

CIG
中國基建

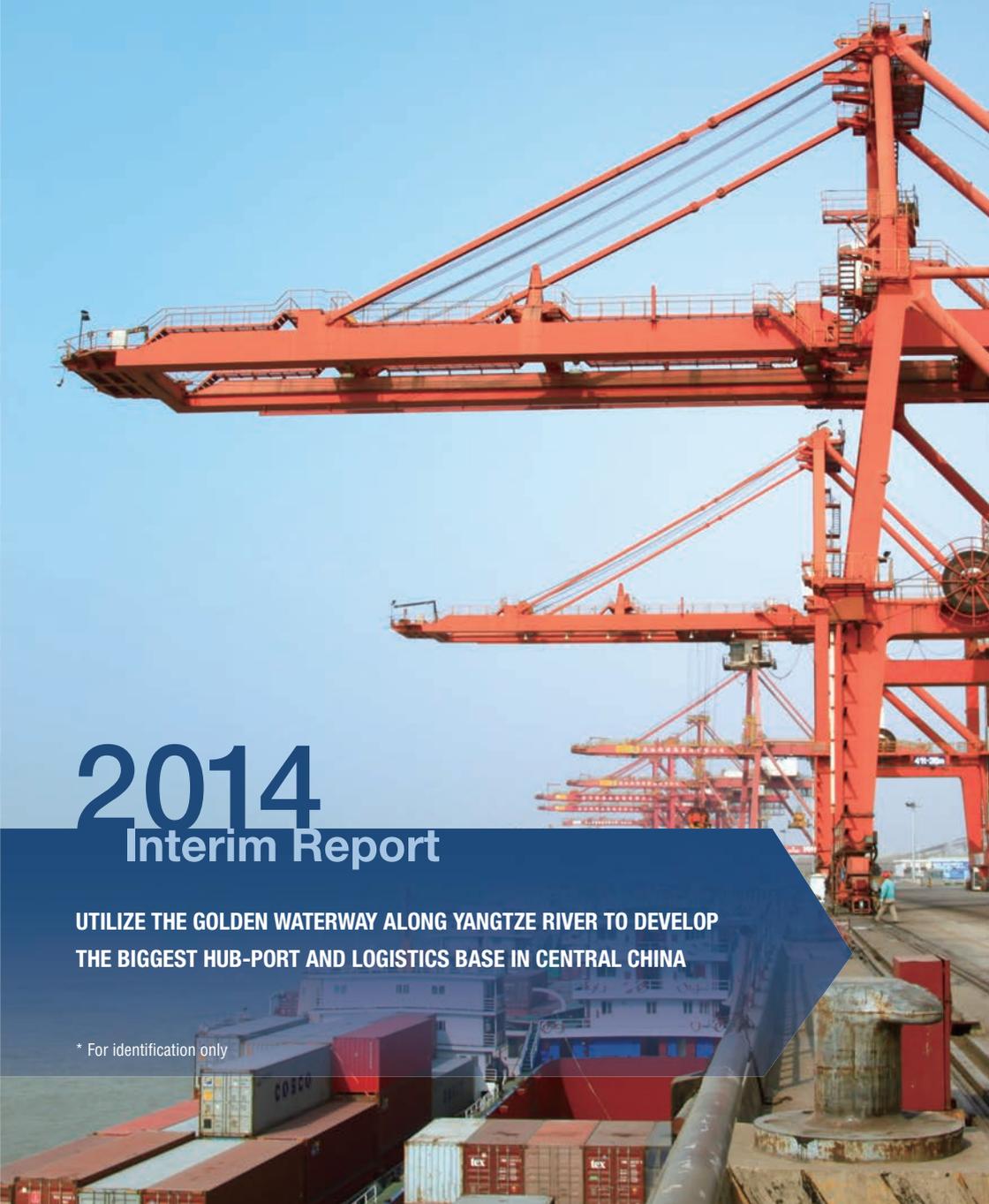
中國基建港口有限公司*
CIG Yangtze Ports PLC
(incorporated in the Cayman Islands with limited liability Stock Code: 8233)

1H 2014

2014 Interim Report

UTILIZE THE GOLDEN WATERWAY ALONG YANGTZE RIVER TO DEVELOP
THE BIGGEST HUB-PORT AND LOGISTICS BASE IN CENTRAL CHINA

* For identification only



Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, 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 report 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 report misleading.*

