due from related companies	23(c)	1,477	830
Government subsidy receivables	15	3,407	3,818
Income tax recoverable		2,492	1,922
Cash and cash equivalents		61,705	86,298
		<b>212,524</b>	200,515

		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2023</b>	2022
<i>Notes</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	16	<b>157,694</b>	149,561
Amount due to an associate	23(c)	<b>51</b>	—
Bank borrowings	17	<b>149,072</b>	154,098
Other borrowings	18	<b>—</b>	6,000
Loans from immediate holding company	22	<b>7,000</b>	7,000
Loans from ultimate holding company	22	<b>112,380</b>	113,555
Lease liabilities	19	<b>1,797</b>	476
Income tax payable		<b>796</b>	8,907
		<b>428,790</b>	439,597
<b>Net current liabilities</b>		<b>(216,266)</b>	(239,082)
<b>Total assets less current liabilities</b>		<b>1,112,403</b>	1,156,407

		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2023</b>	2022
<i>Notes</i>		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Other payables	16	<b>11,064</b>	9,629
Bank borrowings	17	<b>144,806</b>	152,640
Lease liabilities	19	<b>10,052</b>	369
Deferred tax liabilities		<b>105,454</b>	112,203
		<b>271,376</b>	274,841
<b>Net assets</b>		<b>841,027</b>	881,566
<b>EQUITY</b>			
Share capital	20	<b>172,507</b>	172,507
Reserves		<b>567,613</b>	604,037
<b>Equity attributable to owners of the Company</b>			
		<b>740,120</b>	776,544
Non-controlling interests		<b>100,907</b>	105,022
<b>Total equity</b>		<b>841,027</b>	881,566
<b>Zhou Wei</b>		<b>Qiao Yun</b>	
<i>Director</i>		<i>Director</i>	

The notes on pages 29 to 57 are an integral part of this interim financial information.

## Condensed consolidated statement of cash flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(631)	21,994
Interest paid	(7,561)	(13,470)
Income tax paid	(2,322)	(4,780)
<b>Net cash (used in)/generated from operating activities</b>	<b>(10,514)</b>	<b>3,744</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,209)	(3,839)
Additions for investment properties	—	(78)
Interest received	140	17
<b>Net cash used in investing activities</b>	<b>(5,069)</b>	<b>(3,900)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(966)	(584)
Proceeds from bank borrowings	32,950	161,971
Repayment of bank borrowings	(32,205)	(29,161)
Repayment of other borrowings	(6,000)	(43,736)
Repayment to a former controlling shareholder	—	(56,120)
Proceeds from loans from shareholders	—	129,100
Repayment to former ultimate holding company	—	(1,259)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,221)</b>	<b>160,211</b>
Net (decrease)/increase in cash and cash equivalents	(21,804)	160,055
Cash and cash equivalents at 1 January	86,298	31,127
Effect for foreign exchange rate changes	(2,789)	(3,674)
<b>Cash and cash equivalents at 30 June</b>	<b>61,705</b>	<b>187,508</b>

The notes on pages 29 to 57 are an integral part of this interim financial information.

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Foreign exchange reserve	Fair value reserve	Retained profits			
	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)
<b>Balance at 1 January 2023</b>	172,507	597,322	(530,414)	117,121	(28,695)	46,808	401,895	776,544	105,022	881,566
<b>Total comprehensive income/(expense) for the period</b>										
Profit for the period	—	—	—	—	—	—	1,169	1,169	311	1,480
Other comprehensive (expense)/income for the period										
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(38,443)	—	—	(38,443)	(4,494)	(42,937)
— Share of other comprehensive income of associates	—	—	—	—	488	—	—	488	—	488
	—	—	—	—	(37,955)	—	1,169	(36,786)	(4,183)	(40,969)
Provision for safety production fee	—	—	—	362	—	—	—	362	68	430
<b>Balance at 30 June 2023</b>	172,507	597,322	(530,414)	117,483	(66,650)	46,808	403,064	740,120	100,907	841,027
<b>Balance at 1 January 2022</b>	172,507	597,322	(530,414)	117,121	45,475	46,808	381,120	829,939	119,236	949,175
<b>Total comprehensive income/(expense) for the period</b>										
Profit for the period	—	—	—	—	—	—	23,641	23,641	(889)	22,752
Other comprehensive (expense)/income for the period										
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(44,306)	—	—	(44,306)	(5,633)	(49,939)
— Share of other comprehensive income of associates	—	—	—	—	6	—	—	6	—	6
	—	—	—	—	(44,300)	—	23,641	(20,659)	(6,522)	(27,181)
<b>Balance at 30 June 2022</b>	172,507	597,322	(530,414)	117,121	1,175	46,808	404,761	809,280	112,714	921,994

