



中國基建港口有限公司\*  
CIG Yangtze Ports PLC

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8233)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

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*This announcement, for which the directors (the “Directors”) of CIG Yangtze Ports PLC (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this announcement misleading.*

## Highlights

### For the six months ended 30 June 2015

Comparing to the corresponding six months ended 30 June 2014:

- Revenue decreased by 7.1% to HK\$87.18 million (2014: HK\$93.83 million) mainly due to the net effect of the increase in revenue of HK\$8.05 million in the terminal service business and the decrease in revenue of HK\$14.35 million in the integrated logistics service business due to the expiration of the contract with a major customer with revenue amounted to HK\$26.11 million for the period ended 30 June 2014 which was only partially compensated by the new business through the successful introduction of new customers
- Overall container throughput increased by 4.8% to 199,256 TEUs (2014: 190,094 TEUs) with gateway cargoes throughput increased by 11.2% to 129,538 TEUs (2014: 116,521 TEUs) and the trans-shipment cargoes throughput decreased by 5.2% to 69,718 TEUs (2014: 73,573 TEUs)
- The Group's market share of container throughput in Wuhan increased from 39% to 41% for the period of 2015
- Gross profit increased by 28.1% to HK\$47.24 million (2014: HK\$36.88 million) and gross profit margin increased from 39.3% to 54.2%. The improvements in gross profit and gross profit margin were mainly attributable to higher mix of gateway cargo containers with relatively higher tariff and margin than trans-shipment cargo containers handled; certain increase in tariff for terminal service which was applied retrospectively from 1 January 2015; and the additional contribution from the integrated logistics service business with the new business generating relatively higher margin than the discontinued business from a major customer with relatively lower margin which it replaces
- EBITDA increased by 38.0% to HK\$33.92 million (2014: HK\$24.59 million) as a result of higher gross profit generated from both the terminal service and the integrated logistics service businesses as compared to the same period of 2014
- Profit for the period amounted to HK\$10.22 million (2014: HK\$4.96 million)
- Net profit attributable to owners of the Company increased by 118.3% to HK\$7.63 million (2014: HK\$3.49 million)

### For the three months ended 30 June 2015

Comparing to the corresponding three months in 2014:

- Revenue decreased by 0.9% to HK\$48.40 million (2014: HK\$48.85 million) mainly due to the net effect of the increase in revenue of HK\$5.16 million in the terminal service business and the decrease in revenue of HK\$4.80 million in the integrated logistics service business due to the expiration of the contract with a major customer with revenue amounted to HK\$11.88 million which was partially compensated by the increase in new business through the successful introduction of new customers
- Overall container throughput increased by 2.8% to 103,602 TEUs (2014: 100,772 TEUs) with gateway cargoes throughput increased by 11.1% to 69,057 TEUs (2014: 62,146 TEUs) and the trans-shipment cargoes throughput decreased by 10.6% to 34,545 TEUs (2014: 38,626 TEUs)
- Gross profit increased by 38.3% to HK\$27.33 million (2014: HK\$19.76 million) and gross profit margin increased from 40.5% to 56.5% which were in line with and for the same reasons as referred to in the highlight for the six months ended 30 June 2015 above

- EBITDA increased by 34.5% to HK\$21.41 million (2014: HK\$15.93 million) as a result of higher gross profit generated from both the terminal service and the integrated logistics service businesses as compared to the same period of 2014
- Profit for the period amounted to HK\$8.58 million (2014: HK\$5.19 million)
- Net profit attributable to owners of the Company increased by 63.0% to HK\$6.80 million (2014: HK\$4.17 million)

## Management commentary

### Results

	Six months ended		Three months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<b>87,177</b>	93,833	<b>48,396</b>	48,845
Cost of service rendered	<u>(39,937)</u>	<u>(56,953)</u>	<u>(21,070)</u>	<u>(29,083)</u>
Gross profit	<b>47,240</b>	36,880	<b>27,326</b>	19,762
Other income	<b>446</b>	539	<b>254</b>	491
General, administrative and other operating expenses	<u>(13,769)</u>	<u>(12,833)</u>	<u>(6,167)</u>	<u>(4,327)</u>
Operating profit/EBITDA	<b>33,917</b>	24,586	<b>21,413</b>	15,926
Finance costs	<u>(11,010)</u>	<u>(11,411)</u>	<u>(6,127)</u>	<u>(6,674)</u>
EBTDA	<b>22,907</b>	13,175	<b>15,286</b>	9,252
Depreciation and amortisation	<u>(8,962)</u>	<u>(8,218)</u>	<u>(4,395)</u>	<u>(4,065)</u>
Profit before income tax	<b>13,945</b>	4,957	<b>10,891</b>	5,187
Income tax expense	<u>(3,727)</u>	—	<u>(2,308)</u>	—
Profit for the period	<b>10,218</b>	4,957	<b>8,583</b>	5,187
Non-controlling interests	<u>(2,590)</u>	<u>(1,463)</u>	<u>(1,779)</u>	<u>(1,014)</u>
Profit attributable to owners of the Company	<u><b>7,628</b></u>	<u>3,494</u>	<u><b>6,804</b></u>	<u>4,173</u>

