



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT 2017

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

HIGHLIGHTS

In 2016, the Group acquired the Hannan Group (which consists of Zall Infrastructure Group Company Limited and its subsidiaries). Following the completion of the acquisition of the Hannan Group, each of the companies of the Hannan Group became a member of the Group with its financial results being consolidated into the results of the Group. Upon and as a result of the completion of the acquisition, the Group's consolidated statement of profit or loss and other comprehensive income for the month ended 31 March 2016 have been restated, taking into consideration the requirements under "Merger Accounting" for business combination involves entities under common control, to include the results of the operation of the Hannan Group as if the structure of the Group (with the results of the operation of the Hannan Group included) had been in existence since 1 January 2015.

For the three months ended 31 March 2017

Comparing to corresponding three months ended 31 March 2016:

- Revenue increased by 11.9% to HK\$58.70 million (2016 restated: HK\$52.48 million) mainly due to the increase in (i) revenue of HK\$5.92 million in port and warehouse leasing income of the property business from the Hannan Port, acquired by the Group in 2016, (ii) container handling, storage & other service income of HK\$1.47 million; and (iii) revenue of HK\$8.93 million in the newly created supply chain management and trading business; which was partially offset by (i) the decrease in revenue of HK\$8.86 million in the integrated logistics service business; and (ii) the decrease in revenue of HK\$1.74 million in the terminal service business as a result of the drop in overall tariff rates as the Group lowered its tariff rates to align with those charged by neighbouring competing ports during the year to increase competitiveness.
- Overall container throughput increased by 27.3% to 116,068 TEUs (2016: 91,178 TEUs) with gateway cargoes throughput slightly increased by 0.5% to 59,681 TEUs (2016: 59,377 TEUs) and trans-shipment cargoes throughput increased by 77.3% to 56,387 TEUs (2016: 31,801 TEUs). The increase in overall container throughput was mainly attributable to the significant increase in trans-shipment cargoes. Throughput of two major trans-shipment routes, namely Luzhou/Chongqing and Yichang/Jingzhou increased by 44.4% to 16,576 TEUs (2016: 11,479 TEUs) and 280.6% to 11,718 TEUs (2016: 3,079 TEUs) respectively as compared to same period of 2016.
- The Group's market share of container throughput in Wuhan increased from 37.8% to 42.07%.
- Gross profit increased by 23.3% to HK\$22.94 million (2016 restated: HK\$18.60 million) and gross profit margin increased from 35.5% to 39.1%; The increase in gross profit and gross profit margin were mainly attributable to the increase in port and warehouse leasing income of property business from the Hannan Port, with relatively higher gross profit margin than the terminal service and integrated logistics service business, which was partly offset by the drop in overall container tariff rates.
- General, administrative and other operating expenses increased by HK\$1.81 million to HK\$10.69 million (2016 restated: HK\$8.88 million) mainly resulting from the expenses associated with the Shayang Port acquired by the Group in the second quarter of 2016.
- EBITDA increased by 9.5% to HK\$12.55 million (2016 restated: HK\$11.47 million).
- Profit attributable to owners of the Company increased by HK\$0.53 million to HK\$2.04 million (2016 restated: HK\$1.51 million).
- Earnings per share was HK0.12 cents (2016 restated: HK0.12 cents).

MANAGEMENT COMMENTARY

Results

	Three months ended	
	31 March	
	2017	2016
	HK\$'000	HK\$'000
		(Restated)
Revenue	58,701	52,476
Cost of service rendered	(35,764)	(33,872)
Gross profit	22,937	18,604
Other income	308	1,742
General, administrative and other operating expenses	(10,694)	(8,881)
Operating profit/EBITDA	12,551	11,465
Finance costs — net	(4,198)	(4,154)
EBTDA	8,353	7,311
Depreciation and amortisation	(5,079)	(5,253)
Share of profit of an associate	37	—
Profit before income tax	3,311	2,058
Income tax expense	(1,864)	(312)
Profit for the period	1,447	1,746
Non-controlling interests	596	(235)
Profit attributable to owners of the Company	2,043	1,511

REVIEW OF OPERATION

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, conducted through 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), all located in Hubei, 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, the PRC.

The strong and well established industrial base of Wuhan featuring operators in major industries, including automobile and its 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, it precludes bigger ships 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 along 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 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, 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 from the Beijing-Guangzhou, Beijing-Kowloon rail link and 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.

