China Infrastructure & Logistics Group Ltd.
中國通商集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1719)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of China Infrastructure & Logistics Group Ltd. (formerly known as CIG Yangtze Ports PLC) (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 2018, together with the comparative amounts for the corresponding period in 2017.

PERFORMANCE AND FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue	**126,111**	125,042
Gross profit	**56,368**	53,139
Gross profit margin	**44.7%**	42.5%
Profit for the period	**27,570**	27,080
Earnings per share attributable to owners of the Company — Basic and diluted	**HK1.30 cents**	HK1.32 cents

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Total non-current assets	**1,326,671**	1,219,401
Total current assets	**231,161**	268,893
Total assets	**1,557,832**	1,488,294
Total non-current liabilities	**263,366**	388,642
Total current liabilities	**546,358**	365,478
Total liabilities	**809,724**	754,120
Net assets	**748,108**	734,174

HIGHLIGHTS

For the six months ended 30 June 2018

Comparing to the corresponding six months ended 30 June 2017 ("**2017 Interim Period**"):

- Revenue increased slightly by approximately 0.9% to HK$126.11 million (2017 Interim Period: HK$125.04 million, mainly due to the offsetting effect of (i) increase in revenue of HK$6.87 million in the integrated logistics service business contributed from the provision of freight forwarding services provided by the Shayang Port(沙洋港)and the Shipai Port(石牌港); (ii) the net increase in revenue of HK$6.57 million in the terminal service business as the increase in container throughput was offset by the lowering of overall tariff rates to align with those charged by neighbouring competing ports to increase competitiveness (iii) increase in port and warehouse leasing income of HK$1.56 million in the property business of the Hannan Port(漢南港); and (iv) the decrease in revenue of HK$14.75 million in the supply chain management and trading business which is in line with the tightening environmental policy imposed by the PRC government. As such, the development of this business has been slowed down.

- Overall container throughput increased by approximately 11.7% to 275,308 TEUs (2017 Interim Period: 246,432 TEUs) with gateway cargoes throughput increased by approximately 15.1% to 159,612 TEUs (2017 Interim Period: 138,628 TEUs) and the trans-shipment cargoes throughput increased by approximately 7.3% to 115,696 TEUs (2017 Interim Period: 107,804 TEUs).

- The Group's market share of container throughput in Wuhan decreased from 42.8% for the year ended 31 December 2017 to 40.7%. The decrease was mainly due to fierce competitions from neighbouring competing ports.

- Gross profit increased by 6.1% to HK$56.37 million (2017 Interim Period: HK$53.14 million). Gross profit margin rose to 44.7% (2017 Interim Period: 42.5%). These were mainly due to (i) increase in government subsidies related to throughput volume granted which was offset against cost of services rendered in line with the increase in container throughput during the period; and (ii) the drop in supply chain management and trading business with relatively lower gross profit margins.

- EBITDA increased by approximately 6.1% to HK$57.15 million (2017 Interim Period: HK$53.84 million) as a result of offsetting effect of (i) the increase in gross profit of HK$3.23 million; (ii) the increase in other income of HK$4.03 million as additional government subsidies of HK$3.59 million (RMB2.92 million) was granted to support the logistics centre adjacent to the Shayang Port（沙洋港）; and (iii) the increase in the general, administrative and other operating expenses (excluding depreciation and amortisation) of HK$3.95 million which was mainly attributable to the increase in professional fees and other costs related to the transfer of the listing of the Company's shares from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

- Profit for the period increased by 1.8% to HK$27.57 million (2017 Interim Period: HK$27.08 million). The increase in profitability was mainly attributable to the offsetting effect of (i) increase in EBITDA of HK$3.31 million; (ii) the increase in finance costs of HK$1.30 million on other borrowings for project development, which did not impact much on the 2017 Interim Period as the drawdown of such borrowings began in late June 2017; (iii) the increase in change in fair value of investment properties of Hannan Port of HK$2.58 million; (iv) the increase in depreciation and amortisation of HK$3.25 million; and (v) the increase in overall effective tax rate of the Group by 2.0% to 31.9% (2017 Interim Period: 29.9%). The profit before income tax increased by 4.8% to HK$40.51 million (2017 Interim Period: HK$38.64 million), which is higher than that of profit for the period. It is partly caused by the unrelieved losses suffered by the new businesses which are still in the developing stage.

  Earnings per share attributable to owners of the Company was HK1.30 cents (2017 Interim Period: HK1.32 cents).

Other Highlights

- Following the approval of the resolution by the shareholders at the extraordinary shareholders meeting of the Company held on 28 June 2018, the English name of the Company has been changed from "CIG Yangtze Ports PLC" to "China Infrastructure & Logistics Group Ltd." and the name in Chinese of the Company has been changed from "中國基建港口有限公司" to "中國通商集團有限公司". The stock short name of the Company on the Stock Exchange has also been changed from "CIG PORTS" to "CIL GROUP" in English and from "中國基建港口" to "中國通商集團" in Chinese with effect from 24 August 2018.

- On 15 July 2018, CIG Wuhan Multipurpose Port Limited entered into a joint venture agreement with Wuhan New Port Construction Investment and Development Group Co., Limited and Wuhan Port Development Group Co., Limited to establish a joint venture company in the PRC for the centralisation of operating and management of the ports, including the ports operated by our Group as well as other competing ports, in the Yanglou Port area of Wuhan. After the centralisation of operation and management, the joint venture company will determine independently the market price of port and logistics services provided in the Yangluo Port area, which is expected to increase the overall revenue of Yangluo Port area, and in turn the Group's revenue and profits.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**126,111**	125,042
Cost of services rendered	**(69,743)**	(71,903)
Gross profit	**56,368**	53,139
Other income	**24,094**	20,064
General, administrative and other operating expenses (exclude depreciation and amortisation)	**(23,315)**	(19,364)
Operating profit/EBITDA	**57,147**	53,839
Finance costs — net	**(11,599)**	(10,296)
EBTDA	**45,548**	43,543
Depreciation and amortisation	**(15,169)**	(11,923)
Change in fair value of investment properties	**9,364**	6,781
Share of profit of an associate	**763**	234
Profit before income tax	**40,506**	38,635
Income tax expense	**(12,936)**	(11,555)
Profit for the period	**27,570**	27,080
Non-controlling interests	**(5,207)**	(4,299)
Profit attributable to owners of the Company	**22,363**	22,781

REVIEW OF OPERATIONS

Overall business environment

The principal activities of China Infrastructure & Logistics Group Ltd. (formerly known as CIG Yangtze Ports PLC) (the "**Company**") and its subsidiaries (collectively, the "**Group**") are 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 supply chain management and trading business, mainly conducted through its 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); the Shayang Port(沙洋港)and the Shipai Port(石牌港), located within the Yangtze River Basin in Hubei Province, the People's Republic of China (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, PRC.