The notes on pages 29 to 57 are an integral part of this interim financial information.

## Notes to the condensed consolidated interim financial information

For the six months ended 30 June 2023

### 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, 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.

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 Wuhan Municipal People’s Government (武漢市人民政府國有資產監督管理委員會).

The Company is an investment holding company and its subsidiaries (together 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 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended, and other explanatory notes (collectively the “**Interim Financial Information**”) of the Group were approved for issue by the Board on 23 August 2023. 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 2022 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 2022.

### Going concern

In preparing the Interim Financial Information, the directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of HK\$216.27 million as at 30 June 2023. This indicates a condition which may cast significant doubt about the Group’s ability to continue as a going concern.

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

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

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

### Amended IFRSs adopted by the Group

In the current period, the Group has applied for the first time the following amended IFRSs issued by IASB, which are relevant to the Group's operations and applicable for the Group's Interim Financial Information for the annual period beginning on 1 January 2023.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</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 results and financial position for the current and prior periods have been prepared and presented.

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

### 3. 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 that applied to the annual financial statements for the year ended 31 December 2022.

#### 4. 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, 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 2022.

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

All revenues for each of the six months periods ended 30 June 2023 and 2022 were sourced from external customers located in the PRC. In addition, all (2022: 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.

## 2023

### Segment revenue and results

For the six months ended 30 June 2023

	Property business	Terminal & related business	Integrated logistics business	Supply chain management and trading business	Elimination	Unallocated corporate expense	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	5,308	74,926	25,137	81,442	—	—	186,813
Inter-segment revenue	—	13,946	658	—	(14,604)	—	—
<b>Reportable segment revenue</b>	<b>5,308</b>	<b>88,872</b>	<b>25,795</b>	<b>81,442</b>	<b>(14,604)</b>	<b>—</b>	<b>186,813</b>
<b>Reportable segment results</b>	<b>2,479</b>	<b>18,007</b>	<b>(1,516)</b>	<b>(490)</b>	<b>—</b>	<b>—</b>	<b>18,480</b>
Fair value changes on investment properties	(6,893)	—	—	—	—	—	(6,893)
Interest income	16	215	8	13	—	(112)	140
Interest expenses	(179)	(6,048)	(76)	(193)	—	(1,708)	(8,204)
Share of loss of associates	(383)	—	—	—	—	(248)	(631)
Corporate and other unallocated expense	—	—	—	—	—	(2,632)	(2,632)
Profit/(Loss) before income tax	(4,960)	12,174	(1,584)	(670)	—	(4,700)	260
Income tax credit	974	132	2	112	—	—	1,220
<b>Profit/(Loss) for the period</b>	<b>(3,986)</b>	<b>12,306</b>	<b>(1,582)</b>	<b>(558)</b>	<b>—</b>	<b>(4,700)</b>	<b>1,480</b>