## Review of operation

### Overall business environment

The principal activities of CIG Yangtze Ports PLC (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are investment in and development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group. As a deep water regional container hub port at the mid-stream of Yangtze River and a feeder port to Shanghai, the WIT Port plays a key role in the transportation of container cargoes to and from Wuhan and surrounding areas along the Yangtze River corridor, including the upstream areas of Chongqing and neighbouring provinces.

### Operating results

#### Revenue

	Six months ended 30 June					
	2015		2014		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	47,946	55	39,899	43	8,047	20
Integrated logistics service	29,565	34	43,916	47	(14,351)	(33)
Container handling, storage & other service	9,602	11	9,797	10	(195)	(2)
General and bulk cargoes handling service	64	—	221	—	(157)	(71)
	<u>87,177</u>	<u>100</u>	<u>93,833</u>	<u>100</u>	<u>(6,656)</u>	<u>(7)</u>
Three months ended 30 June						
	2015		2014		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	26,547	55	21,387	44	5,160	24
Integrated logistics service	16,978	35	21,781	45	(4,803)	(22)
Container handling, storage & other service	4,829	10	5,577	11	(748)	(13)
General and bulk cargoes handling service	42	—	100	—	(58)	(58)
	<u>48,396</u>	<u>100</u>	<u>48,845</u>	<u>100</u>	<u>(449)</u>	<u>1</u>

For the six months ended 30 June 2015, the Group's revenue amounted to HK\$87.18 million (2014: HK\$93.83 million), representing a decrease of HK\$6.66 million or 7.1% as compared to the corresponding period of 2014. The decrease in revenue was mainly due to the net effect of the increase

in revenue of HK\$8.05 million in the terminal service business and the decrease in revenue of HK\$14.35 million in the integrated logistics service business upon cessation of the logistics service provided to a major customer with revenue of HK\$26.11 million for the six months ended 30 June 2014 due to the expiration of the contract which was only partially compensated by the new business through the successful introduction of new customers.

Revenue from terminal service increased by 20.2% compared to the six months ended 30 June 2014 reflected the higher level of containers handled and certain increase in tariff which took effect retrospectively from 1 January 2015.

For the three months ended 30 June 2015, the Group's revenue amounted to HK\$48.40 million (2014: HK\$48.85 million), representing a decrease of HK\$0.45 million or 0.9% as compared to the corresponding period of 2014, which was in line with that for the six months ended 30 June 2015.

### *Terminal and related business*

#### *Container throughput*

	Six months ended 30 June					
	2015		2014		Increase (Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	129,538	65	116,521	61	13,017	11
Trans-shipment cargoes	<u>69,718</u>	<u>35</u>	<u>73,573</u>	<u>39</u>	<u>(3,855)</u>	(5)
	<u>199,256</u>	<u>100</u>	<u>190,094</u>	<u>100</u>	<u>9,162</u>	5
	Three months ended 30 June					
	2015		2014		Increase (Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	69,057	67	62,146	62	6,911	11
Trans-shipment cargoes	<u>34,545</u>	<u>33</u>	<u>38,626</u>	<u>38</u>	<u>(4,081)</u>	(11)
	<u>103,602</u>	<u>100</u>	<u>100,772</u>	<u>100</u>	<u>2,830</u>	3

The throughput for the six months ended 30 June 2015 was 199,256 TEUs, representing an increase of 9,162 TEUs or 4.8% higher than that of 190,094 TEUs for the corresponding period in 2014. Of the 199,256 TEUs handled, 129,538 TEUs or 65.0% (2014: 116,521 TEUs or 61.3%) and 69,718 TEUs or 35.0% (2014: 73,573 TEUs or 38.7%) were attributable to gateway cargoes and trans-shipment cargoes respectively.

The throughput for the three months ended 30 June 2015 was 103,602 TEUs, representing an increase of 2,830 TEUs or 2.8% higher than that of 100,772 TEUs for the same period in 2014.