The strong and well established industrial base of Wuhan featuring operators in major industries, including automobiles and their components, chemical, steel, textile, machinery and equipment as well as those in the construction materials businesses have been and will continue to be the principal providers of gateway cargoes to 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 service provided by the WIT Port offers a more economical alternative to ship container cargoes using large ships carrying more containers to and from Shanghai and overseas. Surrounding areas which are serviced by the WIT Port include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and the WIT Port promotes direct shipment to the Yangshan Port in Shanghai(江海直達)have further strengthened the position of WIT Port as a trans-shipment port at the mid-stream of the Yangtze River.

The Group has also developed port related services including agency and integrated logistics service businesses to expand its revenue sources, including bonded warehousing, customs clearance, break bulk and distribution at the WIT Port.

The Multi-Purpose Port, which is located adjacent to the WIT Port, extends the container handling capacity of the Group to beyond that of the WIT Port and supplements the terminal service business operation of the Group alongside the WIT Port. Given the close proximity between the WIT Port and the Multi-Purpose Port, they are jointly operated and managed by Wuhan International Container Company Limited ("**WIT**").

The Hannan Port

The Hannan Port is located along the Yangtze River in Wuhan, adjacent to the Shanghai-Chengdu, Beijing-Zhuhai Expressway and within 80 kilometers of the Beijing-Guangzhou 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 interest of the Group to make further investments in its port businesses in the Wuhan area.

In recent years, the Group has been facing competition from its neighbouring port operator capturing marketing shares from the Group through the deployment of tariff cutting tactics to induce customers to use its port. To capture the future economic growth in Wuhan and to better position itself against the competition from neighbouring ports, Hannan Port Group provided an opportunity for the Group to expand its geographical coverage beyond the Yangluo Port Area where the WIT Port and the Multi-Purpose Port in Wuhan are located. The Hannan Port Group 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. As the Hannan Port is planned to be developed into a multi-purpose service platform in 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.

Phase I of the Hannan Port has been completed. Phase II, which will be developed as a multi-purpose port, is in the course of pre-construction work.

The Shayang Port

The Shayang Port, one of the major port construction projects under the "12th Five-Year Plan" of Hubei Province of the PRC, will serve as a water transportation hub connecting surrounding six provinces, is an essential material distribution centre of Central Wuhan and also a superior port area for the middle reaches of the Han River. The investment was made as part of the Group's strategy to establish a synergistic connection between the Shayang Port and the WIT Port in the Yangtze River Basin. This serves to maximise the WIT Port's advantage as a logistics centre of the Yangtze River, in line with the development trend of "The Belt and Road" policy in the PRC, and is beneficial to the Group implementing its strategic aims in the Yangtze River Basin.

The Shayang Port has six berths. One-year trial operation of the port has been completed in 2017 and the port has commenced commercial operation in 2018. The testing of equipment for the fourth berth has completed and it commenced operation in the first half of 2018. The stacking yard and other facilities adjacent to the port is under construction and is expected to be completed by 2018.

The Shipai Port

The Shipai Port is located in Shipai County, Zhongxiang City of 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 (4) 1000-tonne class berths, and a logistics park covering approximately 2.5 square kilometers to 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 port has commenced commercial operations in 2018. Construction of the heavy-box stacking yard was completed in the first half of 2018 and will be due for inspection for acceptance in the second half of 2018.

Zhongji Tongshang Construction

Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd.*（中基通商市政工程(武漢)有限公司）(“**Zhongji Tongshang Construction**”) is principally engaged in undertaking municipal construction projects. Zhongji Tongshang Construction will act as the platform for the Group to diversify its business and explore new business opportunities in the construction industries. Although Zhongji Tongshang Construction had not obtained any municipal construction projects before it was acquired by the Group, it has been negotiating for taking up the role of main contractor in municipal construction projects with a focus on ancillary infrastructure in Hubei Province. As a main contractor in a municipal construction project, Zhongji Tongshang Construction will be expected to act as the entity in charge of the entire project, and will be responsible for completion or outsourcing of the construction works and supervision of the project to ensure that it will be completed on time and within budget, and ensuring that the construction work will meet all relevant regulations and quality standards. In light of the rapid urbanisation of and urban development in the PRC, the municipal engineering and infrastructure construction market is expected to be further enlarged which will benefit the Group as a whole.

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, engage in various businesses such as trading, logistics, storage and delivery, 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 enterprises to enhance intelligent trading, reduce costs and strengthen competitiveness.

Operating results

Revenue

	Six months ended 30 June					
	2018		2017		Increase/(Decrease)	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
	(Unaudited)		(Unaudited)			
Terminal service	**48,595**	**38.5**	42,029	33.6	6,566	15.6
Integrated logistics service	**48,128**	**38.2**	41,256	33.0	6,872	16.7
Property business	**17,894**	**14.2**	16,339	13.1	1,555	9.5
Container handling, storage & other service	**9,538**	**7.6**	8,631	6.9	907	10.5
General and bulk cargoes handling service	**1,143**	**0.9**	1,220	1.0	(77)	(6.3)
Supply chain management and trading business	**813**	**0.6**	15,567	12.4	(14,754)	(94.8)
	126,111	**100.0**	125,042	100.0	1,069	0.9

For the six months ended 30 June 2018, the Group's revenue amounted to HK$126.11 million (2017 Interim Period: HK$125.04 million), representing a slight increase of HK$1.07 million or approximately 0.9% as compared to the 2017 Interim Period. The increase in revenue was mainly due to offsetting effect of (i) increase in the revenue of HK$6.87 million in the integrated logistics service business contributed from the provision of freight forwarding service provided by the Shayang Port（沙洋港）and the Shipai Port(石牌港); (ii) the net increase in the revenue of HK$6.57 million in the terminal service business as the increase in container throughput was offset by the lowering of overall tariff rates to align with those charged by neighbouring competing ports to increase competitiveness; (iii) increase in port and warehouse leasing income of HK$1.56 million in the property business of the Hannan Port(漢南港); and (iv) the decrease in revenue of HK$14.75 million in the supply chain management and trading business in line with the tightening environmental policy imposed by the PRC government. As such, the development of this business has been slowed down.

Terminal service

Container throughput

	Six months ended 30 June					
	2018		2017		Increase	
	TEUs	**%**	*TEUs*	%	*TEUs*	%
Gateway cargoes	**159,612**	**58.0**	138,628	56.3	20,984	15.1
Trans-shipment cargoes	**115,696**	**42.0**	107,804	43.7	7,892	7.3
	275,308	**100.0**	246,432	100.0	28,876	11.7

The throughput for the six months ended 30 June 2018 was 275,308 TEUs, representing an increase of 28,876 TEUs or approximately 11.7% compared to that of 246,432 TEUs for the 2017 Interim Period. Of the 275,308 TEUs handled, 159,612 TEUs or approximately 58.0% (2017 Interim Period: 138,628 TEUs or 56.3%) and 115,696 TEUs or 42.0% (2017 Interim Period: 107,804 TEUs or 43.7%) were attributable to gateway cargoes and trans-shipment cargoes respectively.