- 2** Highlights
- 4** Management commentary
- 9** Forward looking observations
- 10** The financial statements
- 26** Other information

CONTENTS



Highlights

Results

For the six months ended 30 June 2014

Comparing to the corresponding six months ended 30 June 2013:

- Turnover increased by 41.1% to HK\$93.83 million (2013: HK\$66.50 million) mainly due to the 70.1% increase in turnover of the integrated logistics service business and 20.8% increase in terminal service businesses.
- Overall container throughput increased by 13.3% to 190,094 TEUs (2013: 167,723 TEUs) with gateway cargoes throughput increased by 17.2% to 116,521 TEUs (2013: 99,448 TEUs) and the trans-shipment cargoes throughput increased by 7.8% to 73,573 TEUs (2013: 68,275 TEUs).
- The Group's market share of container throughput in Wuhan decreased from 41% to 39% for the period of 2014.
- Gross profit increased by 23.4% to HK\$36.88 million (2013: HK\$29.90 million) as a result of the overall increase in turnover. Gross profit margin dropped from 45.0% to 39.3% against improvements in gross profit mainly related to the significant increase in turnover of the integrated logistics service business which generally attracts a much lower margin than the other businesses of the Group.
- EBITDA increased by 27.2% to HK\$24.59 million (2013: HK\$19.33 million) as a result of higher gross profit generated together with the reduction in administrative expenses for the period.
- Profit attributable to owners of the Company increased by 416.9% to HK\$3.49 million (2013: HK\$0.70 million).

For the three months ended 30 June 2014

Comparing to the corresponding three months in 2013:

- Turnover increased by 18.7% to HK\$48.85 million (2013: HK\$41.15 million) mainly due to the increase in turnover of the integrated logistics service and terminal service businesses.
- Overall container throughput increased by 13.7% to 100,772 TEUs (2013: 88,626 TEUs) with gateway cargoes throughput increased by 19.7% to 62,146 TEUs (2013: 51,939 TEUs) and the trans-shipment cargoes throughput increased by 5.3% to 38,626 TEUs (2013: 36,687 TEUs).
- Gross profit increased by 14.6% to HK\$19.76 million (2013: HK\$17.24 million) as a result of the overall increase in turnover. Gross profit margin dropped from 41.9% to 40.5% due to the higher mix of turnover of integrated logistics service business with generally lower gross profit margin compared with that of the corresponding period in 2013.
- EBITDA increased by 16.5% to HK\$15.93 million (2013: HK\$13.67 million) mainly due to the higher gross profit generated together with the reduction in administrative expenses for the period.
- Profit attributable to owners of the Company increased by 49.5% to HK\$4.17 million (2013: HK\$2.79 million).

Management commentary

Results

	Six months ended		Three months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	93,833	66,501	48,845	41,146
Cost of service rendered	(56,953)	(36,604)	(29,083)	(23,904)
Gross profit	36,880	29,897	19,762	17,242
Other income	539	2,598	491	2,547
General, administrative and other operating expenses	(12,833)	(13,167)	(4,327)	(6,115)
Operating profit/EBITDA	24,586	19,328	15,926	13,674
Finance costs	(11,411)	(10,177)	(6,674)	(5,981)
EBTDA	13,175	9,151	9,252	7,693
Depreciation and amortisation	(8,218)	(7,463)	(4,065)	(3,876)
Income tax expense	—	—	—	—
Profit for the period	4,957	1,688	5,187	3,817
Non-controlling interests	(1,463)	(1,012)	(1,014)	(1,025)
Profit attributable to owners of the Company	3,494	676	4,173	2,792

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 the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group.

In the period under review, the Group experienced growth in both revenue and throughput as compared with the result for the same period of the 2013. With the WIT port’s handling capacity under constraint, we have been focusing on the optimisation of usage of the existing handling capacity of the port through the reduction in downtime with better advance scheduling and improved operating efficiency with better coordination and performance based incentive schemes; and the development of the integrated logistics service to reduce the loss generated by this business segment.