### *Average tariff*

Tariff which were dominated in Renminbi (“**RMB**”), were converted into HK\$, the reporting currency of the Group. The average tariff for gateway cargoes for the six months ended 30 June 2015 was RMB267 (HK\$333) per TEU (2014: RMB244 (HK\$305) per TEU), an increase of 9.4% compared to that of the corresponding period of 2014. The average tariff for trans-shipment cargoes was RMB86 (HK\$108) per TEU (2014: RMB48 (HK\$60) per TEU) which was increased by 79.2% compared to that of the corresponding period of 2014. The increase in average tariff per TEU was mainly attributable to (i) the higher mix of gateway cargo containers with relatively higher tariff than trans-shipment cargo containers; (ii) the increase in tariff for container handling services to certain customers which took effect retrospectively from 1 January 2015; and, to a lesser extent, the higher mix of loaded containers than empty containers with the former attracting higher tariff.

### *Market share*

In terms of market share, for the six months ended 30 June 2015, Group’s market share increased by 5% to 41% (2014: 39%) as compared to the 2% overall increase in containers to 491,612 TEUs (2014: 482,409 TEUs) handled for the whole of Wuhan. The Group has been developing the multi-purpose port adjacent to the WIT Port. This multi-purpose port will be put into operation by the third quarter of this year, adding an additional 200,000 TEUs per annum to the existing handling capacity of the Group.

### **Integrated logistics service business**

Revenue generated from the integrated logistics service business decreased to HK\$29.57 million (2014: HK\$43.92 million) which accounted for 33.9% (2014: 46.8%) and HK\$16.98 million (2014: HK\$21.78 million) which accounted for 35.1% (2014: 44.6%) of the Group’s total revenue for the six months ended 30 June 2015 and the three months ended 30 June 2015 respectively. The integrated logistics service business of the Group provides agency and logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management services. The decrease in revenue was mainly due to the non-renewal of the contract with a major customer with revenue of HK\$26.11 million and HK\$11.88 for the six months ended 30 June 2014 and three months ended 30 June 2014 respectively. Netting off the effect of the loss of business from one of the Group’s major customer, revenue increased by HK\$11.76 million and HK\$7.08 million for the six months ended 30 June 2015 and three months ended 30 June 2015 respectively reflected the establishment of new business through the successful introduction of new customers.

### **Gross profit and gross profit margin**

Gross profit for the six months ended 30 June 2015 was HK\$47.24 million, representing an increase of HK\$10.36 million as compared with the corresponding period of 2014. Gross profit for the three months ended 30 June 2015 was HK\$27.33 million, with an increase of HK\$7.56 million as compared with the corresponding period of 2014. This reflected the higher contribution from both the terminal and related business and the integrated logistics service business.

Gross profit margins for the six months and three months ended 30 June 2015 are 54.2% and 56.5% of revenue, respectively as compared with a gross profit margin of 39.3% and 40.5% of revenue in the respective corresponding periods in 2014. The increment was due to (a) the increase in Group's turnover of the terminal and related business as a result of (i) higher gateway cargo throughput which was marginally offset by the drop in the trans-shipment cargo throughput; and (ii) certain uplift in tariff during the six months ended 30 June 2015; and (b) the improvement in gross profit margin of the Group's integrated logistics service business with the introduction of new business contributing relatively higher profit margin than the business from a major customer which was lost due to the expiration of the contract.

### **Profit for the period**

Profit for the six months ended 30 June 2015 amounted to HK\$10.22 million (2014: HK\$4.96 million) and profit for the three months ended 30 June 2015 amounted to HK\$8.58 million (2014: HK\$5.19 million). The improvement was mainly attributable to the increase in Group's gross profit and gross profit margin from both the terminal and related business and the integrated logistics service business.

Earnings per share attributable to owners of the Company for the six months ended 30 June 2015 was HK0.65 cents as compared with HK0.30 cents for the same period in 2014. Earnings per share for the three months ended 30 June 2015 was HK0.58 cents compared with HK0.35 cents for the same period in 2014 and HK0.07 cents for the first three months of 2015, respectively.

### **Forward looking observations**

Looking ahead, we continue to be confident on the future prospects of the port business in the PRC especially the inner river ports. The earlier pronounced national strategies and focuses of Chinese central government on the implementation of the "one belt one road 一帶一路" and "Yangtze River Economic Belt 長江經濟帶", which Wuhan was featured as one of the key centres of development along the belt, is expected to provide further government policy support to the continuing long-term economic development of Wuhan. This will, in turn, provide additional impetus to the development of integrated transport infrastructure development and growth in cargoes to the ports in Wuhan, including our Group's WIT Port and the multi-purpose port which is under construction.