The Shayang Port

The Shayang Port, which forms part of the acquisition of Shayang County Guoli Transportation Investment Co., Limited* (沙洋縣國利交通投資有限公司) by the Group in 2016, is one of the major port construction projects under the “12th Five-Year Plan” of Hubei Province of the PRC, which 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 was made as part of the Group’s strategy to establish a synergistic connection between the Shayang Port and the WIT Port in the Yangtze River Basin. This serves to maximise the WIT Port’s advantage as a logistics centre of the Yangtze River, which is in line with the development trend of “Belt and Road” policy in the PRC, and is beneficial to the Group implementing its strategic aims in the Yangtze River Basin.

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 of the Shipai Port, a 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 port portion of the Shipai Port is to occupy an area of approximately 2.5 square kilometers with the planned construction of four (4) 1000-tonne class berths together with a logistic park covering approximately 2.5 square kilometers to be constructed next to the port area.

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 Municipal Construction**”), acquired by the Group in

January 2017, is principally engaged in undertaking municipal construction projects. Zhongji Tongshang Municipal Construction will act as the platform for the Group to diversify its business and explore new business opportunities in the construction industries.

Tongshang Supply Chain

The newly 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 supply chain management business of the Group. The Group is of the view that the development of supply chain management 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, delivery and financing, enhance efficiency of integrated services, and at the same time, consolidate and optimise flows of commodities, capital and information of supply chain which facilitate trading enterprises to enhance intelligent trading, reduce costs and strengthen competitiveness.

Operating results

Revenue

	Three months ended 31 March					
	2017		2016		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
			(Restated)			
Terminal service	19,285	32.9	21,027	40.1	(1,742)	(8.3)
Integrated logistics service	18,063	30.7	26,919	51.3	(8,856)	(32.9)
Supply chain management and trading business	8,930	15.2	—	—	8,930	—
Property business	6,866	11.7	942	1.8	5,924	628.9
Container handling, storage & other service	4,988	8.5	3,522	6.7	1,466	41.6
General and bulk cargo handling service	569	1.0	66	0.1	503	762.1
	<u>58,701</u>	<u>100.0</u>	<u>52,476</u>	<u>100.0</u>	<u>6,225</u>	<u>11.9</u>

For the three months ended 31 March 2017, the Group's revenue amounted to HK\$58.70 million (2016 restated: HK\$52.48 million), representing an increase of HK\$6.23 million or 11.9% as compared to the corresponding period of 2016. The increase in revenue was mainly attributable to the increase in (i) revenue of HK\$5.92 million in port and warehouse leasing income of the property business from the Hannan Port, acquired by the Group in 2016, (ii) container handling, storage & other service income of HK\$1.47 million; and (iii) revenue of HK\$8.93 million in supply chain management and trading business;

which was partially offset by (i) the decrease in revenue of HK\$8.86 million in the integrated logistics service business; and (ii) the decrease in revenue of HK\$1.74 million in the terminal service business as a result of the drop in overall tariff rates as the Group lowered its tariff rates to align with those charged by neighbouring competing ports during the year to increase competitiveness.

Terminal and related business

Container throughput

	Three months ended 31 March					
	2017		2016		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	59,681	51.4	59,377	65.1	304	0.5
Trans-shipment cargoes	56,387	48.6	31,801	34.9	24,586	77.3
	<u>116,068</u>	<u>100.0</u>	<u>91,178</u>	<u>100.0</u>	<u>24,890</u>	27.3

The throughput achieved for the three months ended 31 March 2017 was 116,068 TEUs (2016: 91,178 TEUs), representing a slightly increase of 304 TEUs or 0.5% as compared to the corresponding period of 2016. Of the 116,068 TEUs handled, 59,681 TEUs or 51.4% (2016: 59,377 TEUs or 65.1%) and 56,387 TEUs or 48.6% (2016: 31,801 TEUs or 34.9%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. The increase in overall container throughput was mainly attributable to the significant increase in trans-shipment cargoes. Throughput of two major trans-shipment routes, namely Luzhou/Chongqing and Yichang/Jingzhou increased by 44.4% to 16,576 TEUs (2016: 11,479 TEUs) and 280.6% to 11,718 TEUs (2016: 3,079 TEUs) respectively as compared to same period of 2016.