## Segment assets and liabilities

At 30 June 2023

	Property business HK\$'000 (Unaudited)	Terminal & related business HK\$'000 (Unaudited)	Integrated logistics business HK\$'000 (Unaudited)	Supply chain management and trading business HK\$'000 (Unaudited)	Unallocated corporate assets/ (liabilities) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	818,424	581,215	23,131	35,386	705	1,458,861
Interest in the associates	8,400	111	—	—	—	8,511
Cash and cash equivalents	6,009	30,352	7,158	14,830	3,356	61,705
Income tax recoverable	—	2,492	—	—	—	2,492
Deferred tax assets	1,295	8,031	152	146	—	9,624
<b>Total assets</b>	<b>834,128</b>	<b>622,201</b>	<b>30,441</b>	<b>50,362</b>	<b>4,061</b>	<b>1,541,193</b>
Segment liabilities	(59,268)	(78,571)	(26,850)	(10,409)	(5,560)	(180,658)
Bank borrowings	—	(273,185)	—	(20,693)	—	(293,878)
Loans from immediate holding company	—	—	—	—	(7,000)	(7,000)
Loans from ultimate controlling company	(9,180)	(16,200)	—	—	(87,000)	(112,380)
Deferred tax liabilities	(103,905)	(1,549)	—	—	—	(105,454)
Income tax payable	(572)	(151)	(15)	(58)	—	(796)
<b>Total liabilities</b>	<b>(172,925)</b>	<b>(369,656)</b>	<b>(26,865)</b>	<b>(31,160)</b>	<b>(99,560)</b>	<b>(700,166)</b>
<b>Net assets/(liabilities)</b>	<b>661,203</b>	<b>252,545</b>	<b>3,576</b>	<b>19,202</b>	<b>(95,499)</b>	<b>841,027</b>

## 2022

### Segment revenue and results

For the six months ended 30 June 2022

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

## Segment assets and liabilities

At 31 December 2022

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

## 5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	548	321
Net foreign exchange gain	95	741
Sundry income	190	414
Sales of scrap materials	—	109
Government subsidies ( <i>note</i> )	1,983	3,499
Reversal of expected credit loss (“ECL”) allowance	—	733
	<b>2,816</b>	<b>5,817</b>

*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. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting) the following:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Staff costs (including Directors' emoluments)		
— Salaries and allowances	<b>19,927</b>	24,070
— Pension contributions	<b>3,179</b>	2,536
	<b>23,106</b>	26,606
Cost of services rendered and goods sold	<b>143,095</b>	83,744
Less: Government subsidies	—	(1,980)
	<b>143,095</b>	81,764
Depreciation and amortisation on:		
— Owned assets	<b>15,985</b>	15,982
— Right-of-use assets	<b>250</b>	596
— Land use rights	<b>79</b>	290
— Intangible assets	—	81
Provision for/(reversal of) ECL allowance	<b>688</b>	(733)
Net foreign exchange gain	<b>(80)</b>	(741)
Lease charges on:		
— Short-term leases	<b>570</b>	42
— Variable lease payments	—	1,548

## 7. FINANCE COSTS — NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Interest income:</b>		
— Bank interest income	140	17
<b>Interest expenses:</b>		
— Interest on bank and other borrowings	(5,766)	(13,470)
— Interest on lease liabilities	(143)	(6)
— Interest on loans from immediate holding company	(134)	(583)
— Interest on loans from ultimate holding company	(2,161)	(452)
	<b>(8,204)</b>	<b>(14,511)</b>
<b>Finance costs — net</b>	<b>(8,064)</b>	<b>(14,494)</b>

## 8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	1,852	1,535
	<b>1,852</b>	<b>1,535</b>
<b>Deferred tax</b>		
Origination and reversal of temporary difference	(3,072)	7,997
	<b>(1,220)</b>	<b>9,532</b>

No provision for Hong Kong profits tax has been provided during the six months periods ended 30 June 2023 and 2022 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.

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% (six months ended 30 June 2022: 2.5%) during the six months period ended 30 June 2023.

In accordance with the relevant income tax laws applicable to entities in the PRC engaging in public infrastructure projects and upon approval by the tax bureau, Zhongxiang City Port Development Co., Limited (鐘祥市中基港口發展有限公司, "Zhongxiang City Port Co.") are entitled to exemption from PRC enterprise income tax for three years (the "3-Year Exemption Entitlement") and a 50% reduction for three years thereafter (the "3-Year 50% Tax Reduction Entitlement"). The 3-Year Exemption Entitlement for Zhongxiang City Port Co., which commenced on 1 January 2017, ended on 31 December 2019 irrespective of whether Zhongxiang City Port Co. was profit-making during this period and the 3-Year 50% Tax Reduction Entitlement was commenced from 1 January 2020 and has ended on 31 December 2022 and tax payable is charged at 12.5%. Since then, Zhongxiang City Port Co. is no longer entitled to this preferential tax treatment and will be charged at 25%.