Operating results

Revenue

	Six months ended 30 June					
	2014		2013		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	39,899	43	33,022	50	6,877	21
Integrated logistics service	43,916	47	25,813	39	18,103	70
Container handling, storage & other service	9,797	10	7,398	11	2,399	32
General and bulk cargoes handling service	221	—	268	—	(47)	(18)
	93,833	100	66,501	100	27,332	41

	Three months ended 30 June					
	2014		2013		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	21,387	44	17,914	44	3,473	19
Integrated logistics service	21,781	45	20,258	49	1,523	8
Container handling, storage & other service	5,577	11	2,841	7	2,736	96
General and bulk cargoes handling service	100	—	133	—	(33)	(25)
	48,845	100	41,146	100	7,699	19

Terminal and related business

Container throughput

	Six months ended 30 June					
	2014		2013		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	116,521	61	99,448	59	17,073	17
Trans-shipment cargoes	73,573	39	68,275	41	5,298	8
	190,094	100	167,723	100	22,371	13

	Three months ended 30 June					
	2014		2013		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	62,146	62	51,939	59	10,207	20
Trans-shipment cargoes	38,626	38	36,687	41	1,939	5
	100,772	100	88,626	100	12,146	14

Throughput achieved for the six months ended 30 June 2014 was 190,094 TEUs, representing an increase of 22,371 TEUs or 13.3% higher than that of 167,723 TEUs for the corresponding period in 2013. Of the 190,094 TEUs handled, 116,521 TEUs or 61.3% (2013: 99,448 TEUs or 59.3%) and 73,573 TEUs or 38.7% (2013: 68,275 TEUs or 40.7%) were attributed to gateway cargoes and trans-shipment cargoes, respectively.

Throughput for the three months ended 30 June 2014 was 100,772 TEUs, representing an increase of 12,146 TEUs or 13.7% higher than that of 88,626 TEUs for the same period in 2013. Of the 100,772 TEUs handled, 62,146 TEUs or 61.7% (2013: 51,939 TEUs or 58.6%) and 38,626 TEUs or 38.3% (2013: 36,687 TEUs or 41.4%) were attributed to gateway cargoes and trans-shipment cargoes, respectively.

Average tariff

The average tariff for gateway cargoes for the period under review was RMB244 (HK\$305) per TEU (2013: RMB233 (HK\$291) per TEU), representing an increase of 4.7% as compared to that of 2013. The increase is due to higher mix of loaded containers versus empty containers with the former charged at higher tariff rates. The average tariff for trans-shipment cargoes was RMB48 (HK\$60) per TEU (2013: RMB48 (HK\$60) per TEU) which remained the same as reported in the year 2013.

Integrated logistics service business

Revenue generated from the integrated logistics service increased to HK\$43.92 million (2013: HK\$25.81 million) which accounted for 46.8% (2013: 38.8%) of the Group's total revenue for the six months ended 30 June 2014. Whereas, revenue generated from these services was HK\$21.78 million (2013: HK\$20.26 million) which accounted for 44.6% (2013: 49.2%) of the Group's total revenue for the three months ended 30 June 2014. Service provided under this business segment include the rendering of agency and logistics service, including provision of freight forwarding, customs clearance, transportation of containers and logistics management. Operating loss of HK\$0.36 million (2013: HK\$1.26 million) was mainly due to the sharing of finance costs by this business segment.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2014 was HK\$36.88 million, representing an increase of HK\$6.98 million as compared with the corresponding period of 2013. Gross profit for the three months ended 30 June 2014 was HK\$19.76 million, with an increase of HK\$2.52 million as compared with the corresponding period of 2013, which reflected the higher contribution from the increase in container throughput, particularly in the case of gateway cargoes with higher tariff. Gross profit margins for the six months and three months ended 30 June 2014 are 39.3% and 40.5% of revenue, respectively as compared with a gross profit margin of 45.0% and 41.9% in the respective corresponding periods in 2013.

Profit for the period

Profit for the six months ended 30 June 2014 amounted to HK\$4.96 million, representing an increase of 193.7% as compared with a profit of HK\$1.69 million for the same period in 2013. Profit for the three months ended 30 June 2014 amounted to HK\$5.19 million comparing with a profit of HK\$3.82 million for the same period in 2013. These improvements were mainly attributable to the increase in turnover of both container throughput and integrated logistics service business and reduction in administrative expenses, much of which related to the streamlining of the function and the setup of the office in Hong Kong.

