



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



INTERIM REPORT 2017

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, make 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.*

CONTENTS

Corporate information	2
Highlights	4
Management commentary	8
Forward looking observations	20
Independent review report	21
The interim financial information	23
Other information	55





Corporate information

Directors

Chairman and non-executive Director:
Mr. Yan Zhi

Executive Directors:
Mr. Xie Bingmu
Mr. Zhang Jiwei
Ms. Liu Qin

Non-executive Director:
Mr. Xia Yu

Independent non-executive Directors:
Mr. Lee Kang Bor, Thomas, FCCA, FCPA
Dr. Mao Zhenhua
Mr. Wong Wai Keung, Frederick, FCA, FCPA

Audit committee members

Mr. Lee Kang Bor, Thomas, FCCA, FCPA
(chairman)
Mr. Xia Yu
Dr. Mao Zhenhua
Mr. Wong Wai Keung, Frederick, FCA, FCPA

Remuneration committee members

Mr. Lee Kang Bor, Thomas, FCCA, FCPA
(chairman)
Mr. Xia Yu
Dr. Mao Zhenhua
Mr. Wong Wai Keung, Frederick, FCA, FCPA

Nomination committee members

Mr. Wong Wai Keung, Frederick, FCA, FCPA
(chairman)
Mr. Xia Yu
Mr. Lee Kang Bor, Thomas, FCCA, FCPA
Dr. Mao Zhenhua

Compliance officer

Mr. Xie Bingmu

Authorised representatives

Mr. Xie Bingmu
Ms. Hui Wai Man, Shirley
(appointed on 24 January 2017)

Company secretary

Ms. Hui Wai Man, Shirley
(appointed on 24 January 2017)

Auditors

Grant Thornton Hong Kong Limited
Certified Public Accountants

Legal advisers

Sidley Austin
Maples and Calder



Principal bankers

Bank of Communications
Hubei Province, Wuhan
Jiangan Branch, PRC

Minsheng Bank
Wuhan Qiaokou Branch, PRC

China Merchants Bank
Wuhan Branch, PRC

Bank of Hankou
Yangluo Branch, PRC

CHINA CITIC Bank International Limited
Hong Kong

Head office

Suite 2101, 21/F., Two Exchange Square
8 Connaught Place
Central, Hong Kong

Principal share registrar and transfer office

SMP Partners (Cayman) Limited
Royal Bank House – 3th Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman
KY1-1110
Cayman Islands

Hong Kong branch share registrar and transfer office

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

Registered office

P.O. Box 309, GT Ugland House
South Church Street, George Town
Grand Cayman
Cayman Islands

Contact details

Phone : (852) 3158-0603
Fax : (852) 3011-1279
Email : cigyp@cigyangtzeports.com

Company website

www.cigyangtzeports.com

Stock Code

8233

HIGHLIGHTS

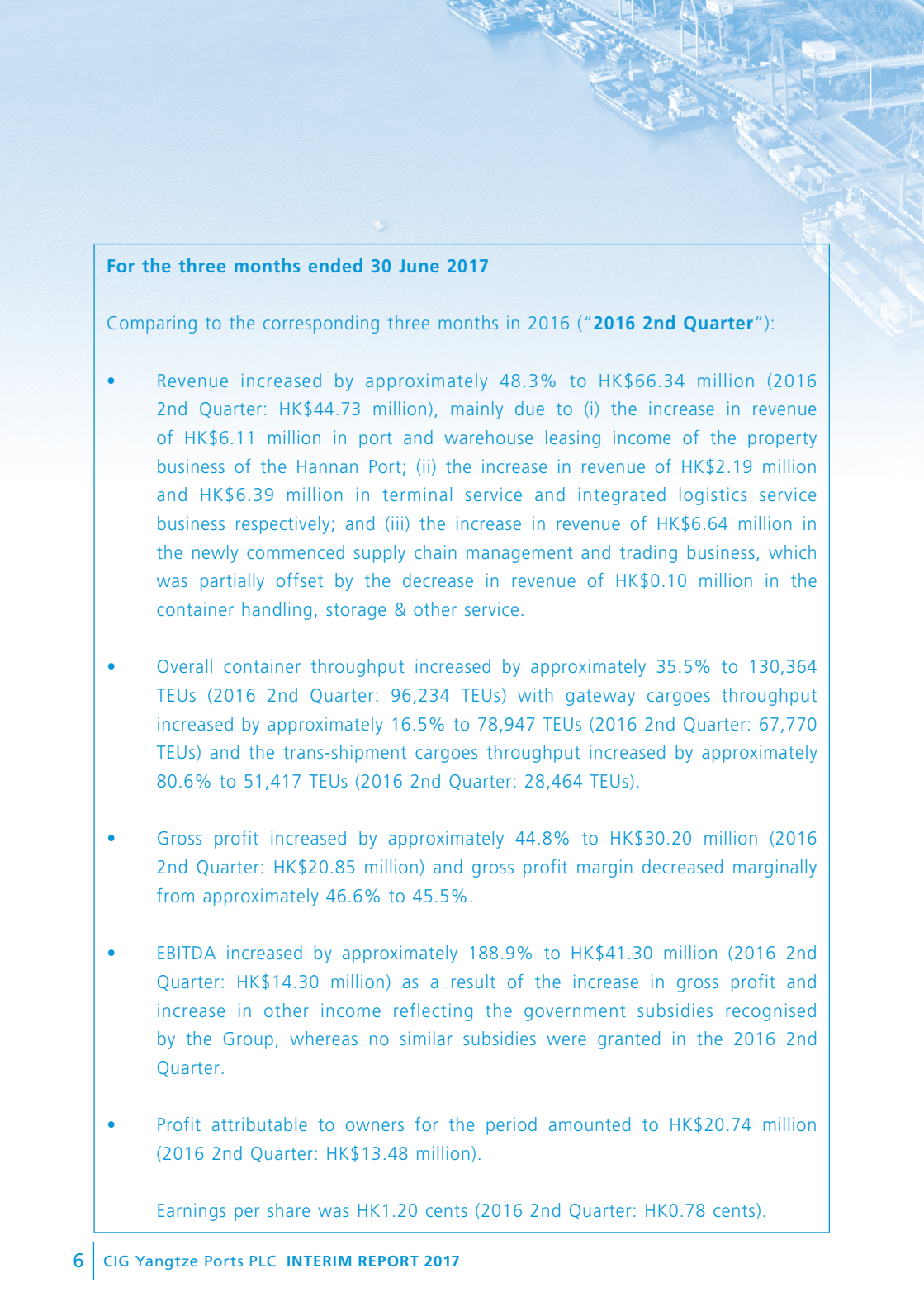
For the six months ended 30 June 2017

Comparing to the corresponding six months ended 30 June 2016 (“**2016 Interim Period**”):

- Revenue increased by approximately 28.6% to HK\$125.04 million (2016 Interim Period: HK\$97.21 million), mainly due to the offsetting effect of (i) the increase in revenue of HK\$13.13 million in port and warehouse leasing income of the property business of the Hannan Port which was acquired by the Group in 2016; (ii) the revenue of HK\$15.57 million from the supply chain management and trading business which commenced operation in early 2017; (iii) the increase of HK\$0.81 million in terminal service business as the increase in containers handled was offset by the drop in overall container tariff rates as a result of a higher mix of trans-shipment cargo containers with relatively lower tariff rates and the lowering of its tariff rates to align with those charged by neighbouring competing ports during the period to increase competitiveness; and (iv) the decrease in revenue of HK\$1.83 million in the integrated logistics service business.
- Overall container throughput increased by approximately 31.5% to 246,432 TEUs (2016 Interim Period: 187,412 TEUs) with gateway cargoes throughput increased by approximately 9.0% to 138,628 TEUs (2016 Interim Period: 127,147 TEUs) and the trans-shipment cargoes throughput increased by approximately 78.9% to 107,804 TEUs (2016 Interim Period: 60,265 TEUs).
- The Group’s market share of container throughput in Wuhan increased from 37.4% for the year ended 31 December 2016 to 43.4%.

- Gross profit increased by 34.7% to HK\$53.14 million (2016 Interim Period: HK\$39.46 million). Gross profit margin rose to 42.5% (2016 Interim Period: 40.6%). These were mainly due to the offsetting effect of (i) the increase in container throughput which was offset by the drop in overall container tariff rates as a result of a higher mix of trans-shipment cargo containers with relatively lower tariff rates and the lowering of its tariff rates to align with those charged by neighbouring competing ports during the period to increase competitiveness; (ii) lower gross margin generated from supply chain management and trading business which accounted for 12.4% of total revenue; and (iii) relatively higher gross profit margin generated from the property business of the Hannan Port, which accounted for 13.1% of total revenue.
- EBITDA increased by approximately 106.2% to HK\$53.84 million (2016 Interim Period: HK\$26.11 million) as a result of the increase in gross profit and the increase in other income with government subsidies in respect of the Shipai Port (石牌港) (RMB10.0 million (HK\$11.30 million)) and the Shayang Port (沙洋港) (RMB5.0 million (HK\$5.65 million)) granted to the Group whereas no similar government subsidies were granted in the 2016 Interim Period as the these ports were acquired by the Group in June 2016 and December 2016 respectively.
- Profit attributable to owners of the Company increased by 52.0% to HK\$22.78 million (2016 Interim Period: HK\$14.99 million). The increase in profitability was mainly attributable to the offsetting effect of (i) increase in port and warehouse leasing income of the property business from the Hannan Port; (ii) no gain on bargain purchase arising from acquisition of subsidiaries was recognised during the six months ended 30 June 2017 and (iii) the above mentioned government subsidies of RMB15.0 million (HK\$16.95 million) were recognised during the period ended 30 June 2017 while no similar government subsidies were granted in the 2016 Interim Period.