The increase in overall container throughput was mainly attributable to the 15.1% and 7.3% increase of gateway cargoes and trans-shipment cargoes respectively. The Group has taken the initiative to raise the level of business at the WIT Port from existing customers through the enhancement of quality of services and the drive to develop new import (inbound) businesses. As a result, gateway cargoes for domestic import increased by 29.1% to 55,990 TEUs (2017 Interim Period: 43,364 TEUs). Throughput of the major trans-shipment route namely the Yichang/Jingzhou routes increased by 12.7% to 23,243 TEUs (2017 Interim Period: 20,619 TEUs) as compared to the same period of 2017.

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 cargoes for the six months ended 30 June 2018 was RMB211 (HK$260) per TEU (2017 Interim Period: RMB233 (HK$263) per TEU), representing a decrease of approximately 9.4% compared to that of the 2017 Interim Period. The average tariff for trans-shipment cargoes was RMB50 (HK$61) per TEU (2017 Interim Period: RMB45 (HK$51) per TEU), which increased by approximately 11.1% compared to that of the 2017 Interim Period.

Market share

In terms of market share of Wuhan Yangluo Port, for the six months ended 30 June 2018, the Group's market share decreased from 42.8% for the year ended 31 December 2017 to 40.7% for the six months ended 30 June 2018. The decrease in market share was mainly attributable to the cut-throat competitions from neighboring competing ports during the current period.

Integrated logistics service

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. Revenue generated from the integrated logistics service business increased to HK$48.13 million (2017 Interim Period: HK$41.26 million) which accounted for approximately 38.2% (2017 Interim Period: 33.0%) of the Group's total revenue for the six months ended 30 June 2018.

The increase in revenue for the six months ended 30 June 2018 was mainly attributable to the increase in provision of freight forwarding service business contributed by the Shipai Port. No such provision of freight forwarding service income from the Shipai Port was recorded in the 2017 Interim Period.

Property business

Income for the property business is generated from port and warehouse leasing business of the Hannan Port. Hannan Port owns investment properties of leasehold lands, berth, commercial buildings, and pontoon located in Wuhan, the PRC. The income is mainly from a major leasing agreement of a G.F.A of 51,564.88 square meters in warehouse and workshop area which accounted for 86.9% of total G.F.A available for lease in Zall Eco-Industry City*（卓爾生態工業城）, Phase 1 of the Hannan Port.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2018 was HK$56.37 million, representing an increase of HK$3.23 million as compared with the 2017 Interim Period. Gross profit margin for the six months ended 30 June 2018 was 44.7% compared with gross profit margin of 42.5% for 2017 Interim Period.

The increase was mainly due to (i) increase in government subsidies related to throughput volume granted which was offset against the cost of services rendered in line with the increase in container throughput during the period; and (ii) the drop in supply chain management and trading business with relatively lower gross profit margins.

Other income

Other income for the six months ended 30 June 2018 increased by 20.1% to HK$24.09 million (2017 Interim Period: HK$20.06 million). The increase was mainly attributable to the recognition of additional government subsidies of HK$3.59 million (RMB2.92 million) granted to support the logistics centre adjacent to the Shayang Port.

Increase in fair value of investment properties

The Group holds the port and warehouse properties at the Hannan Port. The Group's investment properties are revalued at the end of the reporting period on an open market value or existing use 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 statement of profit or loss and other comprehensive income. For the six months ended 30 June 2018, the Group recorded positive fair value gain in value of investment properties of HK$9.36 million (2017 Interim Period: HK$6.78 million).

Share of profit of an associate

Share of profit of HK$763,000 (2017 Interim Period: HK$234,000) of an associate, 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 20.4% equity interest of the entity. The principal activities of Wuhan Chang Sheng Gang Tong are sales of motor vehicles and the provision of car parking services.

Profit for the period

Profit for the period increased by 1.8% to HK$27.57 million (2017 Interim Period: HK$27.08 million). The increase in profitability was mainly attributable to the offsetting effect of (i) increase in EBITDA of HK$3.31 million; (ii) the increase in finance costs of HK$1.30 million on other borrowings for project development, which did not impact much on the 2017 Interim Period as the drawdown of such borrowings began in late June 2017; (iii) the increase in change in fair value of investment properties of Hannan Port of HK$2.58 million; (iv) the increase in depreciation and amortisation of HK$3.25 million; and (v) the increase in overall effective tax rate of the Group by 2.0% to 31.9% (2017 Interim Period: 29.9%). The profit before income tax increased by 4.8% to HK$40.51 million (2017 Interim Period: HK$38.64 million), which is higher than that of profit for the period. It is partly caused by the unrelieved losses suffered by the new businesses which are still in the developing stage.

Earnings per share attributable to owners of the Company for the six months ended 30 June 2018 was HK1.30 cents as compared with HK1.32 cents for the 2017 Interim Period.

SUBSEQUENT EVENT

Following the approval of the resolution by the shareholders at the extraordinary shareholders meeting of the Company held on 28 June 2018, the English name of the Company has been changed from "CIG Yangtze Ports PLC" to "China Infrastructure & Logistics Group Ltd." and the name in Chinese of the Company has been changed from "中國基建港口有限公司" to "中國通商集團有限公司". The stock short name of the Company on the Stock Exchange has also been changed from "CIG PORTS" to "CIL GROUP" in English and from "中國基建港口" to "中國通商集團" in Chinese with effect from 24 August 2018. Further details are set out in the announcement of the Company dated 21 August 2018.

On 15 July 2018, CIG Wuhan Multipurpose Port Limited entered into a joint venture agreement with Wuhan New Port Construction Investment and Development Group Co., Limited and Wuhan Port Development Group Co., Limited to establish a joint venture company in the PRC for the centralisation of operating and management of the ports, including the ports operated by our Group as well as other competing ports, in the Yanglou Port area of Wuhan. After the centralisation of operation and management, the joint venture company will be able to determine independently the market price of the port and logistics services provided in the Yangluo Port area, which is expected to increase the overall revenue of Yangluo Port area and the Group's revenue and profits. Further details are set out in the announcement of the Company dated 16 July 2018.

FORWARD LOOKING

The Group continues to maintain an optimistic view towards the prospects of the port business in the PRC and expects continuing growth in freight volumes in the PRC. In particular, the Company remains confident in the development for inner ports along the "Yangtze River Economic Belt(長江經濟帶)". Moreover, "The Belt and Road(一帶一路)" strategy and the "Yangtze River Economic (長江經濟帶)" intersects in Wuhan, one of the key centres of development along the belt, where other government incentive policies to support the continuing long term economic development are expected to continue.

On 29 January 2018, the Company successfully transferred its listing from GEM to the Main Board of the Stock Exchange, a significant milestone for the Group. Apart from improving the liquidity of the Company's shares and potential investors' recognitions, the profile of the Group has also been enhanced, which in turn benefits the future growth and business development of the Group.

