



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT 2015

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*This announcement, for which the directors (the “**Directors**”) of CIG Yangtze Ports PLC (the “**Company**”), together with its subsidiaries, the “**Group**”) 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

Results

For the nine months ended 30 September 2015

Comparing to the corresponding nine months ended 30 September 2014:

- Revenue decreased by approximately 3.3% to HK\$131.55 million (2014: HK\$136.07 million) mainly due to the net effect of (i) the increase in revenue of HK\$8.87 million in the terminal service business; (ii) the decrease in revenue of HK\$8.13 million in the integrated logistics service business due to the expiration of the contract with a major customer in 2014 which was only partially compensated by the new business through the successful introduction of new customers and (iii) the decrease in revenue of HK\$5.04 million in container handling, storage and other service business resultant from the drop in container throughput during the period
- Overall container throughput decreased by 0.5% to 291,672 TEUs (2014: 293,165 TEUs) with gateway cargoes throughput increased by 3.8% to 194,939 TEUs (2014: 187,760 TEUs) and the trans-shipment cargoes throughput decreased by 8.2% to 96,733 TEUs (2014: 105,405 TEUs)
- The Group's market share of container throughput in Wuhan decreased from 45% to 39% for the period of 2015 due to the increase in market share by the Group's competitors through tariff reduction
- Gross profit increased by 13.8% to HK\$68.42 million (2014: HK\$60.13 million) and the gross profit margin increased from 44.2% to 52.0%. The improvements in gross profit and gross profit margin were mainly attributable to (i) higher mix of gateway cargo containers with relatively the higher tariff and margin than trans-shipment cargo containers handled; (ii) certain increase in tariff for terminal service which was applied since the beginning of 2015; and (iii) additional contribution from the integrated logistics service business with new business which generated relatively higher margin in replacement of the discontinued business from a major customer with relatively lower margin in 2014 which it replaces
- EBITDA increased by approximately 19.6% to HK\$50.48 million (2014: HK\$42.20 million) as a result of higher gross profit generated from the terminal service business as compared to 2014
- Profit for the period increased to HK\$17.24 million (2014: HK\$12.12 million)
- Net profit attributable to owners of the Company increased by approximately 40.8% to HK\$13.09 million (2014: HK\$9.29 million)
- Earnings per share increased by 40.5% to HK1.11 cents (2014: HK0.97 cents)

For the three months ended 30 September 2015

Comparing to the corresponding three months in 2014:

- Revenue increased by approximately 5.1% to HK\$44.38 million. (2014: HK\$42.24 million) mainly due to the net effect of the increase in revenue of the integrated logistics service business and the decrease in revenue of the container handling, storage and other service businesses
- Overall container throughput decreased by approximately 10.3% to 92,416 TEUs (2014: 103,071 TEUs) with gateway cargo throughput decreased by approximately 8.2% to 65,401 TEUs (2014: 71,239 TEUs) and the trans-shipment cargo throughput decreased by approximately 15.1% to 27,015 TEUs (2014: 31,832 TEUs) as a result of the increase share by the Group's competitors through tariff reduction
- Gross profit decreased by approximately 8.9% to HK\$21.18 million (2014: HK\$23.25 million) and gross profit margin decreased from approximately 55.1% to 47.7% mainly due to the drop in container throughput which reduced the contribution from the terminal service business segment which generally attracts significantly higher gross profit and gross profit margin than that of other business segments
- EBITDA decreased by approximately 5.9% to HK\$16.57 million (2014: HK\$17.61 million) as a result of the lower gross profit generated
- Profit for the period increased to HK\$7.02 million (2014: 7.16 million)
- Net profit attributable to owners of the Company decreased by 5.9% to HK\$5.46 million (2014: HK\$5.80 million)
- Earnings per share decreased by 6.1% to HK0.46 cents (2014: HK0.49 cents)

Management commentary

Results

	Nine months ended 30 September		Three months ended 30 September	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	131,553	136,069	44,376	42,236
Cost of service rendered	(63,137)	(75,937)	(23,200)	(18,984)
Gross profit	68,416	60,132	21,176	23,252
Other income	1,125	830	679	291
General, administrative and other operating expenses	(19,057)	(18,767)	(5,288)	(5,934)
Operating profit/EBITDA	50,484	42,195	16,567	17,609
Finance costs	(15,706)	(17,445)	(4,696)	(6,034)
EBTDA	34,778	24,750	11,871	11,575
Depreciation and amortisation	(12,553)	(12,192)	(3,591)	(3,974)
Profit before income tax	22,225	12,558	8,280	7,601
Income tax expense	(4,990)	(439)	(1,263)	(439)
Profit for the period	17,235	12,119	7,017	7,162
Non-controlling interests	(4,149)	(2,827)	(1,559)	(1,364)
Profit attributable to owners of the Company	<u>13,086</u>	<u>9,292</u>	<u>5,458</u>	<u>5,798</u>