Earnings per share for the six months ended 30 June 2014 was HK0.30 cents compared with HK0.06 cents for the same period in 2013. Earnings per share for the three months ended 30 June 2014 was HK0.35 cents compared with HK0.24 cents for the same period in 2013 and HK0.06 cents for the first three months of 2014, respectively.

Forward looking observations

The global economy is expected to sustain a moderate recovery whereas China's economy is expected to maintain a steady but moderate growth of 7.5% this year, though uncertainties still exist. We remain cautiously optimistic about the medium to long term port business in Wuhan. The Group will continue to optimise the usage of the handling capacity of the WIT Port. The construction of the multi-purpose port is slightly behind schedule with the first stage of its construction expected to be completed in the second quarter of 2015. The delay was due to the piling work, which was scheduled to commence before the high water level restricted period, had to be postponed pending approval of such works by the relevant government authority. The first stage of multi-purpose port is expected to be put into operation by the end of third quarter of 2015, a further 50,000 TEUs or 12.5% increase in handling capacity over the existing handling capacity. Meanwhile, with the introduction of new customers which shall provide the benefit of raising the level of the integrated logistics service business.

Half year results

The board (the “**Board**”) of Directors of the Company is pleased to announce the unaudited condensed consolidated half year results of the Group for the three months and six months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013 (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 ended 30 June 2014

	Note	Six months ended 30 June		Three months ended 30 June	
		2014	2013	2014	2013
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	93,833	66,501	48,845	41,146
Cost of service rendered		(56,953)	(36,604)	(29,083)	(23,904)
Gross profit		36,880	29,897	19,762	17,242
Other income		539	2,598	491	2,547
Other operating expenses		(7,723)	(6,654)	(3,836)	(3,561)
General and administrative expenses		(13,328)	(13,976)	(4,556)	(6,430)
Finance costs		(11,411)	(10,177)	(6,674)	(5,981)
Profit before income tax	5	4,957	1,688	5,187	3,817
Income tax expense	6	—	—	—	—
Profit for the period	4	4,957	1,688	5,187	3,817
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange (loss) gain on translation of foreign operations		(4,704)	777	(2)	5
Total comprehensive income for the period		253	2,465	5,185	3,822

	Note	Six months ended 30 June		Three months ended 30 June	
		2014	2013	2014	2013
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Profit for the period attributable to:					
Owners of the Company		3,494	676	4,173	2,792
Non-controlling interests		1,463	1,012	1,014	1,025
		4,957	1,688	5,187	3,817
Total comprehensive income attributable to:					
Owners of the Company		(581)	1,328	4,172	2,778
Non-controlling interests		834	1,137	1,013	1,044
		253	2,465	5,185	3,822
Basic earnings per share for the period attributable to owners of the Company	8	HK0.30 cents	HK0.06 cents	HK0.35 cents	HK0.24 cents

Condensed consolidated statement of financial position

As at 30 June 2014 and 31 December 2013

	Note	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		321,341	334,269
Land use rights		25,404	26,318
Construction in progress		29,781	27,130
		376,526	387,717
Current assets			
Inventories		4,042	3,403
Trade receivables	9	93,409	81,509
Prepayments, deposits and other receivables		13,008	7,695
Government subsidy receivables		4,602	3,107
Restricted cash		14,894	1,429
Cash and cash equivalents		30,732	46,254
		160,687	143,397
Current liabilities			
Trade payables	10	9,874	10,520
Other payables	11	7,056	8,182
Income tax payable		—	32
Interest-bearing borrowings	12	126,000	41,002
		142,930	59,736
Net current assets		17,757	83,661
Total assets less current liabilities		394,283	471,378

	Note	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Non-current liabilities			
Interest-bearing borrowings	12	184,151	265,671
Other payables	11	4,896	1,224
Amount due to a beneficial shareholder	13	27,200	26,700
		216,247	293,595
Net assets			
		178,036	177,783
Equity			
Share capital	14	117,706	117,706
Reserves		33,828	34,409
Equity attributable to owners of the Company			
		151,534	152,115
Non-controlling interests		26,502	25,668
Total equity			
		178,036	177,783