Earnings per share was HK1.32 cents (2016 Interim Period: HK0.87 cents).



For the three months ended 30 June 2017

Comparing to the corresponding three months in 2016 (“**2016 2nd Quarter**”):

- Revenue increased by approximately 48.3% to HK\$66.34 million (2016 2nd Quarter: HK\$44.73 million), mainly due to (i) the increase in revenue of HK\$6.11 million in port and warehouse leasing income of the property business of the Hannan Port; (ii) the increase in revenue of HK\$2.19 million and HK\$6.39 million in terminal service and integrated logistics service business respectively; and (iii) the increase in revenue of HK\$6.64 million in the newly commenced supply chain management and trading business, which was partially offset by the decrease in revenue of HK\$0.10 million in the container handling, storage & other service.
- Overall container throughput increased by approximately 35.5% to 130,364 TEUs (2016 2nd Quarter: 96,234 TEUs) with gateway cargoes throughput increased by approximately 16.5% to 78,947 TEUs (2016 2nd Quarter: 67,770 TEUs) and the trans-shipment cargoes throughput increased by approximately 80.6% to 51,417 TEUs (2016 2nd Quarter: 28,464 TEUs).
- Gross profit increased by approximately 44.8% to HK\$30.20 million (2016 2nd Quarter: HK\$20.85 million) and gross profit margin decreased marginally from approximately 46.6% to 45.5%.
- EBITDA increased by approximately 188.9% to HK\$41.30 million (2016 2nd Quarter: HK\$14.30 million) as a result of the increase in gross profit and increase in other income reflecting the government subsidies recognised by the Group, whereas no similar subsidies were granted in the 2016 2nd Quarter.
- Profit attributable to owners for the period amounted to HK\$20.74 million (2016 2nd Quarter: HK\$13.48 million).

Earnings per share was HK1.20 cents (2016 2nd Quarter: HK0.78 cents).



Other highlights

- In January 2017, the Group acquired Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd.* (中基通商市政工程(武汉)有限公司 (formerly known as Hubei Haiwote Municipal Construction Engineering Co. Limited*, 湖北海沃特市政工程有限公司), (“**Zhongji Tongshang Construction**”) for a total consideration of RMB43,600,000. Zhongji Tongshang Construction is principally engaged in the undertaking of municipal construction projects. The acquisition of Zhongji Tongshang Construction will act as the platform for the Group to diversify its business and explore new business opportunities in the construction industries.
- On 3 July 2017, the Company submitted a formal application to the Stock Exchange for the proposed transfer of the listing of the shares of the Company from the GEM Board to the Main Board. The application is being considered by the Stock Exchange.

Management commentary

Results

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	66,341	44,733	125,042	97,209
Cost of service rendered	(36,139)	(23,881)	(71,903)	(57,753)
Gross profit	30,202	20,852	53,139	39,456
Other income	19,768	1,937	20,064	3,673
General, administrative and other operating expenses	(8,670)	(8,491)	(19,364)	(17,017)
Operating profit/EBITDA	41,300	14,298	53,839	26,112
Finance costs — net	(6,110)	(4,403)	(10,296)	(8,551)
EBTDA	35,190	9,895	43,543	17,561
Depreciation and amortisation	(6,844)	(6,316)	(11,923)	(11,924)
Change in fair value of investment properties	6,781	7,357	6,781	7,357
Gain on bargain purchase	—	8,030	—	8,030
Share of profit of associates	197	265	234	265
Profit before income tax	35,324	19,231	38,635	21,289
Income tax expense	(9,691)	(2,159)	(11,555)	(2,471)
Profit for the period	25,633	17,072	27,080	18,818
Non-controlling interests	(4,895)	(3,596)	(4,299)	(3,831)
Profit attributable to owners of the Company	20,738	13,476	22,781	14,987



Review of operations

Overall business environment


The principal activities of CIG Yangtze Port 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 the 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 PRC.

The WIT Port and the Multi-Purpose Port

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

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, bigger 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 bigger 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 the 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.

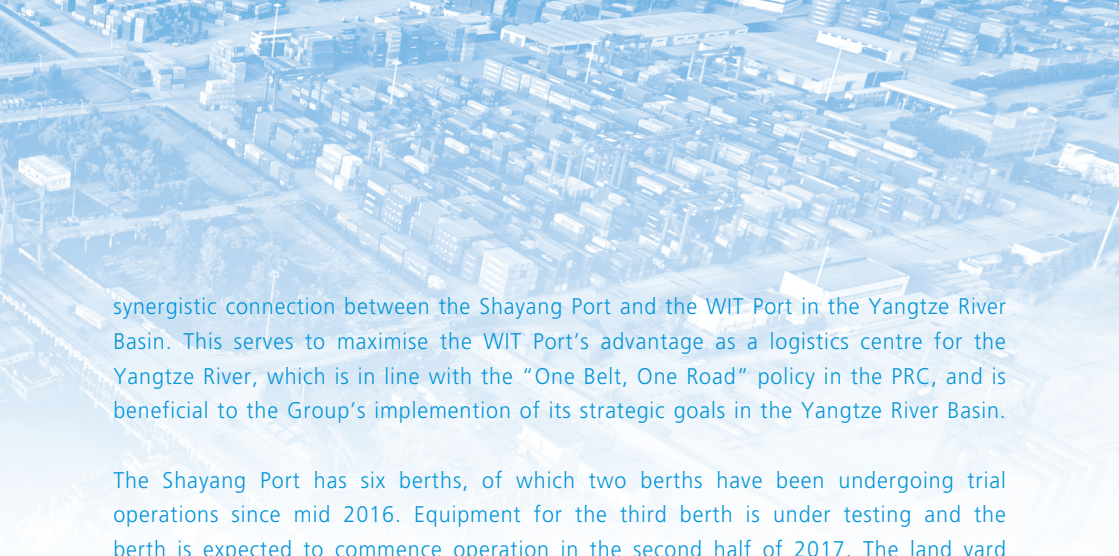
The Hannan Port

The Hannan Port was acquired by the Group in the second quarter of 2016, 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. It is the principal contributor of port and warehouse leasing income to the new property business segment of the Group. The Group plans to develop the Hannan Port into a multi-purpose service platform in phases, providing terminal, warehousing and logistics services and such other services including RORO (Roll on Roll off), terminal, bulk cargo transportation and storage, automobile spare parts processing and logistics.

Phase I of the Hannan Port was completed. Phase II which is planned to develop as a multi-purpose port, has commenced pre-construction work in the second half of 2017.

The Shayang Port

The Shayang Port, which forms part of the acquisition of the 60% equity interest in Shayang County Guoli Transportation Investment Co., Limited* (沙洋縣國利交通投資有限公司) by the Group in June 2016, one of the major port construction projects under the “12th Five-Year Plan” of Hubei Province of the PRC. It will serve as a water transportation hub connecting surrounding six provinces, an essential material distribution centre of Central Wuhan and also a superior port area for the middle reaches of the Han River. The investment is 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 for the Yangtze River, which is in line with the "One Belt, One Road" policy in the PRC, and is beneficial to the Group's implementation of its strategic goals in the Yangtze River Basin.

The Shayang Port has six berths, of which two berths have been undergoing trial operations since mid 2016. Equipment for the third berth is under testing and the berth is expected to commence operation in the second half of 2017. The land yard and other facilities adjacent to the port is under construction and is expected to be completed near the end of 2017.

The Shipai Port

The Shipai Port was acquired by the Group in December 2016 as part of the acquisition of the 60% equity interest in Zhongxiang City Port Development Co., Limited* (鐘祥市中基港口發展有限公司, "**Zhongxiang City Port Co.**"). Zhongxiang City Port Co. is principally engaged in (i) the investment, development and management of transportation infrastructure, (ii) loading and unloading of cargoes, and (iii) shipping agency services. Zhongxiang City Port Co. is also involved in the development project of a port, logistics and industrial mixed-use port district with an area of approximately 25 square kilometers located in Shipai County, Zhongxiang City, Jingmen, Central Hubei (the "**Shipai Port**"). The port portion of Shipai Port is to occupy an area of approximately 2.5 square kilometers with planned construction of four (4) 1000-tonne class berths together with a logistics park covering approximately 2.5 square kilometers to be constructed next to the port area.

The Shipai Port has four berths, of which one berth has been undergoing a one-year trial operation since late December 2016. Construction of the central stacking yard is expected to commence within the second half of 2017.



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 (formerly known as Hubei Haiwote Municipal Construction Engineering Co. Limited*, 湖北海沃特市政工程有限公司) (“**Zhongji Tongshang Construction**”), acquired by the Group in January 2017, is principally engaged in undertaking municipal construction projects. The acquisition of Zhongji Tongshang Construction will act as a platform for the Group to diversify its business and explore new business opportunities in the construction industries.

Tongshang Supply Chain

The Group’s recently set up subsidiary, 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, 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 facilitate trading enterprises to enhance intelligent trading, reduce costs and strengthen competitiveness.