The multi-purpose port, which the Group is developing, is expected to be put into operation by the third quarter this year, adding an additional 200,000 TEUs per annum to the existing handling capacity of the Group.

## Half year results

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited condensed consolidated half year results of the Group for the six months and three months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014 (the “**Half Year Results**”) which have been reviewed and approved by the audit committee of the Company (the “**Audit Committee**”), as follows:

### Condensed consolidated statement of comprehensive income

For the six months and three months ended 30 June 2015

	<i>Note</i>	Six months ended 30 June		Three months ended 30 June	
		2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
<b>Revenue</b>	5	<b>87,177</b>	93,833	<b>48,396</b>	48,845
Cost of service rendered		<u>(39,937)</u>	<u>(56,953)</u>	<u>(21,070)</u>	<u>(29,083)</u>
<b>Gross profit</b>		<b>47,240</b>	36,880	<b>27,326</b>	19,762
Other income		<b>446</b>	539	<b>254</b>	491
Other operating expenses		<b>(8,266)</b>	(7,723)	<b>(3,983)</b>	(3,836)
General and administrative expenses		<b>(14,465)</b>	(13,328)	<b>(6,579)</b>	(4,556)
Finance costs		<b>(11,010)</b>	(11,411)	<b>(6,127)</b>	(6,674)
<b>Profit before income tax</b>	6	<b>13,945</b>	4,957	<b>10,891</b>	5,187
Income tax expense	7	<u>(3,727)</u>	—	<u>(2,308)</u>	—
<b>Profit for the period</b>	5	<b>10,218</b>	4,957	<b>8,583</b>	5,187
<b>Other comprehensive income</b>					
<b>Item that may be reclassified</b>					
<b>subsequently to profit or loss</b>					
Exchange loss on translation of foreign operations		<u>(1,561)</u>	<u>(4,704)</u>	<u>—</u>	<u>(2)</u>
<b>Total comprehensive income for the period</b>		<u><b>8,657</b></u>	<u>253</u>	<u><b>8,583</b></u>	<u>5,185</u>



	Six months ended		Three months ended	
	30 June		30 June	
	2015	2014	2015	2014
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Profit for the period attributable to:</b>				
Owners of the Company	7,628	3,494	6,804	4,173
Non-controlling interests	<u>2,590</u>	<u>1,463</u>	<u>1,779</u>	<u>1,014</u>
	<u>10,218</u>	<u>4,957</u>	<u>8,583</u>	<u>5,187</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	6,281	(581)	6,804	4,172
Non-controlling interests	<u>2,376</u>	<u>834</u>	<u>1,779</u>	<u>1,013</u>
	<u>8,657</u>	<u>253</u>	<u>8,583</u>	<u>5,185</u>
<b>Basic and diluted earnings per share for the period attributable to owners of the Company</b>				
	9 <u>HK0.65 cents</u>	<u>HK0.30 cents</u>	<u>HK0.58 cents</u>	<u>HK0.35 cents</u>

## Condensed consolidated statement of financial position

As at 30 June 2015 and 31 December 2014

	<i>Note</i>	<b>30 June 2015 HK\$'000 (unaudited)</b>	<b>31 December 2014 HK\$'000 (audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	309,940	317,894
Land use rights		24,805	25,278
Construction in progress	10	<u>86,890</u>	<u>61,527</u>
		<u>421,635</u>	<u>404,699</u>
<b>Current assets</b>			
Inventories		4,849	4,626
Trade and bills receivables	11	73,381	74,675
Prepayments, deposits and other receivables		63,465	41,832
Government subsidy receivables		7,090	6,178
Restricted cash		—	6,300
Cash and cash equivalents		<u>3,884</u>	<u>43,790</u>
		<u>152,669</u>	<u>177,401</u>
<b>Current liabilities</b>			
Trade payables	12	14,039	10,871
Accruals and other payables	13	9,056	19,055
Income tax payable		2,588	3,676
Interest-bearing borrowings	14	<u>58,534</u>	<u>123,165</u>
		<u>84,217</u>	<u>156,767</u>
<b>Net current assets</b>		<u>68,452</u>	<u>20,634</u>
<b>Total assets less current liabilities</b>		<u>490,087</u>	<u>425,333</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	14	238,636	184,458
Other payables	13	4,806	4,887
Amount due to a shareholder	15	<u>31,700</u>	<u>29,700</u>
		<u>275,142</u>	<u>219,045</u>
<b>Net assets</b>		<u>214,945</u>	<u>206,288</u>
<b>Equity</b>			
Share capital	16	117,706	117,706
Reserves		<u>63,507</u>	<u>57,226</u>
<b>Equity attributable to owners of the Company</b>		<u>181,213</u>	<u>174,932</u>
Non-controlling interests		<u>33,732</u>	<u>31,356</u>
<b>Total equity</b>		<u>214,945</u>	<u>206,288</u>