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	Attributable to owners of the Company							
	Share capital	Share premium	Foreign exchange		Accumulated losses	Total	Non-controlling interests	Total equity
			reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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	117,706	63,018	25,289	(54,479)	151,534	26,502	178,036	
At 1 January 2013	117,706	63,018	24,871	(62,711)	142,884	22,230	165,114	
Profit for the period	—	—	—	676	676	1,012	1,688	
Other comprehensive income for the period	—	—	652	—	652	125	777	
Total comprehensive income for the period	—	—	652	676	1,328	1,137	2,465	
At 30 June 2013	117,706	63,018	25,523	(62,035)	144,212	23,367	167,579	

Condensed consolidated statement of cash flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Net cash flows from (used in):		
Operating activities	(16,527)	(23,330)
Investing activities	(2,973)	(17,780)
Financing activities	3,978	68,591
Net (decrease) increase in cash and cash equivalents	(15,522)	27,481
Cash and cash equivalents at 1 January	46,254	33,462
Cash and cash equivalents at 30 June	30,732	60,943

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2014

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 has not been audited but has been reviewed by the Company's Audit Committee.

2. Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange, including compliance with International Financial Reporting Standards ("IFRSs") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements.

3. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

In the current interim period, the Group has applied, for the first time, all new standards, amendments and interpretation issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2014. The adoption of these new standards has no material impact on the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early adopted the new and amended IFRSs have been published but not yet effective. The Group is in the process of assessing the potential impact of these new IFRSs but are not yet in the position to state whether they would have any material impact on the Group's financial statements.

4. Segmental information

(a) Operating segments

The Group has presented into two reportable segments — terminal and related business and integrated logistics service business. No operating segments have been aggregated to form the following reportable segments.

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

Integrated logistics service business: Rendering agency and logistics service, 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.

All reportable segment revenue for 2014 and 2013 were sourced from external customers located in the People's Republic of China ("PRC"). In addition, over 99% (2013: 99%) of the non-current assets of the Group as at the reporting date were physically located in PRC. No geographic information is presented.

For the six months ended 30 June 2014

	Terminal and related business HK\$'000	Integrated logistics service business HK\$'000	Elimination HK\$'000	Unallocated corporate expenses HK\$'000	Total HK\$'000
Revenue from external customer	49,917	43,916	—	—	93,833
Inter-segment revenue	925	—	(925)	—	—
Reportable segment revenue	50,842	43,916	(925)	—	93,833
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	—	—	—	(3,405)	(3,405)
Profit (Loss) before income tax	8,726	(364)	—	(3,405)	4,957
Income tax expense	—	—	—	—	—
Profit (Loss) for the period	8,726	(364)	—	(3,405)	4,957

For the six months ended 30 June 2013

	Terminal and related business	Integrated logistics service business	Elimination	Unallocated corporate expenses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customer	40,688	25,813	—	—	66,501
Inter-segment revenue	2,097	—	(2,097)	—	—
Reportable segment revenue	42,785	25,813	(2,097)	—	66,501
Segment results	16,520	(1,262)	—	—	15,258
Interest income	66	—	—	—	66
Finance costs	(10,177)	—	—	—	(10,177)
Corporate and other unallocated expenses	—	—	—	(3,459)	(3,459)
Profit (Loss) before income tax	6,409	(1,262)	—	(3,459)	1,688
Income tax expense	—	—	—	—	—
Profit (Loss) for the period	6,409	(1,262)	—	(3,459)	1,688

The following table presents segment assets of the Group's operating segments as at 30 June 2014 and 31 December 2013:

As at 30 June 2014

	Terminal and related business HK\$'000	Integrated logistics service business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	458,069	77,325	1,818	537,212
Segment liabilities	(291,416)	(39,423)	(28,337)	(359,176)
	166,653	37,902	(26,519)	178,036

As at 31 December 2013

	Terminal and related business HK\$'000	Integrated logistics service business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	473,128	56,823	1,163	531,114
Segment liabilities	(306,323)	(19,365)	(27,643)	(353,331)
	166,805	37,458	(26,480)	177,783

5. Profit before income tax

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

	Six months ended		Three months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation and amortisation	8,218	7,463	4,065	3,876

6. Income tax expense

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%.

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.

7. Dividend

The directors do not recommend the payment of a dividend in respect of the first half of 2014 (2013: Nil).