## 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:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit for the period attributable to owners of the Company	<b>1,169</b>	23,641
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for basic earnings per share	<b>1,725,066,689</b>	1,725,066,689
<b>Basic earnings per share (HK cents)</b>	<b>0.07</b>	1.37

## (b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the six months periods ended 30 June 2023 and 2022. Therefore, the diluted earnings per share are equal to the basic earnings per share.

## 10. DIVIDEND

The directors do not recommend the payment of a dividend for the six months period ended 30 June 2023 (2022: nil).

## 11. INVESTMENT PROPERTIES

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

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Year ended 31 December 2022 HK\$'000 (Audited)
Opening net carrying amount	<b>851,229</b>	895,932
Additions ( <i>note</i> )	—	3,099
Change in fair value of investment properties recognised in profit or loss	<b>(6,893)</b>	25,785
Exchange realignment	<b>(37,360)</b>	(73,587)
Closing net carrying amount	<b>806,976</b>	851,229

*Note:* Additions mainly represent the cost of construction during the six months ended 30 June 2022.

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

The Group's investment properties measured at fair value in the condensed consolidated statement of financial position and measured on a recurring basis, in which a fair value hierarchy is categorised into three levels, are determined based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset.

The level in the fair value hierarchy within which the investment properties are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 30 June 2023 and 31 December 2022, the Group had only Level 3 investment properties. There were no transfers between Levels 1, 2 and 3 during the six months ended 30 June 2023 and the year ended 31 December 2022.

The Group's investment properties as at 30 June 2023 and 31 December 2022 were valued by B.I. Appraisals Limited, an independent and professionally qualified valuer. The valuer held recognised relevant professional qualification and has relevant experience in the locations and categories of investment properties valued. The current use of the investment properties equates to the best and highest use.

As at 30 June 2023 and 31 December 2022, the fair value of the Group's completed commercial buildings, stacking yard and warehouses were valued on the basis of capitalisation of income approach as they have been rented out.

As at 30 June 2023 and 31 December 2022, the fair value of the Group's berth, pontoon and the leasehold lands were valued on the basis of capitalisation of income approach as they have been rented out.

As at 30 June 2023 and 31 December 2022, the fair value of the Group's investment properties under construction are valued using residual approach, which is based on rental information in the relevant market as publicly available to determine the potential rental income of the investment properties under construction less estimated costs of completion and expected developer profit margin as if these were completed as at the date of the valuation.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Port facilities HK\$'000	Terminal equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Right-of-use assets — office and motor vehicles HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2023</b>						
<b>(unaudited)</b>						
Opening net book amount as at						
1 January 2023	441,505	52,967	74	40	834	495,420
Additions	449	1,947	506	—	10,787	13,689
Transferred from construction in progress	1,030	—	—	—	—	1,030
Disposals	(79)	(12)	(52)	—	—	(143)
Depreciation	(8,844)	(6,306)	(282)	(14)	(789)	(16,235)
Exchange realignment	(17,687)	(3,192)	(124)	—	(454)	(21,457)
<b>Closing net book amount as at</b>	<b>416,374</b>	<b>45,404</b>	<b>122</b>	<b>26</b>	<b>10,378</b>	<b>472,304</b>
<b>30 June 2023 (unaudited)</b>						
<b>Six months ended 31 December 2022</b>						
<b>(audited)</b>						
Opening net book amount as at						
1 January 2022	500,428	67,186	202	—	698	568,514
Additions	22	1,032	84	113	1,000	2,251
Disposals	(42)	(198)	(8)	(6)	—	(254)
Depreciation	(19,412)	(9,800)	(192)	(67)	(837)	(30,308)
Exchange realignment	(39,491)	(5,253)	(12)	—	(27)	(44,783)
<b>Closing net book amount as at</b>	<b>441,505</b>	<b>52,967</b>	<b>74</b>	<b>40</b>	<b>834</b>	<b>495,420</b>
<b>31 December 2022 (audited)</b>						