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Foreign exchange reserve HK\$'000	Accumulated losses HK\$'000			
<b>At 1 January 2015</b>	<b>117,706</b>	<b>63,018</b>	<b>26,591</b>	<b>(32,383)</b>	<b>174,932</b>	<b>31,356</b>	<b>206,288</b>
<b>Profit for the period</b>	—	—	—	7,628	7,628	2,590	10,218
<b>Other comprehensive income for the period</b>	—	—	(1,347)	—	(1,347)	(214)	(1,561)
<b>Total comprehensive income for the period</b>	—	—	(1,347)	7,628	6,281	2,376	8,657
<b>At 30 June 2015 (unaudited)</b>	<b>117,706</b>	<b>63,018</b>	<b>25,244</b>	<b>(24,755)</b>	<b>181,213</b>	<b>33,732</b>	<b>214,945</b>
At 1 January 2014	117,706	63,018	29,364	(57,973)	152,115	25,668	177,783
Profit for the period	—	—	—	3,494	3,494	1,463	4,957
Other comprehensive income for the period	—	—	(4,075)	—	(4,075)	(629)	(4,704)
Total comprehensive income for the period	—	—	(4,075)	3,494	(581)	834	253
At 30 June 2014 (unaudited)	117,706	63,018	25,289	(54,479)	151,534	26,502	178,036

**Condensed consolidated statement of cash flows***For the six months ended 30 June 2015*

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Operating activities</b>		
<b>Cash generated from operations</b>	<b>46,424</b>	(16,527)
Tax paid	<u>(7,112)</u>	<u>—</u>
<b>Net cash generated from (used in) operating activities</b>	<u><b>39,312</b></u>	<u>(16,527)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(3,286)	(571)
Payment for construction in progress	(25,823)	(2,512)
Proceeds from disposal of property, plant and equipment	571	110
Other cash flows arising from investing activities	<u>(44,327)</u>	<u>—</u>
Net cash used in investing activities	<u>(72,865)</u>	<u>(2,973)</u>
<b>Financing activities</b>		
Advance from a shareholder	2,000	500
Repayment of bank borrowings	(114,722)	(9,969)
Proceeds from bank borrowings	106,369	20,938
Other cash flows arising from financing activities	<u>—</u>	<u>(7,491)</u>
Net cash (used in) generated from financing activities	<u>(6,353)</u>	<u>3,978</u>
Net decrease in cash and cash equivalents	(39,906)	(15,522)
Cash and cash equivalents at 1 January	<u>43,790</u>	<u>46,254</u>
Cash and cash equivalents at 30 June	<u><u>(3,884)</u></u>	<u><u>30,732</u></u>

## **Notes to the condensed consolidated financial statements**

*For the six months and three months ended 30 June 2015*

### **1. Corporate information**

The Company was incorporated in the Cayman Islands on 17 January 2003 as an exempted company with limited liability and its issued shares are listed on The Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The head office of the Company is located at Suite 1606, 16/F., Two Exchange Square, Central, Hong Kong.

The Company’s immediate holding company is Zall Infrastructure Investments Company Limited, a limited liability company incorporated in the British Virgin Islands. The directors consider the ultimate holding company to be Zall Holdings Company Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company and the principal activities of Wuhan International Container Company Limited (“WIT”), the major operating subsidiary, are port construction and operation.

This condensed consolidated financial information is unaudited, but has been reviewed by Grant Thornton Hong Kong Limited (“Grant Thornton”) in accordance with International Standards on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### **2. Basis of preparation**

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with applicable disclosure provisions of GEM Listing Rules including compliance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

### **3. Principal accounting policies**

The accounting policies used in the interim financial report are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, all amendments issued by the IASB, which are relevant to and effective for the accounting period beginning on 1 January 2015. The adoption of these amendments has no material impact on the results and financial position for the current and prior periods.

The Group has not early adopted any new and amended IFRSs that have been published but are not yet effective.

### **4. Critical Accounting Estimates and Judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

## 5. Segmental information

### (a) Operating segments

The Group has presented into two reportable segments — terminal and related business and integrated logistics service business.

Terminal and related business: Provision of terminal service, container handling, storage and other service, general and bulk cargo handling services.

Integrated logistics service business: Rendering agency and logistics services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management.

Segment profit represents the profit earned by each segment without allocation of corporate income and expenses and director's emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose 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.