To better reflect the strategic direction and business focus of the Group, and effectively extend and expand the reputations and brand of the Group, the Company changed its name from "CIG Yangtze Ports PLC" to "China Infrastructure & Logistics Group Ltd.". In recent years, the Group has accelerated its transformation, upgraded and expanded its current business to engage in port construction and operation, port and warehouse leasing, provision of logistics services, port-surrounding processing trade and integrated port-surrounding services combining infrastructure investment and construction, aiming to build the largest inland port logistics system and a leading port-surrounding logistics ecosystem in the PRC.

During the past few years, the Group had faced competition of continuing price cutting from neighbouring competing port operators of Yangluo Port area. To remain competitive, the Group has aligned its container tariff rates with those of the neighbouring competing ports and enhanced the quality of services provided to customers and endeavoured to develop the import (inbound) businesses. Despite the fact that the Group has succeeded in increasing the container throughput, the Group's market share has dropped in the first half of 2018. To avoid cut-throat competitions and further improve efficiency in the operation and management of the terminals in the Yangluo Port area, the Group entered into a joint venture agreement and conditionally agreed to establish a joint venture with neighbouring port operators in the Yangluo Port area, so as to centralise the market development, price negotiations, dispatching command and settlement management. The Group believes that the centralised operation of Yangluo Port area will, on one hand, enhance the Group's revenue and profits with the elimination of the cut-throat competitions from neighbouring ports, and on the other hand, deepen the construction of Wuhan shipping center, enhance the brand image of Wuhan port and the core competitiveness of the port and shipping industry of Wuhan, thereby enhancing port specialisation, market development, modernisation, intensification and industrialisation standards. The supporting role of the port and shipping industry will promote the integrated development of port, industry and city, and promote the sustainability and development of the economic and social development of Hubei Province and Wuhan City, thereby increasing the overall revenue and profits of Yangluo Port area and the Group.

Besides, the Hannan Port, Shayang Port and Shipai Port continues to provide a solid platform for the Group to extend the geographic coverage of its port and related businesses beyond the Yangluo Port area where the WIT Port and the MultiPurpose Port in Wuhan are located, and create synergies among the ports. Within the vicinity where both the Shayang Port and the Shipai Port are located, there are significant industrial raw material resources transported in the form of general and bulk cargoes to other parts of China. This creates an opportunity for the Group to further develop its general and bulk cargo business upon full commercial operations of these two ports. Zhongji Tongshang Construction, a company principally engaged in undertaking municipal construction projects, will allow the Group to diversify its business outside of the port and related segment into the construction industries.

Furthermore, the Group entered into a strategic cooperation framework agreement with the Hubei Port and Shipping Bureau*（湖北省港航管理局）and agreed to carry out comprehensive cooperation in relation to the construction of the green Hanjiang port, liquefied natural gas powered vessels, LNG fueling stations, promoting the formation of the ecological industrial chains thereunder in the Hubei Province, the PRC. This cooperation will help to enhance the overall corporate development of the Group through strategic injection of capital investment, favourable policies and infrastructure support and maximise return to the Company and its shareholders in the long run.

Throughout the years, the Group has benefited from favorable policies for its port business from the Hubei Provincial Government and the Wuhan Municipal Government and complemented certain policies implemented recently, with an aim to expand the scale of container transportation in Wuhan, consolidating Wuhan's status as a core port for containers shipping midstream of the Yangtze River Basin. In light of the support for its port business and implementation of favorable 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.

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-month ended 30 June 2018, together with the comparative figures for the corresponding period in 2017 (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 profit or loss and other comprehensive income
For the six-month ended 30 June 2018

		Six-month ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**126,111**	125,042
Cost of services rendered		**(69,743)**	(71,903)
Gross profit		**56,368**	53,139
Other income	*5*	**24,094**	20,064
Change in fair value of investment properties	*11*	**9,364**	6,781
General and administrative expenses		**(24,962)**	(20,196)
Other operating expenses		**(13,522)**	(11,091)
Finance costs — net	*7*	**(11,599)**	(10,296)
Share of profit of an associate		**763**	234
Profit before income tax	*6*	**40,506**	38,635
Income tax expense	*8*	**(12,936)**	(11,555)
Profit for the period		**27,570**	27,080
Other comprehensive (expense)/income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(13,233)**	21,609
Total comprehensive income for the period		**14,337**	48,689

	Notes	Six-month ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**22,363**	22,781
Non-controlling interests		**5,207**	4,299
		27,570	27,080
Total comprehensive income attributable to:			
Owners of the Company		**11,557**	40,963
Non-controlling interests		**2,780**	7,726
		14,337	48,689
Earnings per share attributable to owners of the Company	9		
Basic and diluted earnings per share		**HK1.30 cents**	HK1.32 cents

Condensed consolidated statement of financial position

As at 30 June 2018

	Notes	**As at 30 June 2018 HK$'000 (Unaudited)**	As at 31 December 2017 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	*11*	**374,414**	370,200
Property, plant and equipment	*12*	**474,608**	471,124
Construction in progress	*13*	**361,240**	264,445
Land use rights		**71,999**	68,812
Intangible assets		**19,777**	20,835
Restricted deposits		**13,688**	13,920
Interest in an associate		**9,757**	8,994
Goodwill		**1,054**	1,071
Deferred tax assets		**134**	—
		1,326,671	1,219,401
Current assets			
Inventories		**5,720**	5,595
Trade and other receivables	*14*	**142,844**	166,647
Amount due from a related company		**35**	35
Government subsidy receivables	*15*	**63,345**	56,273
Pledged bank deposits		**—**	2,400
Cash and cash equivalents		**19,217**	37,943
		231,161	268,893
Current liabilities			
Trade and other payables	*16*	**161,443**	74,512
Amount due to a related company		**52,678**	52,216
Amount due to an associate		**59**	24
Amount due to a shareholder		**50,012**	58,886
Amount due to ultimate holding company		**1,300**	1,300
Bank borrowings	*17*	**198,850**	105,728
Other borrowings	*18*	**55,182**	51,901
Income tax payable		**26,834**	20,911
		546,358	365,478
Net current liabilities		**(315,197)**	(96,585)
Total assets less current liabilities		**1,011,474**	1,122,816

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Non-current liabilities			
Other payables	*16*	**4,008**	4,162
Bank borrowings	*17*	**120,163**	216,500
Other borrowings	*18*	**90,583**	120,647
Deferred tax liabilities		**48,612**	47,333
		263,366	388,642
Net assets		**748,108**	734,174
EQUITY			
Share capital		**172,507**	172,507
Reserves		**433,112**	421,918
Equity attributable to owners of the Company		**605,619**	594,425
Non-controlling interests		**142,489**	139,749
Total equity		**748,108**	734,174