### 13. CONSTRUCTION IN PROGRESS

	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2022 <i>HK\$'000</i> (Audited)
<b>At cost</b>		
At the beginning of the period/year	6,079	5,497
Additions	4,359	1,057
Transferred to property, plant and equipment upon completion ( <i>note 12</i> )	(1,030)	—
Exchange realignment	(415)	(475)
	<b>8,993</b>	6,079

## 14. TRADE AND OTHER RECEIVABLES

Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
<b>Trade and bills receivables</b>		
Trade receivables due from third parties	96,547	71,786
Bills receivables	136	584
	<b>96,683</b>	72,370
Less: ECL allowance of trade receivables	<b>(9,954)</b>	(9,088)
(a)	<b>86,729</b>	63,282
<b>Other receivables</b>		
Deposits, prepayment and other receivables	23,106	36,104
Prepayments to suppliers	3,900	3,850
Value-added tax receivables	3,302	197
	<b>30,308</b>	40,151
Less: ECL allowance of other receivables	<b>(3,287)</b>	(3,437)
	<b>27,021</b>	36,714
	<b>113,750</b>	99,996

Notes:

**(a) Trade and bills receivables**

Management of the Group consider that the fair values of the trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The Group allows a credit period of 0 days to 90 days to its customers. The following is the ageing analysis of the trade and bills receivables, net of ECL allowance, based on the invoice date or transaction date:

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2022 HK\$'000 (Audited)</b>
0 — 30 days	<b>23,936</b>	24,567
31 — 60 days	<b>12,268</b>	11,290
61 — 90 days	<b>12,175</b>	6,231
Over 90 days	<b>38,350</b>	21,194
	<b>86,729</b>	63,282

**15. GOVERNMENT SUBSIDY RECEIVABLES**

The amounts represent subsidies receivables from the government by certain of the subsidiaries of the Company as at 30 June 2023 and 31 December 2022.

## 16. TRADE AND OTHER PAYABLES

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Trade payables	<b>33,008</b>	15,015
Other payables		
— Payables to subcontractors	<b>60,234</b>	73,766
— Deferred government subsidies	<b>11,949</b>	10,452
— Accruals and sundry payables	<b>58,950</b>	55,063
— Receipts in advance	<b>4,617</b>	4,894
	<b>135,750</b>	144,175
	<b>168,758</b>	159,190
Less: Deferred government subsidies included in non-current other payables	<b>(11,064)</b>	(9,629)
	<b>157,694</b>	149,561

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:

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
0 — 30 days	<b>10,262</b>	7,152
31 — 60 days	<b>2,955</b>	2,920
61 — 90 days	<b>3,293</b>	391
Over 90 days	<b>16,498</b>	4,552
	<b>33,008</b>	15,015

## 17. BANK BORROWINGS

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Bank borrowings		
— Unsecured	<b>85,492</b>	87,010
— Secured	<b>208,386</b>	219,728
	<b>293,878</b>	306,738
Less: Amount due within one year shown under current liabilities	<b>(149,072)</b>	(154,098)
Amount due after one year shown under non-current liabilities	<b>144,806</b>	152,640

As at the reporting date and 31 December 2022, the Group's secured bank borrowings were guaranteed by Hubei Port Group, the Company and certain subsidiaries of the Group, and secured by the following assets of the Group:

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
— Property, plant and equipment — port facilities and terminal equipment	<b>4,127</b>	4,423
— Land use rights	<b>17,249</b>	17,491
	<b>21,376</b>	21,914

## 18. OTHER BORROWINGS

		<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
	<i>Notes</i>		
Other borrowings			
— Unsecured	(a)	—	6,000
— Secured		—	—
		—	6,000
Less: Amount due within one year shown under current liabilities		—	(6,000)
		—	—
Amount due after one year shown under non-current liabilities		—	—

*Notes:*

- (a) As at 31 December 2022, except for an amount of HK\$6,000,000 which was interest-free and repayment on demand, the remaining unsecured other borrowings carry effective interest rate at 18.00% per annum and repayable on demand.