For the six months ended 30 June 2015

	Terminal and related business HK\$'000 (unaudited)	Integrated logistics service business HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Unallocated corporate expenses HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customer	57,612	29,565	—	—	87,177
Inter-segment revenue	4,523	—	(4,523)	—	—
Reportable segment revenue	<u>62,135</u>	<u>29,565</u>	<u>(4,523)</u>	<u>—</u>	<u>87,177</u>
Segment results	28,093	385	—	—	28,478
Interest income	37	—	—	—	37
Finance costs	(10,554)	(456)	—	—	(11,010)
Corporate and other unallocated expenses	—	—	—	(3,560)	(3,560)
Profit (Loss) before income tax	17,576	(71)	—	(3,560)	13,945
Income tax expense	(3,513)	(214)	—	—	(3,727)
Profit (Loss) for the period	<u>14,063</u>	<u>(285)</u>	<u>—</u>	<u>(3,560)</u>	<u>10,218</u>

For the six months ended 30 June 2014

	Terminal and related business <i>HK\$'000</i> (unaudited)	Integrated logistics service business <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Unallocated corporate expenses <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue from external customer	49,917	43,916	—	—	93,833
Inter-segment revenue	<u>925</u>	<u>—</u>	<u>(925)</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u><u>50,842</u></u>	<u><u>43,916</u></u>	<u><u>(925)</u></u>	<u><u>—</u></u>	<u><u>93,833</u></u>
Segment results	18,243	1,446	—	—	19,689
Interest income	84	—	—	—	84
Finance costs	(9,601)	(1,810)	—	—	(11,411)
Corporate and other unallocated expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,405)</u>	<u>(3,405)</u>
Profit (Loss) before income tax	8,726	(364)	—	(3,405)	4,957
Income tax expense	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit (Loss) for the period	<u><u>8,726</u></u>	<u><u>(364)</u></u>	<u><u>—</u></u>	<u><u>(3,405)</u></u>	<u><u>4,957</u></u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2015 and 31 December 2014:

As at 30 June 2015

	Terminal and related business <i>HK\$'000</i> (unaudited)	Integrated logistics service business <i>HK\$'000</i> (unaudited)	Unallocated corporate assets (liabilities) <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Assets and liabilities				
Segment assets	<b>543,501</b>	<b>30,614</b>	<b>189</b>	<b>574,304</b>
Segment liabilities	<u><b>(298,945)</b></u>	<u><b>(25,760)</b></u>	<u><b>(34,654)</b></u>	<u><b>(359,359)</b></u>
	<u><u><b>244,556</b></u></u>	<u><u><b>4,854</b></u></u>	<u><u><b>(34,465)</b></u></u>	<u><u><b>214,945</b></u></u>

As at 31 December 2014

	Terminal and related business <i>HK\$'000</i> (audited)	Integrated logistics service business <i>HK\$'000</i> (audited)	Unallocated corporate assets (liabilities) <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
Assets and liabilities				
Segment assets	526,911	54,612	577	582,100
Segment liabilities	<u>(306,631)</u>	<u>(38,008)</u>	<u>(31,173)</u>	<u>(375,812)</u>
	<u>220,280</u>	<u>16,604</u>	<u>(30,596)</u>	<u>206,288</u>

**(b) Geographical information**

All reportable segment revenue for 2015 and 2014 were sourced from external customers located in the PRC. In addition, over 99% (2014: 99%) of the non-current assets of the Group as at the reporting date were physically located in PRC. No geographic information is presented.

**6. Profit before income tax**

Profit before income tax has been arrived at after charging (crediting) the following:

	Six months ended 30 June		Three months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Cost of services rendered	45,527	61,449	24,274	31,392
Less: Government subsidiaries	<u>(5,590)</u>	<u>(4,496)</u>	<u>(3,204)</u>	<u>(2,309)</u>
	<u>39,937</u>	<u>56,953</u>	<u>21,070</u>	<u>29,083</u>
Depreciation and amortisation	<u>8,962</u>	<u>8,218</u>	<u>4,395</u>	<u>4,065</u>

**7. Income tax expense**

	Six months ended 30 June		Three months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Current tax				
— PRC enterprised income tax	<u>3,727</u>	<u>—</u>	<u>2,308</u>	<u>—</u>



In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction which exceeds 15 years, upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the “5-Year Exemption Entitlement”) and a 50% reduction for five years thereafter (the “5-Year 50% Tax Reduction Entitlement”). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, ended on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

Other than WIT, corporate income tax has been provided at the rate of 25% on the estimated assessable profits derived by companies in the PRC.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose for the reporting period.