Currently, Tongshang Supply Chain is serving as the principal supply chain service provider and trader of industrial raw materials, such as quartz sand and iron ore, for up-stream suppliers and down-stream customers in Wuhan.

Operating results

Revenue

	Six months ended 30 June					
	2017		2016		Increase/(Decrease)	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Terminal service	42,029	33.6	41,216	42.4	813	2.0
Integrated logistics service	41,256	33.0	43,085	44.3	(1,829)	(4.2)
Container handling, storage & other service	8,631	6.9	9,296	9.6	(665)	(7.2)
Property business	16,339	13.1	3,208	3.3	13,131	409.3
Supply chain management and trading business	15,567	12.4	—	—	15,567	N/A
General and bulk cargoes handling service	1,220	1.0	404	0.4	816	202.0
	125,042	100.0	97,209	100.0	27,833	28.6

	Three months ended 30 June					
	2017		2016		Increase/(Decrease)	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Terminal service	23,716	35.8	21,524	48.1	2,192	10.2
Integrated logistics service	22,557	34.0	16,166	36.2	6,391	39.5
Container handling, storage & other service	4,477	6.7	4,578	10.2	(101)	(2.2)
Property business	8,303	12.5	2,198	4.9	6,105	277.8
Supply chain management and trading business	6,637	10.0	—	—	6,637	N/A
General and bulk cargoes handling service	651	1.0	267	0.6	384	143.8
	66,341	100.0	44,733	100.0	21,608	48.3

Note: The comparative segment information for the three months ended 30 June 2016, six months ended 30 June 2016 and three months ended 31 March 2017 have been restated to align with the presentation for the current period and for the year ended 31 December 2016 segment information disclosure.

For the six months ended 30 June 2017, the Group's revenue amounted to HK\$125.04 million (2016 Interim Period: HK\$97.21 million), representing an increase of HK\$27.83 million or approximately 28.6% as compared to the 2016 Interim Period. The increase in revenue was mainly due to offsetting effect of (i) the increase in revenue of HK\$13.13 million in port and warehouse leasing income of the property business from the Hannan Port which was acquired by the Group in 2016; (ii) the revenue of HK\$15.57 million from the supply chain management and trading business which commenced operation in early 2017; (iii) the increase of HK\$0.81 million in terminal service business as the increase in containers handled was offset by the drop in overall container tariff rates as a result of a higher mix of trans-shipment cargo containers with relatively lower tariff rates and the lowering of its tariff rates to align with those charged by neighbouring competing ports during the period to increase competitiveness; and (iv) the decrease in revenue of HK\$1.83 million in the integrated logistics service business.

For the three months ended 30 June 2017, the Group's revenue amounted to HK\$66.34 million (2016 2nd Quarter: HK\$44.73 million), representing an increase of HK\$21.61 million or approximately 48.3% as compared to the 2016 2nd Quarter.

Terminal service

Container throughput

	Six months ended 30 June					
	2017		2016		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	138,628	56.3	127,147	67.8	11,481	9.0
Trans-shipment cargoes	107,804	43.7	60,265	32.2	47,539	78.9
	246,432	100.0	187,412	100.0	59,020	31.5

Three months ended 30 June

	2017		2016		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	78,947	60.6	67,770	70.4	11,177	16.5
Trans-shipment cargoes	51,417	39.4	28,464	29.6	22,953	80.6
	130,364	100.0	96,234	100.0	34,130	35.5

The throughput for the six months ended 30 June 2017 was 246,432 TEUs, representing an increase of 59,020 TEUs or approximately 31.5% compared to that of 187,412 TEUs for the 2016 Interim Period. Of the 246,432 TEUs handled, 138,628 TEUs or approximately 56.3% (2016 Interim Period: 127,147 TEUs or 67.8%) and 107,804 TEUs or 43.7% (2016 Interim Period: 60,265 TEUs or 32.2%) were attributable to gateway cargoes and trans-shipment cargoes respectively.

The throughput for the three months ended 30 June 2017 was 130,364 TEUs, representing an increase of 34,130 TEUs or 35.5% higher than that of 96,234 TEUs for the 2016 2nd Quarter.

The increase in overall container throughput was mainly attributable to the 9.0% and 78.9% increase of gateway cargoes and trans-shipment cargoes respectively. While continuing to align tariff rates with those of neighbouring competing ports to increase competitiveness, in early 2017, the Group has also taken the initiative to raising 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 34.3% to 43,364 TEUs (2016 Interim Period: 32,297 TEUs). Throughput of two major trans-shipment routes, namely the Luzhou/Chongqing and Yichang/Jingzhou routes increased by 36.3% to 30,656 TEUs (2016 Interim Period: 22,485 TEUs) and 236.4% to 20,619 TEUs (2016 Interim Period: 6,129 TEUs) respectively as compared to the same period of 2016.



Average tariff

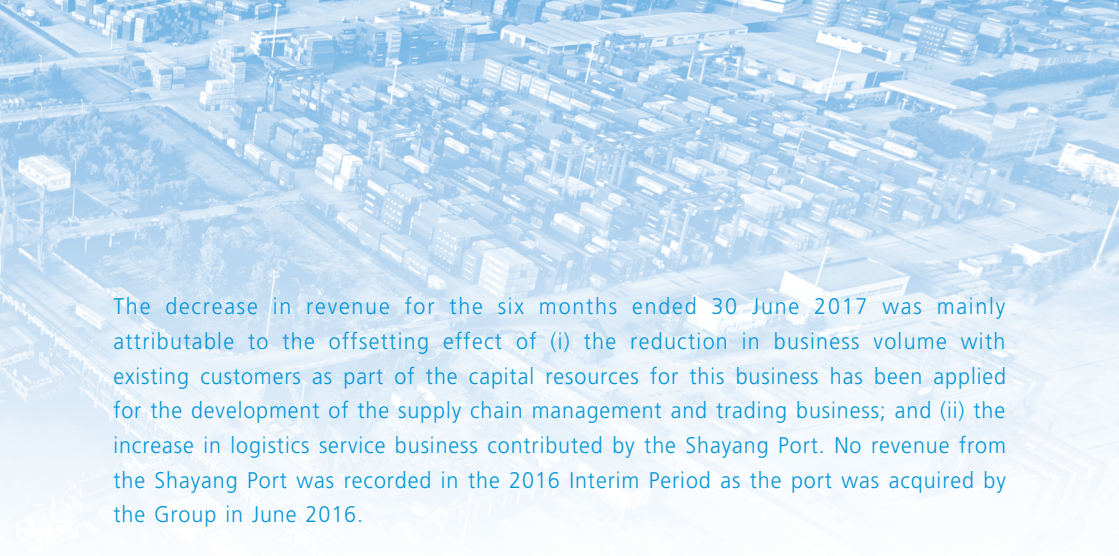
Tariff, which is dominated in Renminbi (“**RMB**”), is converted into Hong Kong Dollars, the reporting currency of the Group. The average tariff for gateway cargoes for the six months ended 30 June 2017 was RMB233 (HK\$263) per TEU (2016 Interim Period: RMB265 (HK\$314) per TEU), an decrease of approximately 12.1% compared to that of the 2016 Interim Period. The average tariff for trans-shipment cargoes was RMB45 (HK\$51) per TEU (2016 Interim Period: RMB51 (HK\$60) per TEU), which decreased by approximately 11.8% compared to that of the 2016 Interim Period. This is in line with the effort of the Group to lower its tariff rates to align them with those of neighbouring ports, in order to increase competitiveness.

Market share

In terms of market share of Wuhan Yangluo Port, for the six months ended 30 June 2017, the Group’s market share increased from 37.4% for the year ended 31 December 2016 to 43.4% for the six months ended 30 June 2017. The increase in market share was mainly attributed to the significant increase in throughput volume during the relevant 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 decreased to HK\$41.26 million (2016 Interim Period: HK\$43.09 million) which accounted for approximately 33.0% (2016 Interim Period: 44.3%) and HK\$22.56 million (2016 2nd Quarter: HK\$16.17 million), representing approximately 34.0% (2016 2nd Quarter: 36.2%) of the Group’s total revenue for the six months ended 30 June 2017 and the three months ended 30 June 2017 respectively.