Average tariff

Tariff dominated in Renminbi (“**RMB**”), were converted into HK\$, the reporting currency of the Group. The average tariff for gateway cargoes for the three months ended 31 March 2017 was RMB246 (HK\$277) per TEU (2016: RMB254 (HK\$303) per TEU), decreased by 8.58% as compared to that of 2016. The average tariff for trans-shipment cargoes was RMB43 (HK\$49) per TEU (2016: RMB50 (HK\$60) per TEU) representing a decrease of 14% from that of 2016. The decrease was principally due to the lowering of the tariff rates by the Group to those of neighbouring competing ports during the period to increase competitiveness.

General and bulk cargoes

The contribution of general cargoes was insignificant and accounted for 1% of the Group’s revenue for the period under review. General and bulk cargoes increased by 17.5% to 23,435 tons (2016: 19,938 tons) for the three month ended 31 March 2017.

Market share

The Group's market share of container throughput for the whole of Wuhan was 42.07% (2016: 37.8%) with 275,882 TEUs handled for the period under review (2016: 241,319 TEUs). The increase in market share was mainly attributable to the increase in throughput in trans-shipment cargoes, while gateway cargoes were at similar level as that of the corresponding period of 2016.

Integrated logistics service business

Revenue generated from this business decreased to HK\$18.06 million (2016 restated: HK\$26.92 million) which accounted for 30.7% (2016: 51.3%) of the Group's total revenue. The integrated logistics service business of the Group is the rendering of agency and logistics service, including provision of freight forwarding, customs clearance, transportation of containers and logistics management. The decrease in revenue was mainly attributable to the reduce 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.

Property business

Income for the property business was generated from port and warehouse leasing business of the Hannan Port. Hannan Port owns investment properties of leasehold lands, berth, commercial buildings, car park and pontoon located in Wuhan, the PRC. The increase in revenue was mainly attributable to the increase in new leasing agreements signed in the latter part of 2016.

Supply chain management and trading business

The supply chain management and trading business is a new business segment of the Group which was set up in the last quarter of 2016 and commenced business in early 2017. Revenue generated from this business for the three months ended 31 March 2017 amounted to HK\$8.93 million, which accounted for 15.2% of the Group's total revenue.

Gross profit and gross profit margin

Gross profit for the three months ended 31 March 2017 was HK\$22.94 million, representing an increase of HK\$4.33 million as compared with that of HK\$18.60 million for the corresponding period of 2016. Gross profit margin for the three months ended 31 March 2017 increased from 35.5% to 39.1%. The increase in gross profit and gross profit margin were mainly attributable to the increase in port and warehouse leasing income of property business from the Hannan Port, with relatively higher gross profit margin than the terminal service and integrated logistics service business, which was partly offset by the drop in overall container tariff rates.

General administrative and other operating expenses

General, administrative and other operating expenses increased by HK\$1.81 million to HK\$10.69 million (2016 restated: HK\$8.88 million) mainly resulting from the expenses associated with the Shayang Port acquired by the Group in the second quarter of 2016.

Profit for the period attributable to Owners of the Company

Profit attributable to Owners of the Company for the three months ended 31 March 2017 amounted to HK\$2.04 million (2016 restated: HK\$1.51 million).

Earnings per share for the three months ended 31 March 2017 was HK0.12 cents (2016 restated: HK0.12 cents).

Forward looking observations

The Group continues to maintain an optimistic view towards the prospects of the port business in the PRC and expects a continued sustained freight volumes in the PRC. In particular, the Company remains confident in the development for inner ports along the “Yangtze River Economic Belt (長江經濟帶)”. Moreover “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 such other government policies are continuously expected to be implemented to support the continuing long term economic development of the city.

The Group expects to continue to face competition from neighbouring port operators in the Yangluo Port area as was the case in 2016 and in early 2017. Nevertheless, 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.

The supply chain management company in Wuhan set up in 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 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.

As at the date of this announcement, the first phase of the development of the Hannan Port has been completed and under operation. In addition, the Shayang Port and Shipai Port had commenced their trial operations in 2016 which included running-in and testing on the various infrastructures of the terminal. It is expected that these two ports will commence commercial operations during this year.