Condensed consolidated statement of cash flows

For the six-month ended 30 June 2018

	Six-month ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**76,513**	7,277
Interest paid	**(18,004)**	(7,734)
Income tax paid	**(4,113)**	(1,845)
Net cash from/(used in) operating activities	**54,396**	(2,302)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,944)**	(7,402)
Addition for investment properties	**(1,460)**	(677)
Addition for land use rights	**(5,347)**	(4,820)
Payment for construction in progress	**(15,979)**	(21,056)
Acquisition of subsidiaries, net of cash acquired	**—**	(4,024)
Payment for acquisition of subsidiaries in prior year	**(19,563)**	(41,941)
Decrease in pledged bank deposits	**2,400**	—
Interest received	**79**	16
Net cash used in investing activities	**(41,814)**	(79,904)
Cash flows from financing activities		
Capital injection from non-controlling interests	**—**	563
Increase in amount due to a related company	**—**	115
Advance from a shareholder	**9,000**	—
Repayment to a shareholder	**(18,321)**	(11,923)
Proceeds from bank borrowings	**29,520**	119,938
Repayment of bank borrowings	**(27,273)**	(116,145)
Proceeds from other borrowings	**—**	162,150
Repayment of other borrowings	**(23,907)**	(5,378)
Net cash (used in)/from financing activities	**(30,981)**	149,320
Net (decrease)/increase in cash and cash equivalents	**(18,399)**	67,114
Cash and cash equivalents at 1 January	**37,943**	50,353
Effect for foreign exchange rate changes	**(327)**	1,959
Cash and cash equivalents at 30 June	**19,217**	119,426

Condensed consolidated statement of changes in equity

For the six-month ended 30 June 2018

	Attributable to owners of the Company								
	Share capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Merger reserve HK$'000 (Unaudited)	Other reserve HK$'000 (Unaudited)	Foreign exchange reserve HK$'000 (Unaudited)	Accumulated profits HK$'000 (Unaudited)	Total HK$'000 (Unaudited)	Non-controlling interests HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
Balance at 1 January 2018	172,507	597,322	(530,414)	116,250	16,855	221,905	594,425	139,749	734,174
Adjustment from initial application of IFRS 9 *(note 2 (i))*	–	–	–	–	–	(363)	(363)	(40)	(403)
Adjusted balance at 1 January 2018	172,507	597,322	(530,414)	116,250	16,855	221,542	594,062	139,709	733,771
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	22,363	22,363	5,207	27,570
Other comprehensive expense for the period									
— Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(10,806)	–	(10,806)	(2,427)	(13,233)
	–	–	–	–	(10,806)	22,363	11,557	2,780	14,337
Balance at 30 June 2018	172,507	597,322	(530,414)	116,250	6,049	243,905	605,619	142,489	748,108

Condensed consolidated statement of changes in equity

For the six-month ended 30 June 2017

	Attributable to owners of the Company								
	Share capital *HK$'000* (Unaudited)	Share premium *HK$'000* (Unaudited)	Merger reserve *HK$'000* (Unaudited)	Other reserve *HK$'000* (Unaudited)	Foreign exchange reserve *HK$'000* (Unaudited)	Accumulated profits *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)	Non-controlling interests *HK$'000* (Unaudited)	Total equity *HK$'000* (Unaudited)
Balance at 1 January 2017	172,507	597,322	(530,414)	116,250	(24,872)	155,110	485,903	117,889	603,792
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	22,781	22,781	4,299	27,080
Other comprehensive income for the period									
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	18,182	–	18,182	3,427	21,609
	–	–	–	–	18,182	22,781	40,963	7,726	48,689
Transactions with owners									
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	563	563
Total transactions with owners	–	–	–	–	–	–	–	563	563
Balance at 30 June 2017	172,507	597,322	(530,414)	116,250	(6,690)	177,891	526,866	126,178	653,044

Notes to the condensed consolidated interim financial information

For the six-month ended 30 June 2018

1. Corporate information

China Infrastructure & Logistics Group Ltd. (formerly known as CIG Yangtze Ports PLC) (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 Suite 2101, 21/F., Two Exchange Square, 8 Connaught Place, 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 of the Company consider the ultimate holding company to be Zall Holdings Company Limited ("**Zall Holdings**"), a company incorporated in the British Virgin Islands and is wholly owned and controlled by Mr. Yan Zhi ("**Mr. Yan**").

The Company is an investment holding company and its subsidiaries (together, the "**Group**") are principally engaged in port construction and operation, port and warehouse leasing, the provision of logistics services and 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 2018 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-month period then ended, and other explanatory notes (collectively defined as the "**Interim Financial Information**") of the Group were approved for issue by the board of directors on 30 August 2018.

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

This Interim Financial Information has been reviewed by Grant Thornton Hong Kong Limited in accordance with International Standard on Review Engagements 2410, "**Review of Interim Financial Information Prepared by the Independent Auditor of the Entity**" issued by the International Auditing and Assurance Standards Board.

2. Basis of preparation

These Interim Financial Information have been prepared in accordance with the International Accounting Standard ("**IAS**") 34, "**Interim Financial Reporting**" issued by the International Accountung 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 2017 except for the adoption of the new and amended International Financial Reporting Standards ("**IFRSs**") as disclosed in 2(i) and 2(ii) 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 2017.

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$315,197,000 as at 30 June 2018. 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 positive cash flows for the next twelve months from the end of the reporting period; and

ii. the Group has obtained confirmation from its controlling shareholder, Mr. Yan, that he will continue to provide financial support to the Group as when needed for the next twelve months from the end of the reporting period;

Consequently, the Interim Financial Information have been prepared on a going concern basis.

New and amended IFRSs adopted by the Group

In the current period, the Group has applied for the first time the new and amended IFRSs issued by IASB, which are relevant to the Group's operations and effective for the Group's Interim Financial Information for the annual period beginning on 1 January 2018. Except as described in note 2(i) and 2(ii) below, the adoption of these new and amended standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

For those new or amended IFRSs which are not yet effective and have not been early adopted by the Group, the Group is in the process of assessing their impact on the Group's results and financial position.

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

The initial application of IFRS 9 "Financial Instruments" from 1st January 2018 resulted in changes in accounting policies and adjustments to the amounts in relation to impairment of financial assets recognised in the Interim Financial Information. The Group has applied IFRS 9 retrospectively to the items existed at 1 January 2018 in accordance with the transitional requirements. The Group has recognised the cumulative effect of initial application as adjustments to the opening equity as at 1 January 2018 and therefore the comparative information continues to be reported under IAS 39.

Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than incurred credit losses as is the case under IAS 39. The Group's trade and bills receivables, government subsidy receivables, amount due from a related company and other receivables are subject to IFRS 9's new expected credit loss model, and the Group was required to revise its impairment methodology under IFRS 9 for these financial assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for trade and bills receivables. Impairment on government subsidy receivables, amount due from a related company and other receivables are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of equity.

	Impact on initial application of IFRS 9 on opening balance *HK$'000*
Recognition of expected credit losses under IFRS 9	(403)
Impact at 1 January 2018	(403)

(ii) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 and the related clarification to IFRS 15 (hereinafter referred to as "IFRS 15") presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. IFRS 15 establishes a single comprehensive model in accounting for revenue arising from contracts with customers which are recognised at a point in time or overtime when a performance obligation is satisfied. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Group has elected to adopt IFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. The application of IFRS15 does not have a material impact on the timing and amounts of revenue recognition of the Group. Therefore, the Group considered no adjustment to the opening balance of accumulated profits at 1 January 2018 is necessary.