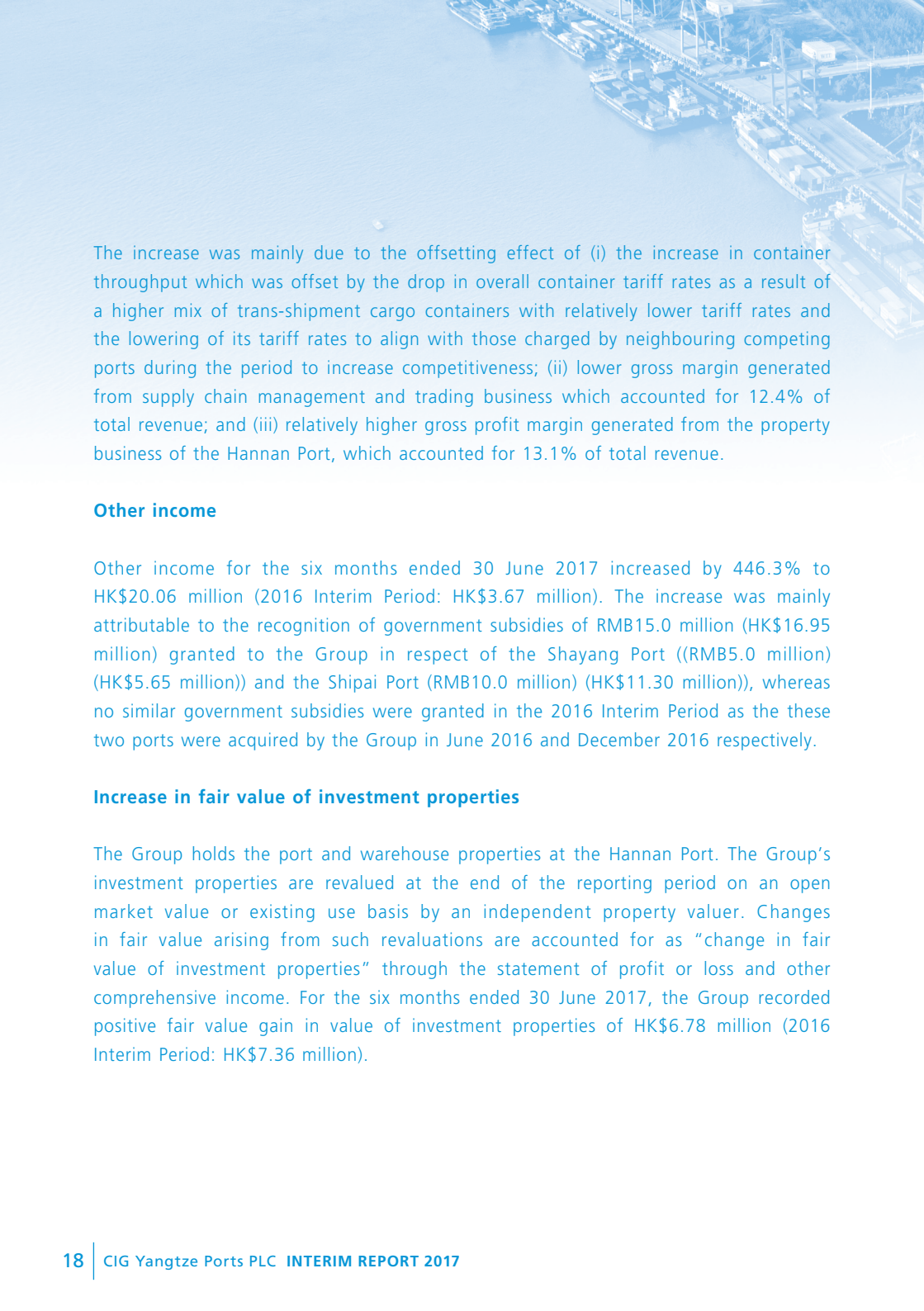
The decrease in revenue for the six months ended 30 June 2017 was mainly attributable to the offsetting effect of (i) the reduction in business volume with existing customers as part of the capital resources for this business has been applied for the development of the supply chain management and trading business; and (ii) the increase in logistics service business contributed by the Shayang Port. No revenue from the Shayang Port was recorded in the 2016 Interim Period as the port was acquired by the Group in June 2016.

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. A major leasing agreement was signed in the second quarter of 2016 to lease a G.F.A of 51,564.88 square meters in warehouse and workshop area from 1 July 2016 for one year, 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. The leasing agreement, which expired on 30 June 2017, was subsequently renewed for a further one year. No leasing revenue was received in the 2016 Interim Period as the leasing agreement with the term of lease commenced on 1 July 2016.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2017 was HK\$53.14 million, representing an increase of HK\$13.68 million as compared with the 2016 Interim Period. Gross profit for the three months ended 30 June 2017 was HK\$30.20 million, with an increase of HK\$9.35 million as compared with the 2016 2nd Quarter. Gross profit margins for the six months and three months ended 30 June 2017 are 42.5% and 45.5% of revenue, respectively as compared with a gross profit margin of 40.6% and 46.6% of revenue respectively for the 2016 Interim Period and the 2016 2nd Quarter.




The increase was mainly due to the offsetting effect of (i) the increase in container throughput which was offset by the drop in overall container tariff rates as a result of a higher mix of trans-shipment cargo containers with relatively lower tariff rates and the lowering of its tariff rates to align with those charged by neighbouring competing ports during the period to increase competitiveness; (ii) lower gross margin generated from supply chain management and trading business which accounted for 12.4% of total revenue; and (iii) relatively higher gross profit margin generated from the property business of the Hannan Port, which accounted for 13.1% of total revenue.

Other income

Other income for the six months ended 30 June 2017 increased by 446.3% to HK\$20.06 million (2016 Interim Period: HK\$3.67 million). The increase was mainly attributable to the recognition of government subsidies of RMB15.0 million (HK\$16.95 million) granted to the Group in respect of the Shayang Port ((RMB5.0 million) (HK\$5.65 million)) and the Shipai Port (RMB10.0 million) (HK\$11.30 million)), whereas no similar government subsidies were granted in the 2016 Interim Period as the these two ports were acquired by the Group in June 2016 and December 2016 respectively.

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 2017, the Group recorded positive fair value gain in value of investment properties of HK\$6.78 million (2016 Interim Period: HK\$7.36 million).



Share of profit of an associate

Share of profit of HK\$234,000 (2016 Interim Period: HK\$265,000) 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 six months ended 30 June 2017 amounted to HK\$27.08 million (2016 Interim Period: HK\$18.82 million) and profit for the three months ended 30 June 2017 amounted to HK\$25.63 million (2016 2nd Quarter: HK\$17.07 million), which represent an increase of 43.9% and 50.1% respectively for the six months ended 30 June 2017 and the three months ended 30 June 2017. The increase was mainly attributable to the net effect of (i) increase in port and warehouse leasing income of the property business from the Hannan Port; (ii) no gain on purchase arising from acquisition of subsidiaries during the period ended 30 June 2017; and (iii) the recognition of government subsidies in respect of the Shayang Port and the Shipai Port while no similar government subsidies were received in the corresponding periods as these two ports were acquired by the Group in June 2016 and December 2016 respectively.

Earnings per share attributable to owners of the Company for the six months ended 30 June 2017 was HK1.32 cents as compared with HK0.87 cents for the 2016 Interim Period. Earnings per share for the three months ended 30 June 2017 was HK1.20 cents compared with HK0.78 cents for the 2016 2nd Quarter.



Forward looking observations

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

The Group expects to continue to face competition from neighbouring port operators in the Yangluo Port area. Nevertheless, the Group will continue to deploy current initiatives of aligning its container tariff rates with those of the neighbouring competing ports to raise competitiveness, enhancement of quality of services to customers and the drive to develop the import (inbound) businesses. The recently added Hannan Port, Shayang Port and Shipai Port are expected 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 Multi-Purpose Port in Wuhan are located, and create synergy among the ports. As at the date of this report, phase I of the development of the Hannan Port has been completed and Phase II will commence construction in the second half of 2017. The Shayang Port and the Shipai Port had commenced their trial operations in 2016 which included running-in and testing of various infrastructures of the terminal.

Within the vicinity where both the Shayang Port and the Shipai Port are located, there are significant industrial raw material resources which are 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.

The supply chain management company in Wuhan set up in late 2016 will serve as a supply chain service provider and trader for up-stream suppliers and down-stream customers and spearhead the planned development of the Group’s supply chain management and trading business while the recently acquired Zhongji Tongshang Construction, a company principally engaged in municipal construction projects, would allow the Group to diversify its business outside of the port and related segment into the construction industries.

Independent review report



Grant Thornton
致同

To the Board of Directors of CIG Yangtze Ports PLC

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 23 to 54, which comprise the condensed consolidated statement of financial position of CIG Yangtze Ports PLC (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2017 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. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“ISRE 2410”). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Other Matter

We draw attention to the fact that the condensed consolidated statement of profit or loss and other comprehensive income for the three-month ended 30 June 2017 and 2016 and the relevant explanatory notes disclosed in this interim financial information have not been reviewed in accordance with ISRE 2410.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

10 August 2017

Lee Lai Lan, Joyce

Practising Certificate No.: P06409

Condensed consolidated statement of profit or loss and other comprehensive income

for the six-month ended 30 June 2017

	Notes	Three-month ended 30 June		Six-month ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	66,341	44,733	125,042	97,209
Cost of services rendered		(36,139)	(23,881)	(71,903)	(57,753)
Gross profit		30,202	20,852	53,139	39,456
Other income	5	19,768	1,937	20,064	3,673
Change in fair value of investment properties	11	6,781	7,357	6,781	7,357
Gain on bargain purchase	6	—	8,030	—	8,030
General and administrative expenses		(8,645)	(9,448)	(20,196)	(18,455)
Other operating expenses		(6,869)	(5,359)	(11,091)	(10,486)
Finance costs — net	7	(6,110)	(4,403)	(10,296)	(8,551)
Share of profit of an associate		197	265	234	265
Profit before income tax	6	35,324	19,231	38,635	21,289
Income tax expense	8	(9,691)	(2,159)	(11,555)	(2,471)
Profit for the period		25,633	17,072	27,080	18,818
Other comprehensive income/ (expense) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange gain/(loss) on translation of financial statements of foreign operations		16,193	(12,290)	21,609	(9,681)
Total comprehensive income for the period		41,826	4,782	48,689	9,137

Notes	Three-month ended 30 June		Six-month ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)

**Profit for the period
attributable to:**

Owners of the Company	20,738	13,476	22,781	14,987
Non-controlling interests	4,895	3,596	4,299	3,831
	25,633	17,072	27,080	18,818

**Total comprehensive income
attributable to:**

Owners of the Company	34,602	1,981	40,963	5,924
Non-controlling interests	7,224	2,801	7,726	3,213
	41,826	4,782	48,689	9,137

**Earnings per share attributable
to owners of the Company**

Basic and diluted earnings per share	HK1.20 cents	HK0.78 cents	HK1.32 cents	HK0.87 cents
---	---------------------	--------------	---------------------	--------------

9

The notes on pages 30 to 54 are an integral part of this interim financial information.