THE FINANCIAL STATEMENTS

First quarterly results

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2017, together with the comparative figures for the corresponding period in 2016 (restated) (the “**Quarterly 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 three months ended 31 March 2017

		Three months ended	
		31 March	
	<i>Notes</i>	2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(Restated)
Revenue	3	58,701	52,476
Cost of service rendered		(35,764)	(33,872)
Gross profit		22,937	18,604
Other income		308	1,742
Other operating expenses		(4,222)	(5,127)
General and administrative expenses		(11,551)	(9,007)
Finance costs — net		(4,198)	(4,154)
Share of profit of an associate		37	—
Profit before income tax	4	3,311	2,058
Income tax expense	5	(1,864)	(312)
Profit for the period		1,447	1,746
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss			
Exchange gain on translation of foreign operations		5,416	2,609
Total comprehensive income for the period		6,863	4,355
Profit for the period attributable to:			
Owners of the Company		2,043	1,511
Non-controlling interests		(596)	235
		1,447	1,746
Total comprehensive income for the period attributable to:			
Owners of the Company		6,361	3,943
Non-controlling interests		502	412
		6,863	4,355
Basic and diluted earnings per share for the period attributable to owners of the Company	7	HK0.12 cents	HK0.12 cents

Condensed consolidated statement of changes in equity

For the period ended 31 March 2017

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Foreign exchange reserve <i>HK\$'000</i>	Accumulated profit/ (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2017	172,507	597,322	(530,414)	116,250	(24,872)	155,110	485,903	117,889	603,792
Profit/(loss) for the period	—	—	—	—	—	2,043	2,043	(596)	1,447
Other comprehensive income for the period	—	—	—	—	4,318	—	4,318	1,098	5,416
Total comprehensive income for the period	—	—	—	—	4,318	2,043	6,361	502	6,863
At 31 March 2017 (unaudited)	<u>172,507</u>	<u>597,322</u>	<u>(530,414)</u>	<u>116,250</u>	<u>(20,554)</u>	<u>157,153</u>	<u>492,264</u>	<u>118,391</u>	<u>610,655</u>
At 1 January 2016 (As previously reported)	117,706	63,018	—	—	15,468	(7,805)	188,387	35,797	224,184
Adjusted for common control combination	—	—	—	116,250	(2,738)	94,002	207,514	—	207,514
At 1 January 2016 (Restated)	117,706	63,018	—	116,250	12,730	86,197	395,901	35,797	431,698
Issue of share capital	14,000	44,691	—	—	—	—	58,691	—	58,691
Profit for the period	—	—	—	—	—	1,511	1,511	235	1,746
Other comprehensive income for the period	—	—	—	—	2,432	—	2,432	177	2,609
Total comprehensive income for the period	—	—	—	—	2,432	1,511	3,943	412	4,355
At 31 March 2016 (restated)	<u>131,706</u>	<u>107,709</u>	<u>—</u>	<u>116,250</u>	<u>15,162</u>	<u>87,708</u>	<u>458,535</u>	<u>36,209</u>	<u>494,744</u>

Notes to the Condensed Consolidated Financial Statements

For the period ended 31 March 2017

1. Corporate information

The Company was incorporated in the Cayman Islands on 17 January 2003 as an exempted company with limited liability and its 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 2101, 21st Floor, 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 its subsidiaries are principally engaged in port construction and operation, berth, pontoon and building leasing and the provision of logistics services.

2. Basis of preparation

The unaudited condensed consolidated results of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). The accounting policies adopted are consistent with those set out in the Group’s condensed consolidated financial statements for the year ended 31 December 2016.

The Quarterly Results are unaudited but have been reviewed by the Audit Committee.

3. Segmental information

(a) Operating segments

The Group has four (2016 restated: three) reportable segments — terminal and related business, integrated logistics service business, supply chain management and trading business and property business.

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

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

Supply chain management and trading business: Trading of commodities.

Property business: Port and warehouse leasing.

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.

3. Segmental information (Continued)

For the three months ended 31 March 2017

	Terminal and related business <i>HK\$'000</i> (unaudited)	Integrated logistics service business <i>HK\$'000</i> (unaudited)	Supply chain management and trading business <i>HK\$'000</i> (unaudited)	Property business <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Unallocated corporate expenses <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue from external customers	24,842	18,063	8,930	6,866	—	—	58,701
Inter-segment revenue	5,831	—	—	—	(5,831)	—	—
Reportable segment revenue	<u>30,673</u>	<u>18,063</u>	<u>8,930</u>	<u>6,866</u>	<u>(5,831)</u>	<u>—</u>	<u>58,701</u>
Segment results	8,124	22	219	1,108	—	—	9,473
Interest income	6	3	2	1	—	—	12
Finance costs	(3,367)	(352)	—	(491)	—	—	(4,210)
Share of profit of an associate	—	37	—	—	—	—	37
Corporate and other unallocated expenses	—	—	—	—	—	(2,001)	(2,001)
Profit (Loss) before income tax	4,763	(290)	221	618	—	(2,001)	3,311
Income tax expenses	(1,809)	—	(55)	—	—	—	(1,864)
Profit (Loss) for the period	<u>2,954</u>	<u>(290)</u>	<u>166</u>	<u>618</u>	<u>—</u>	<u>(2,001)</u>	<u>1,447</u>