3. Critical accounting estimates and judgments

The preparation of Interim Financial Information requires management to make judgments, 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 Interim Financial Information, the significant judgments 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 annual financial statements for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 9, which are described below.

Provision for impairment of financial assets at amortised cost

The provisioning policy for financial assets at amortised cost of the Group is based on the evaluation of the risk of default and the expected loss rate in determining the expected shortfalls in contractual cash flows of the financial instrument. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history, the realisation of any repayment pattern promised as well as forward looking estimates at the end of each reporting period.

4. Segment information

The Group has presented into four (2017: 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 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 reporting segments are consistent with those used in the annual financial statements for the year ended 31 December 2017.

Segment profit represents the profit earned by each segment without allocation 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 six-month ended 30 June 2018 and 2017 were sourced from external customers located in the PRC, in addition, over 99% (2017: 99%) of the non-current assets of the Group as at the reporting dates were physically located in the PRC and therefore, no geographic information is presented.

2018

Condensed consolidated statement of profit or loss and other comprehensive income
For the six-month ended 30 June 2018

	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)	Elimination *HK$'000* (Unaudited)	Unallocated corporate income/ (expense) *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	17,894	59,276	48,128	813	—	—	126,111
Inter-segment revenue	—	4,725	1,766	—	(6,491)	—	—
Reportable segment revenue	17,894	64,001	49,894	813	(6,491)	—	126,111
Reportable segment results	13,334	38,615	(1,203)	(365)	—	—	50,381
Fair value changes of investment properties	9,364	—	—	—	—	—	9,364
Interest income	2	10	64	1	—	2	79
Interest expense	(814)	(7,818)	(971)	(2,075)	—	—	(11,678)
Share of profit of an associate	763	—	—	—	—	—	763
Corporate and other unallocated expense	—	—	—	—	—	(8,403)	(8,403)
Profit/(Loss) before income tax	22,649	30,807	(2,110)	(2,439)	—	(8,401)	40,506
Income tax (expense)/credit	(5,725)	(7,343)	(7)	—	—	139	(12,936)
Profit/(Loss) for the period	16,924	23,464	(2,117)	(2,439)	—	(8,262)	27,570

Condensed consolidated statement of financial position

At 30 June 2018

	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	402,153	919,624	169,556	26,547	10,844	1,528,724
Interest in an associate	9,757	—	—	—	—	9,757
Cash and cash equivalents	1,848	7,775	3,557	208	5,829	19,217
Deferred tax assets	71	34	25	4	—	134
Total assets	413,829	927,433	173,138	26,759	16,673	1,557,832
Segment liabilities	(13,525)	(112,471)	(88,332)	(2,618)	(52,554)	(269,500)
Bank borrowings	—	(236,413)	(23,600)	(59,000)	—	(319,013)
Other borrowings	(130,183)	(15,582)	—	—	—	(145,765)
Deferred tax liabilities	(43,668)	(4,277)	—	—	(667)	(48,612)
Income tax payable	(11,764)	(12,437)	(2,633)	—	—	(26,834)
Total liabilities	(199,140)	(381,180)	(114,565)	(61,618)	(53,221)	(809,724)
Net assets/(liabilities)	214,689	546,253	58,573	(34,859)	(36,548)	748,108

2017

Condensed consolidated statement of profit or loss and other comprehensive income
For the six-month ended 30 June 2017

	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)	Elimination *HK$'000* (Unaudited)	Unallocated corporate income/ (expense) *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	16,339	51,880	41,256	15,567	—	—	125,042
Inter-segment revenue	—	4,292	16	—	(4,308)	—	—
Reportable segment revenue	16,339	56,172	41,272	15,567	(4,308)	—	125,042
Reportable segment results	12,575	34,496	551	430	—	—	48,052
Fair value changes of investment properties	6,781	—	—	—	—	—	6,781
Interest income	—	13	1	—	—	2	16
Interest expense	(11)	(9,476)	(822)	—	—	(3)	(10,312)
Share of profit of an associate	—	—	234	—	—	—	234
Corporate and other unallocated expense	—	—	—	—	—	(6,136)	(6,136)
Profit/(Loss) before income tax	19,345	25,033	(36)	430	—	(6,137)	38,635
Income tax expense	(3,724)	(6,596)	(1,128)	(107)	—	—	(11,555)
Profit/(Loss) for the period	15,621	18,437	(1,164)	323	—	(6,137)	27,080

Condensed consolidated statement of financial position
At 31 December 2017

	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	425,866	868,530	114,554	25,601	6,806	1,441,357
Interest in an associate	8,994	—	—	—	—	8,994
Cash and cash equivalents	6,207	7,614	20,244	744	3,134	37,943
Total assets	441,067	876,144	134,798	26,345	9,940	1,488,294
Segment liabilities	(33,491)	(90,210)	(20,549)	(1,891)	(44,959)	(191,100)
Bank borrowings	—	(264,700)	(26,328)	(31,200)	—	(322,228)
Other borrowings	(149,169)	(23,379)	—	—	—	(172,548)
Deferred tax liabilities	(42,125)	(4,394)	—	—	(814)	(47,333)
Income tax payable	(8,933)	(9,402)	(2,576)	—	—	(20,911)
Total liabilities	(233,718)	(392,085)	(49,453)	(33,091)	(45,773)	(754,120)
Net assets/(liabilities)	207,349	484,059	85,345	(6,746)	(35,833)	734,174

5. Other income

	Six-month ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Rental income	**255**	144
Sundry income	**81**	124
Sales of scrap materials	**3**	133
Government subsidies *(note)*	**23,755**	19,663
	24,094	20,064

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:

	Six-month ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Staff costs (including directors' emoluments)		
— Salaries and allowances	**25,579**	22,430
— Pension contributions	**3,397**	1,626
	28,976	24,056
Cost of services rendered	**82,307**	78,724
Less: Government subsidies	**(12,564)**	(6,821)
	69,743	71,903
Depreciation and amortisation	**15,169**	11,923
Net foreign exchange loss	**665**	385

7. Finance costs — net

	Six-month ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Interest income:		
Bank interest income	**79**	16
Interest expense:		
Interest on bank and other borrowings	**(19,582)**	(12,339)
Less: amounts capitalised on qualifying assets *(note 13)*	**7,904**	2,027
	(11,678)	(10,312)
Finance costs — net	**(11,599)**	(10,296)

8. Income tax expense

	Six-month ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong profits tax	**—**	—
— PRC enterprise income tax	**10,780**	9,860
	10,780	9,860
Deferred tax		
Origination of temporary difference	**2,156**	1,695
	12,936	11,555

No provision for Hong Kong profits tax has been provided during the periods as the Company and its subsidiaries which are subject to Hong Kong profits tax incurred a loss for taxation purpose.