Condensed consolidated statement of financial position

as at 30 June 2017

Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Investment properties	11 340,860	323,533
Property, plant and equipment	12 452,365	427,200
Construction in progress	13 236,217	224,626
Land use rights	48,191	42,499
Intangible assets	20,968	16,690
Interest in an associate	9,128	8,895
Goodwill	22 998	—
	1,108,727	1,043,443
Current assets		
Inventories	5,160	4,842
Trade and bills receivables	14 100,282	84,739
Prepayments, deposits and other receivables	50,615	38,499
Amount due from a related company	21 35	34
Government subsidy receivables	15 21,175	9,908
Cash and cash equivalents	119,426	50,353
	296,693	188,375
Current liabilities		
Trade and other payables	16 113,759	140,704
Amount due to a related company	21 37,219	45,923
Amount due to an associate	23	22
Amount due to a shareholder	21 52,141	62,397
Amount due to ultimate holding company	21 1,300	1,300
Bank borrowings	17 72,285	142,192
Other borrowings	18 37,612	8,490
Income tax payable	18,144	9,694
	332,483	410,722



	Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Net current liabilities		(35,790)	(222,347)
Total assets less current liabilities		1,072,937	821,096
Non-current liabilities			
Other payables	16	4,146	4,104
Bank borrowings	17	235,118	159,180
Other borrowings	18	136,794	13,997
Deferred tax liabilities		43,835	40,023
		419,893	217,304
Net assets		653,044	603,792
EQUITY			
Share capital	19	172,507	172,507
Reserves		354,359	313,396
Equity attributable to owners of the Company		526,866	485,903
Non-controlling interests		126,178	117,889
Total equity		653,044	603,792

Yan Zhi
Director

Xie Bingmu
Director

The notes on pages 30 to 54 are an integral part of this interim financial information.

Condensed consolidated statement of cash flows
for the six-month ended 30 June 2017

	Notes	Six-month ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		7,277	40,279
Interest paid		(7,734)	—
Income tax paid		(1,845)	(1,568)
Net cash (used in)/from operating activities		(2,302)	38,711
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,402)	(6,870)
Addition for investment properties		(677)	—
Addition for land use rights		(4,820)	—
Payment for construction in progress		(21,056)	(795)
Acquisition of subsidiaries, net of cash acquired	22	(4,024)	(13,027)
Payment for acquisition of subsidiaries in prior year		(41,941)	—
Interest received		16	—
Other cash flows arising from investing activities		—	(71)
Net cash used in investing activities		(79,904)	(20,763)
Cash flows from financing activities			
Proceeds from issuance of shares		—	58,691
Capital injection from non-controlling interests		563	—
Decrease in amount due to ultimate holding company		—	(53,426)
Increase in amount due to a related company		115	—
Decrease in amounts due to a shareholder		(11,923)	—
Proceeds from bank borrowings		119,938	97,540
Repayment of bank borrowings		(116,145)	(2,653)
Proceeds from other borrowings		162,150	—
Repayment of other borrowings		(5,378)	—
Net cash from financing activities		149,320	100,152
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		50,353	22,872
Effect for foreign exchange rate changes		1,959	—
Cash and cash equivalents at 30 June		119,426	140,972

The notes on pages 30 to 54 are an integral part of this interim financial information.

Condensed consolidated statement of changes in equity

for the six-month ended 30 June 2017

	Attributable to owners of the Company					Acc- umulated profits	Total	Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Other reserve	Foreign exchange reserve				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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

Condensed consolidated statement of changes in equity for the six-month ended 30 June 2016

	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 2016	117,706	63,018	—	116,250	12,729	86,198	395,901	35,797	431,698
Total comprehensive (expense)/income for the period									
Profit for the period	—	—	—	—	—	14,987	14,987	3,831	18,818
Other comprehensive expense for the period									
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	(9,063)	—	(9,063)	(618)	(9,681)
	—	—	—	—	(9,063)	14,987	5,924	3,213	9,137
Transactions with owners									
Issue of shares upon placement of shares	14,000	44,691	—	—	—	—	58,691	—	58,691
Issue of shares as consideration for common control combination	—	—	(530,414)	530,414	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	36,294	36,294
Total transactions with owners	14,000	44,691	(530,414)	530,414	—	—	58,691	36,294	94,985
Balance at 30 June 2016	131,706	107,709	(530,414)	646,664	3,666	101,185	460,516	75,304	535,820

The notes on pages 30 to 54 are an integral part of this interim financial information.



Notes to the condensed consolidated interim financial information

for the six-month ended 30 June 2017

1. Corporate information

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, GT Uglund House, South Church Street, George Town, Grand Cayman, 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 shares are listed on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 and the provision of logistics services. During the six-month ended 30 June 2017, the Group has expanded its business to include the trading of commodities. The Group’s operations are based in Hong Kong and the People’s Republic of China (“**PRC**”).

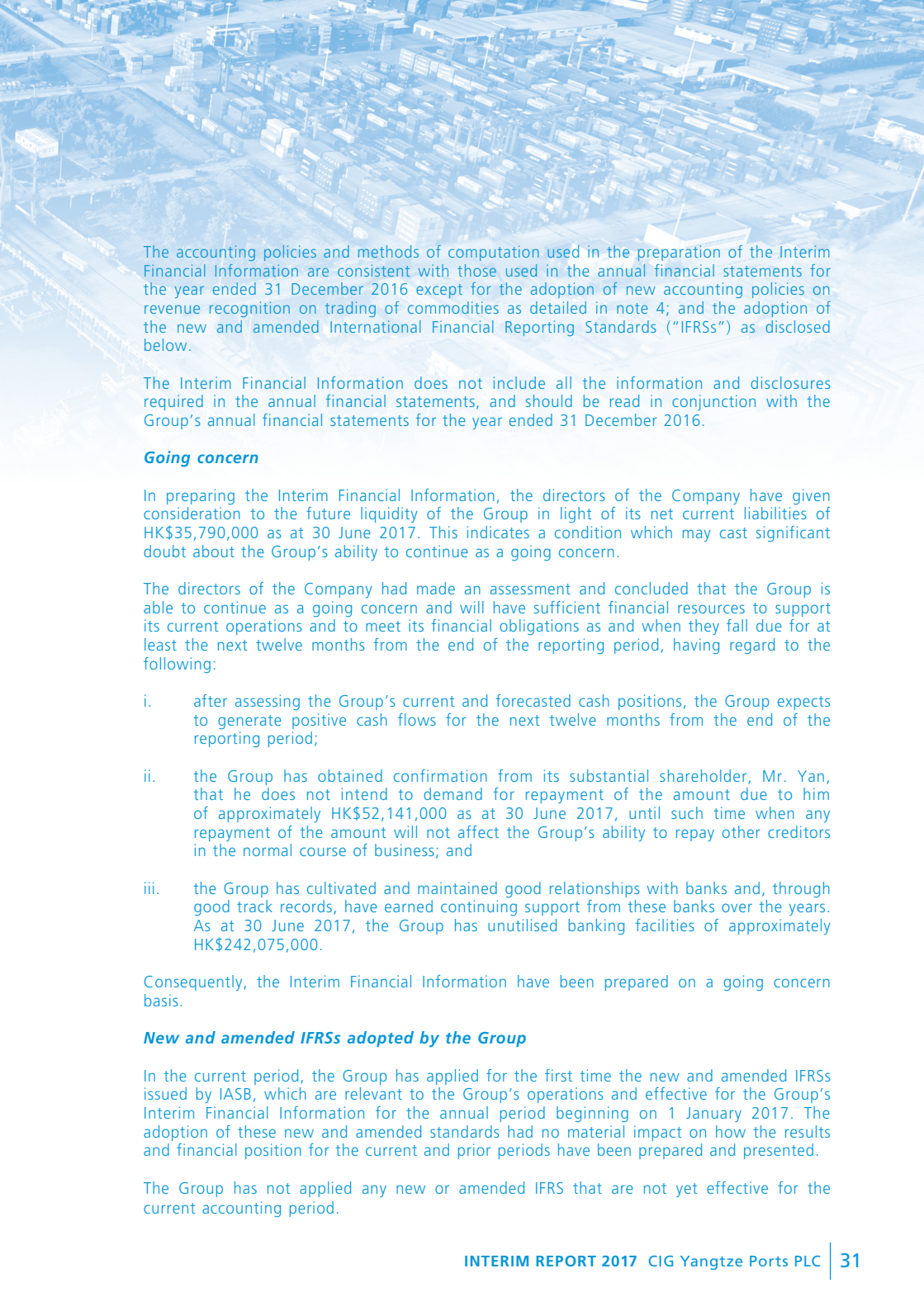
The condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month 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 10 August 2017.