## **8. Dividend**

The directors do not recommend the payment of a dividend in respect of the first half of 2015 (2014: Nil).

## **9. Earnings per share**

The calculation of basic earnings per share for the six months and three months ended 30 June 2015 is based on the net profit for each of the period attributable to owners of the Company and on the weighted average number of 1,177,056,180 shares (2014: 1,177,056,180 shares) and 1,177,056,180 shares (2014: 1,177,056,180 shares) in issue during the periods respectively.

Dilutive EPS is same as the basic earnings per share for the both period ended 30 June 2015 and 2014, as there were no dilutive potential ordinary shares in existence during the period.

## **10. Property, plant and equipment and construction in progress**

### *Addition and disposals*

During the six months ended 30 June 2015, the Company had an addition of property, plant and equipment with a cost of HK\$3,286,000 (six months ended 30 June 2014: HK\$571,000). Items of plant and equipment with a net book value of HK\$571,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$110,000) without gain or loss (six months ended 30 June 2014: HK\$nil).

During the six months ended 30 June 2015, the Company had an addition of construction in progress with a cost of HK\$25,823,000 (six months ended 30 June 2014: HK\$2,512,000).

## 11. Trade and bills receivables

The Group allows a credit period of 30 days to 150 days to its trade customers.

An ageing analysis of the trade receivables as at the end of the reporting period based on the invoice date and net of provision, is as follows:

	<b>30 June 2015 HK\$'000 (unaudited)</b>	31 December 2014 HK\$'000 (audited)
Within 30 days	14,675	26,385
31–60 days	13,375	13,772
61–90 days	11,336	11,677
Over 90 days	<u>33,995</u>	<u>22,841</u>
	<u><b>73,381</b></u>	<u><b>74,675</b></u>

## 12. Trade payables

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice dates is as follows:

	<b>30 June 2015 HK\$'000 (unaudited)</b>	31 December 2014 HK\$'000 (audited)
Within 30 days	4,131	6,377
31–60 days	3,760	1,764
61–90 days	2,263	1,110
Over 90 days	<u>3,885</u>	<u>1,620</u>
	<u><b>14,039</b></u>	<u><b>10,871</b></u>

**13. Accruals and other payables**

	<b>30 June 2015 HK\$'000 (unaudited)</b>	31 December 2014 HK\$'000 (audited)
Payables to contractors and equipment suppliers	1,778	12,788
Deferred government subsidies	4,902	4,983
Accruals and other payables	<u>7,182</u>	<u>6,171</u>
	<b>13,862</b>	23,942
Less: Deferred government subsidies included in non-current other payables	<u>(4,806)</u>	<u>(4,887)</u>
	<u><b>9,056</b></u>	<u>19,055</u>

**14. Interest-bearing borrowings**

	<b>30 June 2015 HK\$'000 (unaudited)</b>	31 December 2014 HK\$'000 (audited)
Bank loans		
Unsecured	141,095	150,444
Secured	<u>156,075</u>	<u>157,179</u>
	<b>297,170</b>	307,623
Current portion	<u>(58,534)</u>	<u>(123,165)</u>
Non-current portion	<u><b>238,636</b></u>	<u>184,458</u>

**15. Amount due to a shareholder**

The amount due to a shareholder, who is also a director of the Company, was unsecured, interest free and will not be repayable within 12 months from the reporting date.

## 16. Share capital

	30 June 2015		31 December 2014	
	No. of shares	HK\$'000 (unaudited)	No. of shares	HK\$'000 (audited)
Authorised:				
Ordinary shares of HK\$0.10 each	<u>2,000,000,000</u>	<u>200,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	<u>1,177,056,180</u>	<u>117,706</u>	<u>1,177,056,180</u>	<u>117,706</u>

## 17. Capital commitments outstanding not provided for in the interim financial report

	30 June	31 December
	2015	2014
	HK\$'000 (unaudited)	HK\$'000 (audited)
Contracted but not provided for:		
— Construction of port facilities	<u>73,789</u>	<u>72,541</u>

## 18. Contingent liabilities

At the date of this report, the Directors are not aware of any material contingent liabilities.

## 19. Connected and related party transactions

	30 June	30 June
	2015	2014
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Rental and building management fee paid to a related company controlled by a director of the Company	<u>206</u>	<u>206</u>

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

Save as disclosed under the heading "Directors', chief executives' interests in shares and short positions in the shares of the Company" under the section headed "Disclosure of interests", during the six months ended 30 June 2015, none of the Directors was granted any other options to subscribe for the Shares.