3. Segmental information (Continued)

For the three months ended 31 March 2016 (restated)

	Property business HK\$'000 (unaudited)	Terminal and related business HK\$'000 (unaudited)	Integrated logistics service business HK\$'000 (unaudited)	Elimination HK\$'000 (unaudited)	Unallocated corporate expenses HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	942	24,615	26,919	—	—	52,476
Inter-segment revenue	—	1,453	—	(1,453)	—	—
Reportable segment revenue	<u>942</u>	<u>26,068</u>	<u>26,919</u>	<u>(1,453)</u>	<u>—</u>	<u>52,476</u>
Segment results	(2)	7,654	115	—	—	7,767
Interest income	—	6	—	—	—	6
Finance costs	—	(3,914)	(246)	—	—	(4,160)
Corporate and other unallocated expenses	—	—	—	—	(1,555)	(1,555)
Profit/(loss) before income tax	(2)	3,746	(131)	—	(1,555)	2,058
Income tax expenses	—	(312)	—	—	—	(312)
Profit/(loss) for the period	<u>(2)</u>	<u>3,434</u>	<u>(131)</u>	<u>—</u>	<u>(1,555)</u>	<u>1,746</u>

(b) Geographical information

All reportable segment revenue for 2017 and 2016 were sourced from external customers located in the PRC. No geographic information is presented.

4. Profit before income tax

Profit before income tax is arrived at after charging the following:

	Three months ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (Restated)
Depreciation and amortisation	<u>5,079</u>	<u>5,253</u>

5. 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 and 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 was profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and corporate income tax payable will be charged at 12.5%.

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

No provision for Hong Kong profits tax has been provided during the period (2016: Nil) as the Company and its subsidiaries which are subject to Hong Kong profits tax incurred a loss for tax purpose.

6. Dividend

The Directors do not recommend payment of a dividend in respect of the three months ended 31 March 2017. (2016: Nil).

7. Earnings per share

The calculation of basic earnings per share for the period ended 31 March 2017 is based on the profit for the period attributable to owners of the Company of HK\$2,043,000 (2016 restated: HK\$1,511,000) and on the weighted average number of 1,725,066,689 (2016: 1,312,389,513) shares in issue during the periods respectively.

Dilutive earnings per share is same as the basic earnings per share for both of the periods ended 31 March 2017 and 2016, as there were no dilutive potential ordinary shares in existence during the respective periods.

Disclosure of interests

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

As at 31 March 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 entered into the register required to be kept under 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 31 March 2017	
		Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue
Yan Zhi	Interest through controlled corporations (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, a Company directly wholly-owned by Mr. Yan Zhi.

Substantial shareholders and other persons

So far as was known to the Directors, as at 31 March 2017, the interests or short positions of every persons (other than a Director or chief executives of the Company) in the Shares, underlying shares of the Company, which were required to be 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

Name of shareholder	Capacity	As at 31 March 2017	
		Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue
Zall Holdings Company Limited (Note 2)	Interest of controlled corporation	882,440,621 (L)	51.15%
	Beneficial owner	408,010,509 (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.

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 three months ended 31 March 2017, none of the Directors was granted any other options to subscribe for the Shares.

Code of conduct regarding securities transactions by Directors

For the period from 1 January 2017 to 31 March 2017, 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 (the "**Required Standard of Dealings**"). The Company has also made specific enquiry of all Directors, who have confirmed that, during the period ended 31 March 2017, each of them in compliance with the Code of Conduct and the Required Standard Dealings.

Competing interests

During the three months ended and as at 31 March 2017, none of the Directors, the substantial shareholders of the Company and their respective close associates as defined in the GEM Listing Rules had any interest in business which compete with the business of the Group and 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 three months ended 31 March 2017, the Company has complied with the code provisions set out in Appendix 15 of Corporate Governance Code and the Corporate Governance Report 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 three months ended 31 March 2017.

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

Purchase, redemption or sale of listed securities

During the period from 1 January 2017 to 31 March 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 11 May 2017

As at the date of this announcement, 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 announcement will remain on the Company's website at www.cigyangtzeports.com and the "Latest Company Announcements" page on the GEM website at <http://www.hkgem.com> for at least seven days from the day of its posting.

* *For identification purpose only*