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

This Interim Financial Information has been reviewed, not audited.

2. Basis of preparation

These Interim Financial Information have been prepared in accordance with the International Accounting Standard (“**IAS**”) 34, “**Interim Financial Reporting**”. The Interim Financial Information also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM 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 2016 except for the adoption of new accounting policies on revenue recognition on trading of commodities as detailed in note 4; and the adoption of the new and amended International Financial Reporting Standards ("IFRSs") as disclosed below.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

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\$35,790,000 as at 30 June 2017. 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;
- ii. the Group has obtained confirmation from its substantial shareholder, Mr. Yan, that he does not intend to demand for repayment of the amount due to him of approximately HK\$52,141,000 as at 30 June 2017, until such time when any repayment of the amount will not affect the Group's ability to repay other creditors in the normal course of business; and
- iii. the Group has cultivated and maintained good relationships with banks and, through good track records, have earned continuing support from these banks over the years. As at 30 June 2017, the Group has unutilised banking facilities of approximately HK\$242,075,000.

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 2017. 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.

The Group has not applied any new or amended IFRS that are not yet effective for the current accounting period.



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 2016.

4. Segment information

The Group has presented into four (2016: three) 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.

During the six-month ended 30 June 2017, the supply chain management and trading business segment has been added upon the commencement of its business. Sale of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

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 2017 and 2016 were sourced from external customers located in the PRC. In addition, over 99% (2016: 99%) of the non-current assets of the Group as at the reporting dates were physically located in the PRC. No geographic information is presented.

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 on investment properties	6,781	—	—	—	—	—	6,781
Interest income	—	13	1	—	—	2	16
Finance costs	(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 profit or loss and other comprehensive income

For the three-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	8,303	28,844	22,557	6,637	—	—	66,341
Inter-segment revenue	—	2,190	16	—	(2,206)	—	—
Reportable segment revenue	8,303	31,034	22,573	6,637	(2,206)	—	66,341
Reportable segment results	5,871	29,653	1,528	208	—	—	37,260
Fair value changes on investment properties	6,781	—	—	—	—	—	6,781
Interest income	—	2	1	—	—	1	4
Finance costs	(9)	(5,632)	(470)	—	—	(3)	(6,114)
Share of profit of an associate	—	—	197	—	—	—	197
Corporate and other unallocated expense	—	—	—	—	—	(2,804)	(2,804)
Profit/(Loss) before income tax	12,643	24,023	1,256	208	—	(2,806)	35,324
Income tax expense	(2,289)	(6,302)	(1,048)	(52)	—	—	(9,691)
Profit/(Loss) for the period	10,354	17,721	208	156	—	(2,806)	25,633

Condensed consolidated statement of financial position
At 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)	Unallocated corporate assets/ (liabilities) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	372,407	803,317	67,889	26,000	7,253	1,276,866
Interest in an associate	9,128	—	—	—	—	9,128
Cash and cash equivalents	52,400	52,909	12,290	472	1,355	119,426
Total assets	433,935	856,226	80,179	26,472	8,608	1,405,420
Segment liabilities	(182,243)	(129,995)	(28,659)	(3,089)	(39,008)	(382,994)
Bank borrowings	—	(282,172)	(25,231)	—	—	(307,403)
Deferred tax liabilities	(38,525)	(4,299)	—	—	(1,011)	(43,835)
Income tax payable	(7,971)	(7,910)	(2,263)	—	—	(18,144)
Total liabilities	(228,739)	(424,376)	(56,153)	(3,089)	(40,019)	(752,376)
Net assets	205,196	431,850	24,026	23,383	(31,411)	653,044

2016

Condensed consolidated statement of profit or loss and other comprehensive income

For the six-month ended 30 June 2016 (restated)

	Property business	Terminal & related business	Integrated logistics business	Supply chain management and trading business	Elimination	Unallocated corporate expense	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	3,208	50,916	43,085	—	—	—	97,209
Inter-segment revenue	—	2,510	—	—	(2,510)	—	—
Reportable segment revenue	3,208	53,426	43,085	—	(2,510)	—	97,209
Reportable segment results	396	17,733	193	—	—	—	18,322
Fair value changes on investment properties	7,357	—	—	—	—	—	7,357
Gain on bargain purchase	—	8,030	—	—	—	—	8,030
Interest income	—	30	—	—	—	—	30
Finance costs	(8)	(8,122)	(451)	—	—	—	(8,581)
Share of profit of an associate	—	—	265	—	—	—	265
Corporate and other unallocated expense	—	—	—	—	—	(4,134)	(4,134)
Profit/(Loss) before income tax	7,745	17,671	7	—	—	(4,134)	21,289
Income tax expense	—	(1,985)	(22)	—	—	(464)	(2,471)
Profit/(Loss) for the period	7,745	15,686	(15)	—	—	(4,598)	18,818

Note: The comparative segment information for the six-month ended 30 June 2016 has been restated to align with the presentation for the current period and for the year ended 31 December 2016 segment information disclosure.

Condensed consolidated statement of profit or loss and other comprehensive income

For the three-month ended 30 June 2016

	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 expense HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from external customers	2,198	26,369	16,166	—	—	—	44,733
Inter-segment revenue	—	1,057	—	—	(1,057)	—	—
Reportable segment revenue	2,198	27,426	16,166	—	(1,057)	—	44,733
Reportable segment results	179	9,580	256	—	—	—	10,015
Fair value changes on investment properties	7,357	—	—	—	—	—	7,357
Gain on bargain purchase	—	8,030	—	—	—	—	8,030
Interest income	—	24	—	—	—	—	24
Finance costs	(8)	(4,205)	(214)	—	—	—	(4,427)
Share of profit of an associate	—	—	265	—	—	—	265
Corporate and other unallocated expense	—	—	—	—	—	(2,033)	(2,033)
Profit/(Loss) before income tax	7,528	13,429	307	—	—	(2,033)	19,231
Income tax expense	—	(1,673)	(22)	—	—	(464)	(2,159)
Profit/(Loss) for the period	7,528	11,756	285	—	—	(2,497)	17,072

Condensed consolidated statement of financial position

At 31 December 2016

	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	348,850	736,321	51,749	—	35,650	1,172,570
Interest in an associate	8,895	—	—	—	—	8,895
Cash and cash equivalents	63	36,141	8,245	—	5,904	50,353
Total assets	357,808	772,462	59,994	—	41,554	1,231,818
Segment liabilities	(40,134)	(184,654)	(14,398)	—	(37,751)	(276,937)
Bank borrowings	—	(279,044)	(22,328)	—	—	(301,372)
Deferred tax liabilities	(35,725)	—	—	—	(4,298)	(40,023)
Income tax payable	(4,923)	(2,212)	(2,559)	—	—	(9,694)
Total liabilities	(80,782)	(465,910)	(39,285)	—	(42,049)	(628,026)
Net assets	277,026	306,552	20,709	—	(495)	603,792

5. Other income

	Three-month ended 30 June		Six-month ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Rental income	59	44	144	123
Sundry income	13	161	124	237
Sales of scrap materials	54	96	133	258
Government subsidies (note)	19,642	1,636	19,663	3,055
	19,768	1,937	20,064	3,673

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:

	Three-month ended 30 June		Six-month ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)				
— Salaries and allowances	11,018	9,332	22,430	19,937
— Pension contributions	820	774	1,626	1,521
	11,838	10,106	24,056	21,458
Cost of services rendered	39,519	26,699	78,724	64,285
Less: Government subsidies	(3,380)	(2,818)	(6,821)	(6,532)
	36,139	23,881	71,903	57,753
Depreciation and amortisation	6,844	6,316	11,923	11,924
Net foreign exchange loss	147	130	385	176
Gain on bargain purchase (note)	—	(8,030)	—	(8,030)

Note: Gain on bargain purchase during the three-month and six-month periods ended 30 June 2016 was arisen from the acquisition of a subsidiary in 2016, namely Shayang County Guoli Transportation Investment Co., Limited ("Shayang Guoli"). Details of which are set out in the Company's financial statements for the year ended 31 December 2016.

7. Finance costs — net

	Three-month ended 30 June		Six-month ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income:				
Bank interest income	4	24	16	30
Interest expense:				
Interest on bank and other borrowings	(6,114)	(4,427)	(10,312)	(8,581)
Finance costs — net	(6,110)	(4,403)	(10,296)	(8,551)

8. Income tax expense

	Three-month ended 30 June		Six-month ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— Hong Kong profits tax	—	—	—	—
— PRC enterprise income tax	7,996	321	9,860	633
	7,996	321	9,860	633
Deferred tax				
Origination and reversal of temporary difference	1,695	1,838	1,695	1,838
	9,691	2,159	11,555	2,471

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% (2016: 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%.

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:

	Three-month ended 30 June		Six-month ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Earnings				
Profit for the period attributable to owners of the Company (HK\$'000)	20,738	13,476	22,781	14,987
Number of shares				
Weighted average number of ordinary shares outstanding for basic earnings per share (note)	1,725,066,689	1,720,400,022	1,725,066,689	1,722,746,247
Basic earnings per share	HK1.20 cents	HK0.78 cents	HK1.32 cents	HK0.87 cents

Note: In determining the weighted average number of ordinary shares deemed to be issued during the three-month and six-month periods ended 30 June 2016, the 408,010,509 ordinary shares with par value of HK\$0.1 each issued in 2016 as the consideration of the common control combination of Zall Infrastructure Group Company Limited and its subsidiaries (the "Hannan Group") in 2016 have been regarded as if these shares were in issue since 1 January 2016.