8. Earnings per share

The calculation of basic earnings per share for the six months and three months ended 30 June 2014 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 (2013: 1,177,056,180 shares) and 1,177,056,180 shares (2013: 1,177,056,180 shares) in issue during the periods respectively.

No adjustment has been made to the basic earnings per share for the both period ended 30 June 2014 and 2013, as there were no dilutive potential ordinary shares in existence during the period.

9. Trade receivables

The Group allows a credit period of 60 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:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 30 day	39,684	38,524
31–60 days	18,079	11,898
61–90 days	12,251	11,153
Over 90 days	23,395	19,934
	93,409	81,509

10. Trade payables

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 30 days	4,748	5,940
31–60 days	3,124	1,745
61–90 days	804	1,103
Over 90 days	1,198	1,732
	9,874	10,520

11. Accruals and other payables

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Payables to contractors and equipment suppliers	992	1,457
Accruals and other payables	10,960	7,949
	11,952	9,406
Less: Deferred government subsidies included in non-current other payables	(4,896)	(1,224)
	7,056	8,182

12. Interest-bearing borrowings

	30 June 2014	31 December 2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Bank loans		
Unsecured	149,813	141,648
Secured	160,338	165,025
Current portion	310,151	306,673
	(126,000)	(41,002)
Non-current portion	184,151	265,671

13. Amount due to a beneficial shareholder

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

14. Share capital

	30 June 2014		31 December 2013	
	No. of shares	HK\$'000	No. of shares	HK\$'000
	(unaudited)		(audited)	
Authorised:				
Ordinary shares of HK\$0.10 each	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	1,177,056,180	117,706	1,177,056,180	117,706

15. Capital commitments

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Contracted but not provided for:		
— Construction of port facilities	76,804	9,707

16. Contingent liabilities

In November 2013, a vessel operated by the shipping agent appointed by a subsidiary of the Company for the delivery of the goods with the value of RMB13.8 million from a customer collided with another vessel. The goods were damaged in this collision of vessels. The subsidiary of the Company then involved in a lawsuit in respect of the claim made by the customer for the damaged goods. A claim was made by the subsidiary of the Company against the shipping agent for the failure of the delivery and the damaged goods. The goods were insured by the subsidiary of the Company with the amount of RMB12.3 million. The liabilities of the vessel collision were subject to the judgement of the Court of Marine in Hong Kong the date of hearing of which has not been confirmed.

While the final outcome of this litigation cannot be predicted, having reviewed the insurance coverage and taken the legal advice, the Directors and the management of the Company are of the view it is not probable that material loss will be suffered by the Group. Therefore, no provision has been made for the claim.

Disclosure of interests

Directors', chief executives' interests in shares and short positions in the shares of the Company (the "Share(s)")

As at 30 June 2014, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be recorded into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

Long and short positions in Shares

Name of Director	Capacity	As at 30 June 2014	
		No. of Shares (Note 1)	Approximate percentage of total number of Shares in issue
Yan Zhi	Interest through controlled corporation (note 2)	882,440,621 (L)	74.97%

Notes:

- The letter "L" denotes a long position.
- The 882,440,621 (L) Shares were held by Zall Infrastructure Investments Company Limited, a company indirectly wholly-owned by Mr. Yan Zhi.

Substantial shareholders and other persons

So far as was known to the Directors, as at 30 June 2014, the persons (not being Directors or chief executives of the Company) whose interests in Shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

Long and short positions in Shares

Substantial shareholders

Name of shareholder	Capacity	Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue
Zall Infrastructure Investments Company Limited (Note 2)	Beneficial owner	882,440,621 (L)	74.97%
Zall Holdings Company Limited (Note 2)	Interest of controlled corporation	882,440,621 (L)	74.97%

Notes:

1. The letter "L" denotes a long position.
2. Zall Infrastructure Investments Company Limited is wholly-owned by Zall Holdings Company Limited, which in turn is wholly-owned by Mr. Yan Zhi.

Director's right to acquire shares or debentures

Save as disclosed under the heading "Directors' chief executive 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 2014, none of the Directors was granted any other options to subscribe for the Shares.