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (2017: 25%) on the estimated assessable profits.

In accordance with the relevant income tax laws applicable to sino-foreign joint ventures in the PRC engaging in port and dock construction which exceed 15 years and upon approval by the tax bureau, Wuhan International Container Company Limited ("**WIT**") is entitled to a 50% reduction on PRC enterprise income tax for five years, commenced from 1 January 2013 to 31 December 2017, and tax payable will be charged at 12.5%. PRC enterprise income tax had been provided by WIT at 25% for the six-month ended 30 June 2018 after the expiry of tax reduction period on 31 December 2017.

9. Earnings per share

(a) Basic earnings per share

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

	Six-month ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company *(HK$'000)*	**22,363**	22,781
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share	**1,725,066,689**	1,725,066,689
Basic earnings per share	**HK1.30 cents**	HK1.32 cents

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the six-month periods ended 30 June 2018 and 2017. The basic earnings per share are equal to the diluted earnings per share.

10. Dividend

The directors do not recommend the payment of a dividend for the period (2017: nil).

11. Investment properties

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Completed investment properties	**374,414**	370,200

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

	Six-month ended 30 June 2018	Year ended 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Opening net carrying amount	**370,200**	323,533
Capitalised subsequent expenditure	**1,460**	7,227
Change in fair value of investment properties recognised in profit or loss	**9,364**	14,278
Exchange differences	**(6,610)**	25,162
Closing net carrying amount	**374,414**	370,200

12. Property, plant and equipment

	Port facilities	**Terminal equipment**	**Furniture, fixture and equipment**	**Motor vehicles**	**Leasehold improvements**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Six-month ended 30 June 2018						
Opening net book amount as at 1 January 2018	**388,211**	**80,977**	**1,147**	**789**	**—**	**471,124**
Exchange differences	**(6,029)**	**(2,146)**	**(12)**	**(7)**	**—**	**(8,194)**
Additions	**821**	**9,146**	**101**	**—**	**—**	**10,068**
Transferred from construction in progress *(note 13)*	**—**	**15,227**	**—**	**—**	**—**	**15,227**
Disposals	**—**	**—**	**(18)**	**—**	**—**	**(18)**
Depreciation	**(8,171)**	**(5,024)**	**(240)**	**(164)**	**—**	**(13,599)**
Closing net book amount as at 30 June 2018	**374,832**	**98,180**	**978**	**618**	**—**	**474,608**
Six-month ended 30 June 2017						
Opening net book amount as at 1 January 2017	356,175	69,456	912	657	—	427,200
Exchange differences	10,542	2,150	31	18	—	12,741
Additions	5,077	1,878	411	36	—	7,402
Transferred from construction in progress *(note 13)*	9,690	6,626	—	—	—	16,316
Disposals	—	(110)	(10)	—	—	(120)
Depreciation	(6,861)	(3,975)	(217)	(121)	—	(11,174)
Closing net book amount as at 30 June 2017	374,623	76,025	1,127	590	—	452,365

13. Construction in progress

	Six-month ended 30 June 2018 *HK$'000* (Unaudited)	Six-month ended 30 June 2017 *HK$'000* (Unaudited)
At cost		
At beginning of the period	**264,445**	224,626
Exchange differences	**(8,427)**	6,844
Additions *(note)*	**120,449**	21,063
Transferred to property, plant and equipment upon completion *(note 12)*	**(15,227)**	(16,316)
At end of the period	**361,240**	236,217

Note: During the six-month period ended 30 June 2018, the Group has capitalised borrowing costs amounting to HK$7,904,000 (2017: HK$2,027,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 9.39% (2017: 5.73%).

14. Trade and other receivables

	Note	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Trade and bills receivables			
Trade receivables		**81,168**	99,059
Bills receivables		**4,965**	7,282
		86,133	106,341
Less: provision for impairment of trade receivables		**(472)**	—
	(a)	**85,661**	106,341
Other receivables			
Deposits, prepayments and other receivables		**26,820**	18,550
Prepayments to suppliers		**23,254**	23,652
Deposits paid to subcontractors		**930**	12,442
Value-added tax receivables		**6,179**	5,662
		57,183	60,306
		142,844	166,647

(a) Trade and bills receivables

The directors of the Company 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 60 days to 150 days to its trade customers. The following is the ageing analysis of the gross trade and bills receivables based on the invoice date:

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
0 — 30 days	**31,704**	27,127
31 — 60 days	**15,788**	12,414
61 — 90 days	**9,640**	9,498
Over 90 days	**29,001**	57,302
	86,133	106,341

15. Government subsidy receivables

The balances represent subsidies granted by the government to WIT, Shayang County Guoli Transportation Investment Co., Limited, Hanjiang Port Logistics Center Company Limited, Zhongxiang City Port Development Co., Limited and Wuhan Yangluo Logistics Company Limited as at 30 June 2018 and 31 December 2017.

16. Trade and other payables

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**37,496**	24,790
Other payables		
— Payables to subcontractors	**95,608**	4,619
— Deferred government subsidies	**4,176**	4,333
— Accruals and sundry payables	**28,171**	25,920
— Payable for the acquisition of subsidiaries	**—**	19,012
	127,955	53,884
	165,451	78,674
Less: Deferred government subsidies included in non-current other payables	**(4,008)**	(4,162)
	161,443	74,512

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 dates:

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 — 30 days	**13,662**	6,607
31 — 60 days	**4,577**	4,792
61 — 90 days	**3,577**	2,341
Over 90 days	**15,680**	11,050
	37,496	24,790

17. Bank borrowings

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Bank borrowings		
— Unsecured	**12,685**	18,280
— Secured	**306,328**	303,948
	319,013	322,228
Less: Amount due within one year shown under current liabilities	**(198,850)**	(105,728)
Amount due after one year shown under non-current liabilities	**120,163**	216,500

18. Other borrowings

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Other borrowings			
— Unsecured	*(a)*	**4,837**	7,380
— Secured	*(b)*	**140,928**	165,168
		145,765	172,548
Less: Amount due within one year shown under current liabilities		**(55,182)**	(51,901)
Amount due after one year shown under non-current liabilities		**90,583**	120,647

Notes:

(a) The unsecured other borrowing is repayable by monthly instalments with terms of 2 years and bears interest at fixed rate and guaranteed by the Company and certain subsidiaries of the Group.

(b) On 23 June 2017, the Group entered into agreements with a third party (the "**2017 Buyer**") for (i) the disposal of certain port facilities to the 2017 Buyer at a consideration of RMB150,000,000 (equivalent to approximately HK$172,500,000); and (ii) leasing back of the same assets from the 2017 Buyer for a lease period of 4 years at a fixed interest rate. The agreement included a repurchase option to buyback the same asset at a consideration equates to the total lease payments in (ii) above plus other charges. The transaction was not completed at the end of the reporting period.