## 19. LEASE LIABILITIES

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Total minimum lease payments:		
— Due within one year	<b>1,884</b>	523
— Due in the second to fifth years	<b>11,039</b>	382
	<b>12,923</b>	905
Future finance charges on leases liabilities	<b>(1,074)</b>	(60)
Present value of leases liabilities	<b>11,849</b>	845
Present value of total minimum lease payments:		
— Due within one year	<b>1,797</b>	476
— Due in the second to fifth years	<b>10,052</b>	369
	<b>11,849</b>	845
Less: Portion due within one year included under current liabilities	<b>(1,797)</b>	(476)
Portion due after one year included under non-current liabilities	<b>10,052</b>	369

During the six months period ended 30 June 2023, the total cash outflows for the leases were HK\$968,000 (31 December 2022: HK\$2,593,000).

## 20. SHARE CAPITAL

	As at 30 June 2023		As at 31 December 2022	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each	<b>2,000,000,000</b>	<b>200,000</b>	2,000,000,000	200,000
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.1 each	<b>1,725,066,689</b>	<b>172,507</b>	1,725,066,689	172,507

There was no movement in the Company's share capital during the six months period ended 30 June 2023 and the year ended 31 December 2022.

## 21. CAPITAL COMMITMENTS

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Contracted but not provided for:		
— Construction of property, plant and equipment and investment properties	<b>42,819</b>	63,145

## 22. LOANS FROM IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The loan is unsecured, carried interest rate at 3.85% per annum and due within one year.

## 23. CONNECTED AND RELATED PARTY TRANSACTIONS

The ultimate holding company of the Group is Hubei Port Group, a state-owned enterprise established in the PRC. Hubei Port Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include Hubei Port Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and Hubei Port Group as well as their close family members.

For the six months ended 30 June 2023 and year ended 31 December 2022, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and the corresponding interest income and interest expenses, loans from immediate holding company and ultimate holding company and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in these consolidated financial statements, during the six months ended 30 June 2023, the Group had the following material transactions with related parties:

**(a) During the six months period ended 30 June 2023, the related parties that had transactions with the Group were as follows:**

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Hubei Port	Immediate holding company, and ultimately controlled by SASAC of the Wuhan Municipal People's Government
Hubei Port Group	Ultimate holding company, and ultimately controlled by SASAC of the Wuhan Municipal People's Government
Zall Smart Commerce Group Ltd. ("Zall Smart")	Controlled and beneficially owned by Mr. Yan (Former director of the Company and former controlling shareholder of the Company)
Wuhan Chang Sheng Gang Tong Supply Chain Management Company Limited ("Wuhan Chang Sheng Gang Tong")	Associate of the Group
Wuhan Changjiang Zhilian Port Development Co., Ltd. ("Wuhan Changjiang Zhilian")	Associate of the ultimate holding company

**(b) During the six months ended 30 June 2023, the transactions with related parties of the Group were as follows:**

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Zall Smart	Principal paid on lease liabilities	—	30
Wuhan Chang Sheng Gang Tong	Revenue from property business	—	3,654
Wuhan Changjiang Zhilian	Revenue from property business	<b>3,517</b>	—
Fellow subsidiaries	Revenue from terminal and related services	<b>2,002</b>	—
	Revenue from integrated logistics services	<b>137</b>	—
	Cost of services for port logistics services	<b>409</b>	—
	Cost of services for container handling, storage and other services	<b>4,191</b>	—
Hubei Port	Interest expenses on loans from shareholders	<b>134</b>	583
Hubei Port Group	Interest expenses on loans from shareholders	<b>2,161</b>	452

Transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business. The related party transactions with fellow subsidiaries also constitute continuing connected transactions under Chapter 14A of the Listing Rules.

**(c) Balances with related parties**

***Amount due from related companies***

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Fellow subsidiaries	<b>1,477</b>	830

The amount due is unsecured, interest-free and repayable on demand.