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the three-month and six-month periods ended 30 June 2017 and 2016. The basic earnings per share are equal to the diluted earnings per share.

10. Dividend

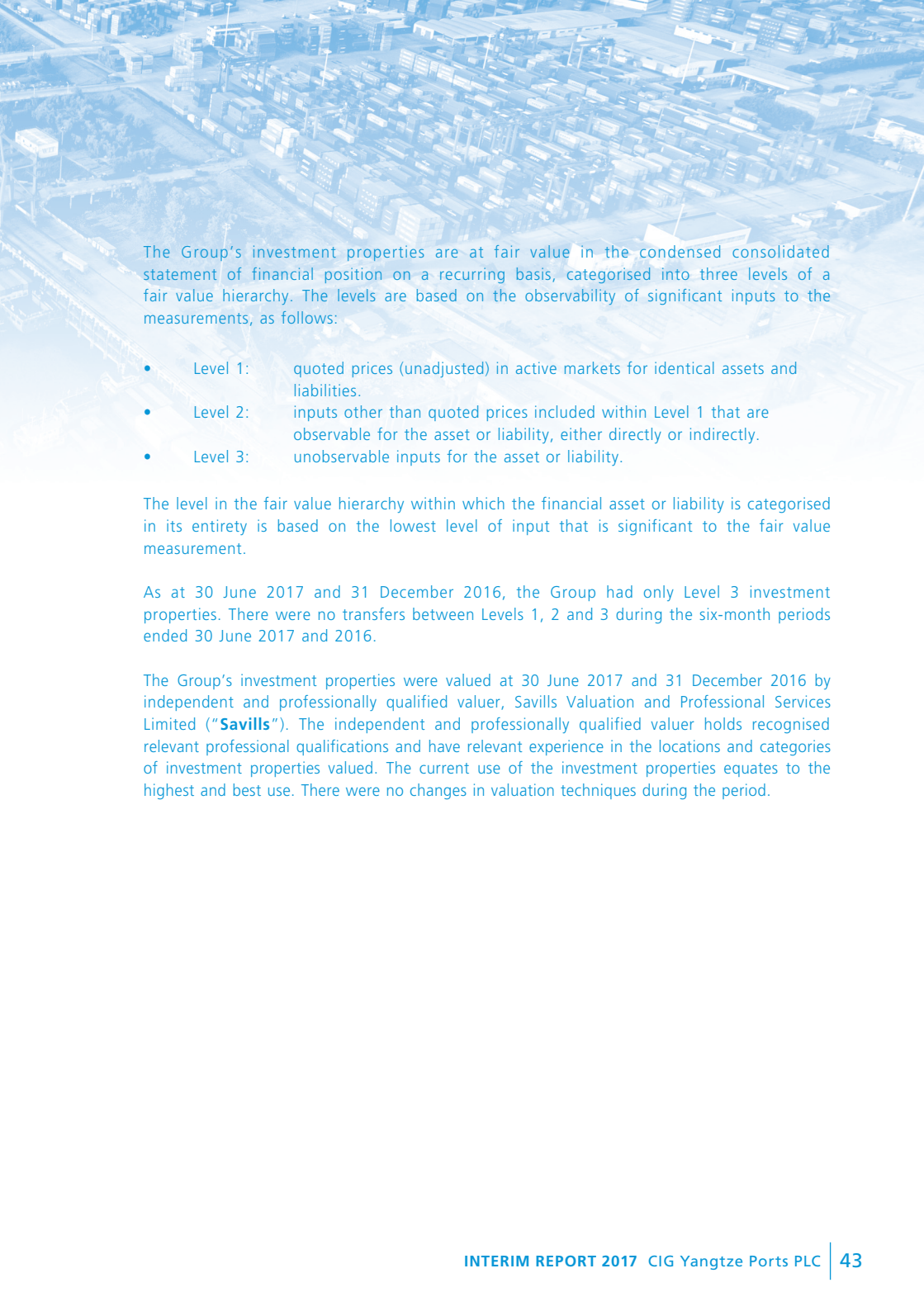
The directors do not recommend the payment of a dividend for the period (2016: nil).

11. Investment properties

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Completed investment properties	340,860	323,533

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

	Six-month ended 30 June 2017 HK\$'000 (Unaudited)	Year ended 31 December 2016 HK\$'000 (Audited)
Opening net carrying amount	323,533	317,356
Capitalised subsequent expenditure	677	4,447
Change in fair value of investment properties recognised in profit or loss	6,781	23,651
Exchange differences	9,869	(21,921)
Closing net carrying amount	340,860	323,533



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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 30 June 2017 and 31 December 2016, the Group had only Level 3 investment properties. There were no transfers between Levels 1, 2 and 3 during the six-month periods ended 30 June 2017 and 2016.

The Group's investment properties were valued at 30 June 2017 and 31 December 2016 by independent and professionally qualified valuer, Savills Valuation and Professional Services Limited ("Savills"). The independent and professionally qualified valuer holds recognised relevant professional qualifications and have relevant experience in the locations and categories of investment properties valued. The current use of the investment properties equates to the highest and best use. There were no changes in valuation techniques during the period.

12. Property, plant and equipment

	Port facilities HK\$'000 (Unaudited)	Terminal equipment HK\$'000 (Unaudited)	Furniture, fixture and equipment HK\$'000 (Unaudited)	Motor vehicles HK\$'000 (Unaudited)	Leasehold improvements HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
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
Six-month ended 30 June 2016						
Opening net book amount as at 1 January 2016	303,799	64,473	994	44	—	369,310
Exchange differences	(9,320)	(86)	(283)	(1)	—	(9,690)
Additions	6,541	124	205	—	—	6,870
Acquisition of a subsidiary	—	10,471	123	—	—	10,594
Transferred from construction in progress (note 13)	84,377	—	—	—	—	84,377
Disposals	(24)	—	(3)	—	—	(27)
Depreciation	(9,185)	(1,801)	(228)	(6)	—	(11,220)
Closing net book amount as at 30 June 2016	376,188	73,181	808	37	—	450,214

13. Construction in progress

	Six-month ended 30 June 2017 HK\$'000 (Unaudited)	Six-month ended 30 June 2016 HK\$'000 (Unaudited)
At cost		
At beginning of the period	224,626	86,941
Exchange differences	6,844	—
Additions	21,063	795
Acquisition of a subsidiary	—	100,311
Transferred to property, plant and equipment upon completion (note 12)	(16,316)	(84,377)
At end of the period	236,217	103,670

14. Trade and bills receivables

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade receivables due from third parties	97,723	82,625
Bills receivables	2,559	2,114
	100,282	84,739

The Group allows a credit period of 60 days to 150 days to its trade customers. The following is the ageing analysis of the trade and bills receivables based on the invoice dates:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
0 — 30 days	23,607	47,168
31 — 60 days	20,772	11,292
61 — 90 days	16,037	7,514
Over 90 days	39,866	18,765
	100,282	84,739

15. Government subsidy receivables

The amounts represent subsidies granted by the Wuhan Municipal government to WIT, Shayang Guoli and Zhongxiang City Port Development Co., Limited (“**Zhongxiang City Port Co.**”) during the six-month period ended 30 June 2017 and the year ended 31 December 2016.

16. Trade and other payables

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade payables	30,143	14,469
Other payables		
— Payables to subcontractors	4,477	9,499
— Deferred government subsidies	4,234	4,190
— Accruals and sundry payables	27,879	23,537
— Payable for the acquisition of subsidiaries	51,172	93,113
	87,762	130,339
	117,905	144,808
Less: Deferred government subsidies included in non-current other payables	(4,146)	(4,104)
	113,759	140,704

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 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
0 — 30 days	10,252	6,688
31 — 60 days	8,227	2,061
61 — 90 days	3,863	1,937
Over 90 days	7,801	3,783
	30,143	14,469

17. Bank borrowings

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Bank borrowings		
— Unsecured	70,572	146,862
— Secured	236,831	154,510
	307,403	301,372
Current portion	(72,285)	(142,192)
	235,118	159,180

18. Other borrowings — secured

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Other borrowings		
— Current portion	37,612	8,490
— Non-current portion	136,794	13,997
	174,406	22,487

During the six-month ended 30 June 2017, the Group entered into agreements with a third party (the "Lender") for (i) the disposal of certain port facilities with carrying amount of RMB153,591,000 (equivalent to approximately HK\$176,630,000 to the Lender at a consideration of RMB150,000,000 (equivalent to approximately HK\$172,500,000); and (ii) leasing back of the same assets from the Lender 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 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 RMB141,000,000 (net of directly attributable transaction costs), equivalent to approximately HK\$162,150,000.