Review of operation

Overall business environment

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

Operating results

Revenue

	Nine months ended 30 September					
	2015		2014		Increase (Decrease)	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Terminal service	73,255	56	64,386	47	8,869	14
Integrated logistics service	47,382	36	55,514	41	(8,132)	(15)
Container handling, storage & other service	10,789	8	15,833	12	(5,044)	(32)
General and bulk cargoes handling service	127	—	336	—	(209)	(62)
	<u>131,553</u>	<u>100</u>	<u>136,069</u>	<u>100</u>	<u>(4,516)</u>	(3)

	Three months ended 30 September					
	2015		2014		Increase (Decrease)	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Terminal service	25,309	57	24,487	58	822	3
Integrated logistics service	17,817	40	11,598	28	6,219	54
Container handling, storage & other service	1,187	3	6,036	14	(4,849)	(80)
General and bulk cargoes handling service	63	—	115	—	(52)	(55)
	<u>44,376</u>	<u>100</u>	<u>42,236</u>	<u>100</u>	<u>2,140</u>	5

For the nine months ended 30 September 2015, the Group's revenue amounted to HK\$131.55 million (2014: HK\$136.07 million), represented a decrease of HK\$4.52 million or approximately 3.3% as compared to the corresponding period of 2014. The decrease in revenue was mainly due to the net effect of (i) the increase in revenue of HK\$8.87 million in the terminal service business; (ii) the decrease in revenue of HK\$8.13 million in the integrated logistics service business due to the expiration of the contract with a major customer which was only partially compensated by the new business through the successful introduction of new customers; and (iii) the decrease in revenue of HK\$5.04 million in container handling, storage and other service business resultant from the drop in container throughput during the period.

Revenue from the terminal service business increased by approximately 13.8% as compared to the nine months ended 30 September 2014, reflecting the higher level of containers handled and certain increase in tariff which took effect retrospectively from 1 January 2015. As a result of the drop in container throughput for the three months ended 30 September 2015.

For the three months ended 30 September 2015, the Group's revenue amounted to HK\$44.38 million (2014: HK\$42.24 million), represented an increase of HK\$2.14 million or approximately 5.1% as compared to the corresponding period of 2014. While revenue for the terminal service business reported a modest increase of 3.3% the integrated logistics service business reported a significant increase of 53.4%, or increase of HK\$6.2 million.

Despite container throughput decreased by 10,655 TEUs to 92,416 TEUs for the three months ended 30 September 2015 (2014: 103,071 TEUs), the 3.3% increase in the terminal service business was attributable to the increase in tariff which more than offset the effect of the decrease in container throughput during the period. The significant increase in turnover of the integrated logistics service business reflected the significantly reduced level of business reported for the corresponding period of 2014 as a result of the expiration of the contract with a major customer.

Terminal and related business

Container throughput

	Nine months ended 30 September					
	2015		2014		Increase (Decrease)	
	<i>TEUs</i>	<i>%</i>	<i>TEUs</i>	<i>%</i>	<i>TEUs</i>	<i>%</i>
Gateway cargoes	194,939	67	187,760	64	7,179	4
Trans-shipment cargoes	96,733	33	105,405	36	(8,672)	(8)
	<u>291,672</u>	<u>100</u>	<u>293,165</u>	<u>100</u>	<u>(1,493)</u>	<u>(1)</u>

Three months ended 30 September

	2015		2014		Decrease	
	<i>TEUs</i>	%	<i>TEUs</i>	%	<i>TEUs</i>	%
Gateway cargoes	65,401	71	71,239	69	(5,838)	(8)
Trans-shipment cargoes	27,015	29	31,832	31	(4,817)	(15)
	<u>92,416</u>	<u>100</u>	<u>103,071</u>	<u>100</u>	<u>(10,655)</u>	<u>(10)</u>

Throughput achieved for the nine months ended 30 September 2015 was 291,672 TEUs, slightly dropped by 1,493 TEUs or approximately 0.5% as compared with 293,165 TEUs for the corresponding period in 2014. Of the 291,672 TEUs handled, 194,939 TEUs or 66.8% (2014: 187,760 TEUs or 64.0%) and 96,733 TEUs or 33.2% (2014: 105,405 TEUs or 36.0%) were attributed to gateway cargoes and trans-shipment cargoes, respectively.