**Balances with fellow subsidiaries**

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2022 HK\$'000 (Audited)</b>
Prepayments	—	27
Trade and other receivables	<b>5,266</b>	2,817
Trade and other payables	<b>3,766</b>	925

**Balances with Wuhan Changjiang Zhilian**

	<b>As at 30 June 2023 HK\$'000</b>	<b>As at 31 December 2022 HK\$'000</b>
Trade and other receivables	<b>3,580</b>	1,881

**Amount due (to)/from an associate**

	<b>As at 30 June 2023 HK\$'000</b>	<b>As at 31 December 2022 HK\$'000</b>
Wuhan Chang Sheng Gang Tong	<b>(51)</b>	414

**(d) Compensation of key management personnel**

The remuneration of Directors and other key management personnel during the periods were as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, allowances and other benefits	<b>180</b>	2,069
Pension contributions	<b>45</b>	23
	<b>225</b>	2,092

**24. FAIR VALUES**

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2023 and 31 December 2022.

## Disclosure of interests

### **Directors' and chief executives' interests and short positions in the shares and underlying shares or debentures of the Company or its associated corporations**

As at 30 June 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) (Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are being taken or deemed to have taken under such provision of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

## Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the Company

So far as was known to the Directors, as at 30 June 2023, the persons (not being Directors or chief executives of the Company) whose interests and short positions in the shares or underlying shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO, or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

### Long and short positions in Shares

Substantial shareholders

Name of shareholder	Capacity	As at 30 June 2023	
		Number of Shares (Notes 1, 2)	Approximate percentage of total number of Shares in issue (Note 3)
Hubei Port (Hong Kong) International Limited ("Hubei Port")	Beneficial owner	1,293,429,911(L)	74.98%
Mr. Wang Kaiwei	Beneficial owner	132,312,615(L)	7.67%
Zall Holdings Company Limited	Interest of controlled corporation Beneficial owner	86,428,000(L)	5.01%

Notes:

1. The letter “L” denotes a long position.
2. Hubei Port is wholly owned by Hubei Port Group Company Limited\* (湖北港口集團有限公司), which in turn are owned as to approximately 82.8571% 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), approximately 4.2857% by State-owned Assets Supervision and Administration Commission of Xianning Municipal People’s Government\* (咸寧市人民政府國有資產監督管理委員會), approximately 4.2857% by State-owned Assets Supervision and Administration Commission of Ezhou Municipal People’s Government\* (鄂州市人民政府國有資產監督管理委員會), approximately 4.2857% by State-owned Assets Supervision and Administration Commission of Huanggang Municipal People’s Government\* (黃岡市人民政府國有資產監督管理委員會) and approximately 4.2857% by State-owned Assets Supervision and Administration Commission of Huangshi Municipal People’s Government\* (黃石市人民政府國有資產監督管理委員會).
3. Based on 1,725,066,689 Shares in issue as at 30 June 2023.

## 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.

## Details of the Share Option Scheme

### **(1) Purpose**

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that any full-time employees, executives, officers or directors (including executive and non-executive directors) of the Company or any of its subsidiaries and any advisors, consultants, suppliers, agents, business affiliates and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group (the “**Eligible Participants**”) had made, may have made or will make to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

### **(2) Participants**

The Board may, at its discretion, offer to grant an option to the Eligible Participants to subscribe for such number of new Shares as the Board may determine at a subscription price determined in accordance with the Share Option Scheme.

### **(3) The maximum number of Shares available for issue**

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which the Share Option Scheme was adopted, and such 10% limit represents 172,506,668 Shares. 172,506,668 Shares represents approximately 9.99% of the total Shares in issue as at 30 June 2023.

**(4) *The maximum entitlement of each participant***

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

**(5) *Time of acceptance and exercise of option***

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. Subject to early termination by the Company at a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for which an option must be held by a grantee before it can be exercised.

**(6) *Subscription price for Shares and consideration for the option***

The subscription price per Share under the Share Option Scheme will be a price determined by the Board in its absolute discretion, save that such price must be at least the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of the grant of an option.