Financial resources and liquidity

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

At 30 June 2014, the Group had secured bank loans of HK\$160.34 million (31 December 2013: HK\$165.03 million), unsecured bank loans of HK\$149.82 million (31 December 2013: HK\$141.65 million). During the six months ended 30 June 2014, a new unsecured short-term facility of HK\$20.94 million was obtained as additional working capital for the integrated logistics service business. All bank loans were provided by two PRC banks and denominated in RMB.

At 30 June 2014, the Group had total cash and cash equivalents of HK\$30.73 million (31 December 2013: HK\$46.25 million), which were principally denominated in RMB and Hong Kong Dollars.

The gearing ratio based on interest-bearing bank borrowings net of cash and cash equivalents over equity attributable to owners of the Company was 1.8 times (31 December 2013: 1.7 times).

The total amount due to a beneficial shareholder HK\$27.20 million (31 December 2013: HK\$26.70 million) was unsecured, interest-free and will not be repayable within 12 months from the end of the reporting period.

At 30 June 2014, the Group's net current assets was HK\$17.76 million (31 December 2013: HK\$83.66 million) with current assets of HK\$160.69 million (31 December 2013: HK\$143.40 million) and current liabilities of HK\$142.93 million (31 December 2013: HK\$59.74 million), representing a current ratio of 1.1 times (31 December 2013: 2.4 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

Save as disclosed in this report, the Group did not hold any other significant investment as at 30 June 2014.

Material acquisitions and disposal 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 2014.

Capital commitments

At 30 June 2014, the Group have capital commitments in respect of construction of port facilities contracted for but not provided for amounting to HK\$76.80 million (31 December 2013: HK\$9.71 million).

Contingent liabilities

In November 2013, a vessel operated by the shipping agent appointed by a subsidiary of the Company for the delivery of the goods with the value of RMB13.8 million from a customer collided with another vessel. The goods were damaged in this collision of vessels. The subsidiary of the Company then involved in a lawsuit in respect of the claim made by the customer for the damaged goods. A claim was made by the subsidiary of the Company against the shipping agent for the failure of the delivery and the damaged goods. The goods were insured by the subsidiary of the Company with the amount of RMB12.3 million. The liabilities of the vessel collision were subject to the judgement of the Court of Marine in Hong Kong the date of hearing of which has not been confirmed.

While the final outcome of this litigation cannot predicted, having reviewed the insurance coverage and taken the legal advice, the Directors and the management of the Company are of the view it is not probable that the material loss will be suffered by the Group. Therefore, no provision has been made for the claim.

Pledge of assets

As at 30 June 2014, the Group has pledged port facilities and land use rights with net book amount of HK\$255.31 million (31 December 2013: HK\$256.25 million) and HK\$8.60 million (31 December 2013: HK\$8.61 million), respectively to secure bank borrowings granted to a subsidiary.

The Group has restricted cash of HK\$8.64 million pledged to secure the bank guarantee granted to a customer as at 30 June 2014, whereas bill receivables with net book amount of HK\$7.43 million together with restricted cash of HK\$1.43 million was pledged to secure the bank guarantee granted to a customer as at 31 December 2013.

The Group has restricted cash of HK\$6.25 million pledged to secure the short-term loan of HK\$6.25 million as at 30 June 2014.

Capital structure

The Group's total equity amounted to HK\$178.04 million as at 30 June 2014 (31 December 2013: HK\$177.78 million).

Employee information

The Group had employed 323 employees as at 30 June 2014 (282 employees as at 31 December 2013). The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience.

Future plans for material investments or capital assets

Saved as disclosed in this report, the Group has no current plan of any other material investments or acquisition of material capital assets.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (2013: Nil).

Code of conduct regarding securities transactions by Directors

The Company adopted a code of conduct regarding securities transactions by Directors (“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 (“**Required Standard of Dealings**”). The Company has also made specific enquiry of all Directors, who have confirmed that, during the period ended 30 June 2014, they were in compliance with the Code of Conduct and the Required Standard Dealings.

Competing interests

For the six months ended 30 June 2014, 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 2014, 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.

Review by the Audit Committee

The Audit Committee of the Board (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 2014.

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

During the period from 1 January 2014 to 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their support and our customers for the patronage.

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

Hong Kong, 12 August 2014

As at the date of this report, 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.

* *For identification purpose only*