## **Financial resources and liquidity**

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

As at 30 June 2015, the Group had secured bank loans of HK\$156.08 million (31 December 2014: HK\$157.18 million), unsecured bank loans of HK\$141.10 million (31 December 2014: HK\$150.44 million) all provided by PRC banks. The Group also had total cash and cash equivalent of HK\$3.88 million (31 December 2014: HK\$43.79 million). The calculation of the net gearing ratio, which was based on total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company was 1.6 times as at 30 June 2015 (31 December 2014: 1.5 times).

As at 30 June 2015, the total amount due to a beneficial shareholder HK\$31.70 million (31 December 2014: HK\$29.70 million) was unsecured, interest-free and will not be repayable within 12 months from the reporting date.

As at 30 June 2015, the Group's net current assets was HK\$68.45 million (31 December 2014: HK\$20.63 million), and current assets was HK\$152.67 million (31 December 2014: HK\$177.40 million) and current liabilities of HK\$84.22 million (31 December 2014: HK\$156.77 million), representing a current ratio of 1.8 times (31 December 2014: 1.1 times).

## **Exchange rate risk**

The Group' operates in PRC and its principal activities are mainly transacted in RMB. Therefore, the Directors consider the Group has no significant foreign currency risk.

## **Significant investments**

The Group did not hold any other significant investment as at 30 June 2015.

## **Material acquisitions and disposals of subsidiaries and affiliated companies**

The Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the six months period ended 30 June 2015.

## **Capital commitments**

As at 30 June 2015, the Group had capital commitments in respect of construction of port facilities contracted for but not provided for amounting to HK\$73.79 million (31 December 2014: HK\$72.54 million).

## **Contingent liabilities**

As at 30 June 2015, the Directors are not aware of any material contingent liabilities.

## **Pledge of assets**

As at 30 June 2015, the Group has pledged port facilities and land use right with net book amount of HK\$215.65 million (31 December 2014: HK\$246.96 million) and HK\$8.05 million (31 December 2014: HK\$8.23 million), respectively, to secure bank borrowings granted to a subsidiary of the Company.

## **Capital structure**

As at 30 June 2015, the Group's total equity amounted to HK\$214.95 million (31 December 2014: HK\$206.29 million).

## **Employee information**

As at 30 June 2015, the Group had employed 330 employees (31 December 2014: 327 employees). The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong and medical benefit for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience.

## **Future plans for material investments or capital assets**

As at 30 June 2015, the Group had not entered into any agreement for any material investments or acquisition, 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 2015.

## **Code of conduct regarding securities transactions by Directors**

For the period from 1 January 2015 to 30 June 2015, the Company adopted a code of conduct regarding securities transactions by Directors (the “**Code of Conduct**”) on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). The Company has also made specific enquiry of all Directors, who have confirmed that, during the period ended 30 June 2015, each of them were in compliance with the Code of Conduct and the Required Standard Dealings.

## **Competing interests**

For the six months ended 30 June 2015, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders of the Company as defined in the GEM Listing Rules had any interest in a business which competes or may compete with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

## **Corporate governance practices**

The Company endeavours to adopt prevailing best corporate governance practices. For the six months ended 30 June 2015, the Company has complied with the code provisions (the “**CG Code Provisions**”) set out in Appendix 15 of Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) of the GEM Listing Rules.

## **Auditors**

This condensed consolidated financial information is unaudited, but has been reviewed by the Company’s auditors, Grant Thornton Hong Kong Limited (“**Grant Thornton**”) in accordance with International Standards on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

## **Review by the Audit Committee**

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company the results of the Group for the six months ended 30 June 2015. In carrying out this review, the Audit Committee has relied on the review conducted by Grant Thornton. The Audit Committee has not undertaken independent audit checks.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin and Mr. Wong Wai Keung, Frederick and one non-executive Director, Mr. Fang Yibing.

## **Purchase, redemption or sale of listed securities**

For the period from 1 January 2015 to 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.

By order of the Board  
**CIG Yangtze Ports PLC**  
**Yan Zhi**  
*Chairman*

Hong Kong, 11 August 2015

*As at the date of this announcement, the Board comprises three executive Directors namely Ms. Liu Qin, Mr. Duan Yan and Mr. Xie Bing Mu; two non-executive Directors namely Mr. Yan Zhi and Mr. Fang Yibing and three independent non-executive Directors namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Wong Wai Keung, Frederick.*

*This announcement will remain on the Company's website at [www.cigyangtzeports.com](http://www.cigyangtzeports.com) and the "Latest Company reports" page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days of its posting.*

*\* For identification purpose only*