### **(7) *The remaining life of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 25 May 2018.

For further details of the Share Option Scheme, please refer to the announcement dated 9 April 2018 and the circular dated 24 April 2018 of the Company.

### **(8) *Details of the share option granted***

As of 30 June 2023, there were no share options granted under the Share Option Scheme.

## **Director's right to acquire shares or debentures**

During the six months ended 30 June 2023, none of the Directors was granted any options to subscribe for the Shares.

## **Financial resources and liquidity**

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

As at 30 June 2023, the Group had total outstanding interest-bearing borrowings of HK\$413.26 million (31 December 2022: HK\$427.29 million). The Group also had total cash and cash equivalents of HK\$61.71 million (31 December 2022: HK\$86.30 million) and consolidated net assets of HK\$841.03 million (31 December 2022: HK\$881.57 million).

As at 30 June 2023, the Group's net gearing ratio was 0.5 times (31 December 2022: 0.4 times). The calculation of the gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 30 June 2023, the Group's net current liabilities was HK\$216.27 million (31 December 2022: HK\$239.08 million), and current assets was HK\$212.52 million (31 December 2022: HK\$200.52 million) and current liabilities was HK\$428.79 million (31 December 2022: HK\$439.60 million), representing a current ratio of 0.5 times (31 December 2022: 0.5 times).

## **Exchange rate risk**

The Group operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, the Directors consider that the Group had no significant foreign currency risk during the six months ended 30 June 2023.

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

There were no significant investments, material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

## **Capital commitments**

As at 30 June 2023, the Group had capital commitments in respect of the construction of port facilities contracted for but not provided for amounting to HK\$42.82 million (31 December 2022: HK\$63.15 million).

## **Contingent liabilities**

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

## **Pledge of assets**

As at 30 June 2023, the Group has pledged certain port facilities and terminal equipment, as well as land use rights with carrying amount of approximately HK\$4.13 million (31 December 2022: HK\$4.42 million) and HK\$17.25 million (31 December 2022: HK\$17.49 million), respectively, to secure bank and other borrowings granted to the Group.

## Capital structure

As at 30 June 2023, the Group's total equity amounted to HK\$841.03 million (31 December 2022: HK\$881.57 million).

## Employee information

As at 30 June 2023, the Group had employed 369 employees (31 December 2022: 369 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 interim report.

## 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 2023. 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 2023 (2022 Interim Period: Nil).

## Purchase, redemption or sale of listed securities

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## Compliance with Code on Corporate Governance Practice

The Company has been in compliance with the code provisions as set out in the Corporate Governance Code (“**CG Code**”) in Part 2 of Appendix 14 to the Listing Rules during the six months ended 30 June 2023.

## Compliance with Model Code for Securities Transactions by Directors

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

Specific enquiry has been made to all Directors, who have confirmed that, during the six months ended 30 June 2023, each of them was in compliance with the required standard as set out in the Model Code.

## Changes in information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2022 are set out as follows:

Mr. Chau Kwok Keung, the independent non-executive Director, has resigned as an independent non-executive director, the chairman of the audit committee, a member of the remuneration and appraisal committee and a member of the nomination committee of Suzhou Basecare Medical Corporation Limited, a company listed on the Stock Exchange (Stock Code: 2170) with effect from 14 June 2023. Mr. Chau was also appointed by Laekna, Inc., a company listed on the Stock Exchange (Stock Code: 2105), as its independent non-executive director, the chairman of the audit committee and a member of the remuneration committee with effect from 16 June 2023.

Dr. Mao Zhenhua, the independent non-executive Director, was appointed by China SCE Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1966), as its independent non-executive director, a member of the audit committee, a member of the nomination committee and a member of the cooperate governance committee with effect from 30 May 2023.

Save as disclosed above, during the six months ended 30 June 2023 and up to the date of this interim report, there were no other information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **Important 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 interim report.

## **Review by the Audit Committee**

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, 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 2023 is unaudited and have not been reviewed by external auditors but have been reviewed by the Audit Committee. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and has discussed the auditing, internal control, risk management and financial reporting matters.

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

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

Hong Kong, 23 August 2023

*As at the date of this report, 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*