19. Share capital

	Six-month ended 30 June			
	2017		2016	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Unaudited)	HK\$'000 (Unaudited)
Issued and fully paid ordinary shares of HK\$0.1 each:				
At 1 January	1,725,066,689	172,507	1,177,056,180	117,706
Issue of shares upon placement of shares	—	—	140,000,000	14,000
At 30 June	1,725,066,689	172,507	1,317,056,180	131,706

20. Capital commitments

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Contracted but not provided for: — Construction of port facilities	142,849	132,491

21. Related party transactions

In addition to the transactions/information disclosed elsewhere in these Interim Financial Information, during the period, the Group had the following material transactions with related parties:

(a) *During the period, the related parties that had transactions with the Group were as follows:*

Name of related parties	Relationship with the Group
Mr. Yan	Director of the Company and a substantial shareholder of the Company
Zall Holdings	Ultimate holding company, and wholly owned and controlled by Mr. Yan
Zall Infrastructure Investments Company Limited ("Zall Infrastructure Investments")	Immediate holding company
Zall Holdings Company Limited (卓爾控股有限公司, "Zall Holding PRC")	Controlled and beneficially owned by Mr. Yan
Zall Development (HK) Holding Company Limited ("Zall HK")	Controlled and beneficially owned by Mr. Yan
Shayang Xingang Investment Development Centre* (沙洋新港區投資發展中心, "Shayang Xingang Investment")	Non-controlling shareholder of a subsidiary
Wuhan Chang Sheng Gang Tong Automobile Logistics Company Limited ("Wuhan Chang Sheng Gang Tong")	Associate company of the Group

* For identification purpose only

- (b) *During the period, the transactions with related parties of the Group were as follows:*

		Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Zall HK	Rental and building management fee paid	314	206
Wuhan Chang Sheng Gang Tong	Rental income	2,692	1,743

Apart from the above, the Group acquired 100% equity interest of the Hannan Group from Zall Holdings during the six months ended 30 June 2016. Details of which are set out in the Company's financial statements for the year ended 31 December 2016.

- (c) *Balances with related parties*

Amount due from a related company

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Zall Infrastructure Investments	35	34

The amounts due are unsecured, interest-free and repayable on demand.

Amount due to a related company

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Shayang Xingang Investment	37,219	45,923

The amount due is unsecured, interest-bearing at 5.39% to 6% per annum (2016: 5.39% to 6% per annum) and repayable on demand. Total interest expenses incurred for the six-month ended 30 June 2017 amounted to HK\$1,276,000 (Six-month ended 30 June 2016: nil) and has been capitalised under construction in progress (note 13).

Amount due to a shareholder

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

Amount due to ultimate holding company

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

(d) *Compensation of key management personnel*

The remuneration of directors and other members of key management during the periods were as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,861	1,704
Pension contributions	9	8
	1,870	1,712

22. Acquisition of a subsidiary in 2017

22.1 Acquisition of 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")

On 13 January 2017, the Group acquired 100% equity interest in Zhongji Tongshang Construction, formerly known as Hubei Haiwote Municipal Construction Engineering Co., Ltd (湖北海沃特市政工程有限公司), a company established in the PRC with limited liability, from third parties at a consideration of RMB43,600,000 (equivalent to approximately HK\$48,736,000), of which RMB40,000,000 (equivalent to approximately HK\$44,712,000) was for the assignment of the amounts due from the former shareholders of Zhongji Tongshang Construction to the Group.

Zhongji Tongshang Construction is principally engaged in undertaking municipal construction projects. The acquisition of this subsidiary was made as part of the Group's strategy to explore new opportunities in the construction industries and has been accounted for using acquisition method. Acquisition related cost is insignificant.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition:

	Fair value of net identifiable assets and liabilities acquired HK\$'000 (Unaudited)
Intangible assets	4,043
Amounts due from former shareholders	44,712
Other payables	(6)
Deferred tax liabilities	(1,011)
	<hr/> 47,738
Less: Amounts due from former shareholders assigned to the Group	<hr/> (44,712)
Total identifiable net assets acquired	<hr/> 3,026

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	HK\$'000
Total consideration	4,024
Fair value of identifiable net assets	(3,026)
Goodwill	998

Goodwill arose from the business combination as the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow on acquisition of a subsidiary

	HK\$'000
Consideration paid in cash	4,024
Less: Bank balances and cash acquired	—
Net outflow of cash and cash equivalents included in the cash flows from investing activities	4,024



Impact of acquisition on the results of the Group

The revenue and loss included in the condensed consolidated statement of profit or loss and other comprehensive income for the six-month ended 30 June 2017 since the acquisition date contributed by Zhongji Tongshang Construction was nil and HK\$9,000, respectively.

If the acquisition had occurred on 1 January 2017, the Group's revenue and profit for the six-month ended 30 June 2017 would remain as HK\$125,042,000 and HK\$27,080,000, respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor are they intended to be a projection of future results.

23. Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2017 and 31 December 2016.

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 2017, 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 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 2017	
		Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue (note3)
Yan Zhi	Interest through controlled corporation (note 2)	1,290,451,130 (L)	74.81%



Notes:

1. The letter “L” denotes a long position.
2. 882,440,621 (L) Shares were held by Zall Infrastructure Investments Company Limited, a company indirectly wholly-owned by Mr. Yan Zhi and 408,010,509 (L) Shares were held by Zall Holdings Company Limited, which is directly wholly-owned by Mr. Yan Zhi.
3. Based on 1,725,066,689 shares of the Company in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, none of the Directors had any interest or short position in the Shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO, to be notified to the Company and the Stock Exchange.

Substantial shareholders and other persons

So far as was known to the Directors, as at 30 June 2017, 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 as recorded in the register to be kept under section 336 of the SFO, or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

Long and short positions in Shares

Substantial shareholders

As at 31 December 2016

Name of shareholder	Capacity	Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue (Note 3)
Zall Holdings Company Limited (Note 2)	Interest through controlled corporation	882,440,621 (L)	51.15%
	Beneficial owner	408,101,509 (L)	23.66%
Zall Infrastructure Investments Company Limited (Note 2)	Beneficial owner	882,440,621 (L)	51.15%

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.
3. Based on 1,725,066,689 shares of the Company in issue as at 30 June 2017.



Director's right to acquire shares or debentures

Save as disclosed under the heading "Directors, chief executives interests in shares and short positions in the shares of the Company" under the section headed "Disclosure of interests", during the six months ended 30 June 2017, 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 2017, the Group had total outstanding interest-bearing borrowings of HK\$481.81 million (31 December 2016: HK\$323.86 million). The Group also had total cash and cash equivalents of HK\$119.43 million (31 December 2016: HK\$50.35 million) and consolidated net assets of HK\$653.04 million (31 December 2016: HK\$603.79 million).

As at 30 June 2017, the Group's gearing ratio was 0.69 times (31 December 2016: 0.56 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 2017, the Group's net current liabilities was HK\$35.79 million (31 December 2016: HK\$222.35 million), and current assets was HK\$296.69 million (31 December 2016: HK\$188.38 million) and current liabilities of HK\$332.48 million (31 December 2016: HK\$410.72 million), representing a current ratio of 0.89 times (31 December 2016: 0.46 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 2017.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save for the acquisition of Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd.* (中基通商市政工程(武漢)有限公司) as disclosed in the Company's announcement dated 13 January 2017 and as detailed in note 22 to the interim financial information in this report, there were no other material investments and acquisitions and disposals of subsidiaries during the six months ended 30 June 2017.

Capital commitments

As at 30 June 2017, the Group had capital commitments in respect of construction of port facilities contracted for but not provided for amounting to HK\$142.85 million (31 December 2016: HK\$132.49 million).

Contingent liabilities

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

Pledge of assets

As at 30 June 2017, the Group has pledged port facilities and land use rights with net book amount of HK\$237.51 million (31 December 2016: HK\$74.00 million) and HK\$14.74 million (31 December 2016: HK\$ 14.47 million), respectively, to secure bank and other borrowings granted to certain subsidiaries of the Company.



Capital structure

As at 30 June 2017, the Group's total equity amounted to HK\$653.04 million (31 December 2016: HK\$603.79 million).

Employee information

As at 30 June 2017, the Group had employed 447 employees (31 December 2016: 450 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

As at 30 June 2017, the Group had not entered into any agreement for any material investments or acquisition, the Group will continue to look for suitable opportunities for investments or acquisition of material capital assets to enhance its profitability in the ordinary course of its business.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017.



Code of conduct regarding securities transactions by Directors

For the period from 1 January 2017 to 30 June 2017, the Company adopted a code of conduct regarding securities transactions by Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). The Company has also made specific enquiry of all Directors, who have confirmed that, during the period ended 30 June 2017, each of them were in compliance with the Code of Conduct and the Required Standard Dealings.

Competing interests

For the six months ended 30 June 2017, 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 2017, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

Auditors

This condensed consolidated financial information for the six months ended 30 June 2017 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 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 2017. In carrying out this review, the Audit Committee has relied on the review conducted by Grant Thornton. The Audit Committee has not undertaken independent audit checks.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Mao Zhenhua, Mr. Wong Wai Keung, Frederick, and one non-executive Director, namely Mr. Xie Yu.

Purchase, redemption or sale of listed securities

During the period from 1 January 2017 to 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.

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

Hong Kong, 10 August 2017

As at the date of this report, the Board comprises three executive Directors, namely Mr. Xie Bingmu, Mr. Zhang Jiwei and Ms. Liu Qin, 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.

This report will remain on the Company’s website at www.cigyangtzeports.com and the “Latest Company reports” page on the GEM website at www.hkgem.com for at least seven days of its posting.

* For identification purpose only