The directors considered the consideration received as other borrowings and has initially recognised a borrowing of RMB141,000,000 (net of directly attributable transaction costs), equivalent to approximately HK$162,150,000. The amount carries an effective interest rate of 9.39% per annum and repayable by quarterly instalments till 2021. As at 30 June 2018, the secured other borrowings of HK$130,183,000 (31 December 2017: HK$149,169,000) is secured by the Group's investment properties with carrying amount of HK$243,434,000 (31 December 2017: HK$238,800,000), pledge of equity interest in certain subsidiaries of the Group and corporate guarantee provided by the Company.

On 28 June 2016, the Group entered into agreements with a third party (the "**2016 Buyer**") for (i) the disposal of certain port facilities with carrying amount of HK$17,961,000 to the 2016 Buyer at a consideration of RMB25,380,000 (equivalent to approximately HK$29,677,000); and (ii) leasing back of the same assets from the 2016 Buyer for a lease period of 3 years at a fixed interest rate. The agreement included a repurchase option to buyback the same asset at a consideration equates to the total lease payments in (ii) above plus other charges. The Group considered the substance of the above transactions and has determined that it is of a collateralised borrowing as the Group has retained effective control over the leased assets through the repurchase option which the Group considered it is almost certain to be exercised. Accordingly, the Group has initially recognised a borrowing of RMB22,850,000 (net of directly attributable transaction costs), equivalent to approximately HK$26,719,000. The amount carries an effective interest rate of 6.47% per annum and repayable by quarterly instalments till 2019. At 30 June 2018, the secured other borrowings of HK$10,745,000 (31 December 2017: HK$15,999,000) are secured by the Group's port facilities with carrying amount of HK$10,845,000 (31 December 2017: HK$13,125,000) and guaranteed by the Company and certain subsidiaries of the Group.

19. Events after the reporting date

On 15 July 2018, CIG Wuhan Multipurpose Port Limited(武漢中基通用港口發展有限公司), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Wuhan New Port Construction Investment and Development Group Co., Limited(武漢新港建設投資開發集團有限公司)and Wuhan Port Development Group Co., Limited(武漢港航發展集團有限公司)(together the "**JV Partners**"). Pursuant to the joint venture agreement, the JV Partners have conditionally agreed to establish a limited liability joint venture company (the "**Joint Venture**") in the PRC. Details of the formation of Joint Venture are set out in the Company's announcement dated 16 July 2018.

Following the approval of the resolution by the shareholders at the extraordinary shareholders meeting of the Company held on 28 June 2018, the English name of the Company has been changed from "CIG Yangtze Ports PLC" to "China Infrastructure & Logistics Group Ltd." and the dual foreign name in Chinese of the Company has been changed from "中國基建港口有限公司" to "中國通商集團有限公司". The stock short name of the Company on the Stock Exchange has also been changed from "CIG PORTS" to "CIL GROUP" in English and from "中國基建港口" to "中國通商集團" in Chinese with effect from 24 August 2018. Further details are set out in the announcement of the Company dated 21 August 2018.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the six months ended 30 June 2018, 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, shareholder loans, long-term and short-term bank and other borrowings.

As at 30 June 2018, the Group had total outstanding interest-bearing borrowings of HK$511.98 million (31 December 2017: HK$542.78 million). The Group also had total cash and cash equivalents of HK$19.22 million (31 December 2017: HK$37.94 million) and consolidated net assets of HK$748.11 million (31 December 2017: HK$734.17 million).

As at 30 June 2018, the Group's net gearing ratio was 0.8 times (31 December 2017: 0.8 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 2018, the Group's net current liabilities was HK$315.20 million (31 December 2017: HK$96.59 million), and current assets was HK$231.16 million (31 December 2017: HK$268.89 million) and current liabilities of HK$546.36 million (31 December 2017: HK$365.48 million), representing a current ratio of 0.4 times (31 December 2017: 0.7 times).

EXCHANGE RATE RISK

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

SIGNIFICANT INVESTMENTS

Save as disclosed in this announcement, the Group did not hold any other significant investment as at 30 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no material investments and acquisitions and disposals of subsidiaries during the six months ended 30 June 2018.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had capital commitments in respect of construction of port facilities contracted for but not provided for amounting to HK$222.40 million (31 December 2017: HK$156.48 million).

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 30 June 2018, the Group has pledged port facilities and terminal equipment, land use rights, investment properties and bank deposits with carrying amount of approximately HK$368.87 million (31 December 2017: HK$384.61 million), HK$14.78 million (31 December 2017: HK$15.21 million), HK$292.48 million (31 December 2017: HK$288.67 million) and nil (31 December 2017: HK$2.40 million) respectively, to secure bank and other borrowings granted to the Group.

CAPITAL STRUCTURE

As at 30 June 2018, the Group's total equity amounted to HK$748.11 million (31 December 2017: HK$734.17 million).

EMPLOYEE INFORMATION

As at 30 June 2018, the Group had employed 471 employees (31 December 2017: 485 full-time 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

Save for the formation of joint venture company as disclosed in the Company's announcement dated 16 July 2018 and as detailed in note 19 to this interim results announcement, there were no other material investments or capital assets up to the date of this announcement. 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 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period from 1 January 2018 to 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has, throughout the period from 1 January 2018 to 28 January 2018, complied with the code provisions as set out in the Corporate Governance Code in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

From the Company's transfer of listing from GEM to the main board of the Stock Exchange on 29 January 2018 to 30 June 2018, the Company has been in compliance with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the period from 1 January 2018 to 28 January 2018, the Company adopted a code of conduct regarding securities transactions by directors 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.

Upon the Company's transfer of listing from GEM to the Main Board of the Stock Exchange on 29 January 2018, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of 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 2018, each of them was in compliance with the abovementioned codes of conduct for dealing in securities of the Company.

AUDITORS

This condensed consolidated financial information for the six months ended 30 June 2018 is unaudited, but has been reviewed by the Company's auditors, Grant Thornton Hong Kong Limited ("**Grant Thornton**") in accordance with International Standard 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 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 and internal control and risk management principles of the Company and to assist the Board to fulfill its responsibilities over audit. The Audit Committee has reviewed the accounting principles and practices adopted by the Group. The results of the Group for the six months ended 30 June 2018 have also been reviewed by the Audit Committee. 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 consists of one non-executive Director: Mr. Xia Yu and three independent non-executive Directors: Mr. Lee Kang Bor, Thomas, Mr. Wong Wai Keung, Frederick and Mr. Mao Zhenhua. Mr. Lee Kang Bor, Thomas serves as the chairman of the Audit Committee.

By order of the Board
China Infrastructure & Logistics Group Ltd.
Yan Zhi
Chairman

Hong Kong, 30 August 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Xie Bingmu and Mr. Zhang Jiwei, two non-executive Directors namely Mr. Yan Zhi and Mr. Xia Yu and three independent non-executive Directors namely Mr. Lee Kang Bor, Thomas, Dr. Mao Zhenhua and Mr. Wong Wai Keung, Frederick.

* *For identification purpose only*