Throughput for the three months ended 30 September 2015 was 92,416 TEUs, represented a decrease of 10,655 TEUs or approximately 10.3% lower than that of 103,071 TEUs for the same period in 2014. Of the 92,416 TEUs handled, 65,401 TEUs or 70.8% (2014: 71,239 TEUs or 69.1%) and 27,015 TEUs or 29.2% (2014: 31,832 TEUs or 30.9%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. The drop in containers throughput was a result of (i) the overall economic downturn in the People's Republic of China; (ii) the increased market share of the Group's competitors through tariff reduction.

Average tariff

The average tariff for gateway cargoes for the period ended 30 September 2015 was RMB272 (HK\$331) per TEU (2014: RMB 247 (HK\$309) per TEU), represented an increase of approximately 10.1% compared to that of the corresponding period of 2014. The average tariff for trans-shipment cargoes was RMB83 (HK\$101) per TEU (2014: RMB49 (HK\$61) per TEU) which increased by approximately 69.4% as compared to that of the corresponding period of 2014. The increase in average tariff per TEU was mainly attributable to (i) the higher mix of gateway cargo containers with relatively higher tariff than trans-shipment cargo containers; (ii) the increase in tariff for container handling services to certain customers which took effect retrospectively from 1 January 2015; and (iii) (to a lesser extent) the higher mix of loaded containers than empty containers with the former attracting higher tariff.

Market share

In terms of market share, for the nine months ended 30 September 2015, Group's market share decreased by 6% to 39% (2014: 45%) as compared to the 2.3% overall increase in containers to 755,616 TEUs (2014: 658,755 TEUs) handled for the whole of Wuhan. The decrease in market share was due to the price reduction tactics of the Group's competitors to capture market share during the three months ended 30 September 2015.

Integrated logistics service business

For the nine months ended 30 September 2015, revenue generated from the integrated logistics services decreased to HK47.38 million (2014: HK\$55.51 million), which accounted for 36.0% (2014: 40.8%) and HK\$17.82 million (2014: HK\$ 11.60 million) of the Group's total revenue for the nine months and the three months ended 30 September 2015 respectively. The integrated logistics services include provision of freight forwarding, customs clearance and containers transportation services. The decrease in revenue was mainly due to the exploration of the contract with a major customer (with revenue of HK\$26.11 million for the six months ended 30 June 2014) which ceased in July 2014. After netting off the effect of the loss of business from this major customers, revenue increased by HK\$ 17.98 million and HK\$6.22 million for nine months and three months ended 30 September 2014, respectively, which reflected the establishment of new business through the successful introduction of new customers.

Gross profit and gross profit margin

Gross profit for the nine months ended 30 September 2015 was HK\$68.42 million, represented an increase of HK\$8.28 million as compared with the corresponding period of 2014. This reflected the higher contributions from both the terminal service and related businesses and the integrated logistics service business. Gross profit for the three months ended 30 September 2015 was HK\$21.18 million, a decrease of HK\$2.08 million as compared with the corresponding period of 2014. This reflected the drop in containers handled during the period.

Gross profit margins for the nine months and three months ended 30 September 2015 were 52.0% and 47.7% of revenue, respectively, as compared with a gross profit margin of 44.2% and 55.1% in the respective corresponding periods in 2014. While the improvement in gross profit margin for the nine months ended 30 September 2015 was mainly due to the increase in Group's turnover of the terminal service and related businesses as a result of (i) higher gateway cargo throughput; and (ii) certain uplift in tariff during the nine months ended 30 September 2015, the decrease in gross profit margin for the three months ended 30 September 2015 was due to the reduced contribution from the terminal service business segment which generally attracts significantly higher gross profit and gross profit margin than that of other business segments.

Profit for the period

Profit for the nine months ended 30 September 2015 amounted to HK17.24 million, represented an increase of approximately 42.2% as compared with a profit of HK\$12.12 million for the same period in 2014. Profit for the three months ended 30 September 2015 amounted to HK\$7.02 million represented a decrease of approximately 2.0% as compared with a profit of HK\$7.16 million for the same period in 2014. This decrease was mainly attributable to the drop in profit contributions from the terminal service and related businesses as container throughput decreased.

Earnings per share

Earnings per share attributable to owners of the Company for the nine months and three months ended 30 September 2015 were HK1.11 cents and HK0.46 cents, respectively, as compared with HK0.79 cents and HK0.49 cents for the corresponding periods in 2014.

Forward looking observations

Facing the challenges of overall economic downturn in the PRC and the capturing of a bigger market share by the Group's competitors through the deployment of tariff reduction tactics during the period under review, the Group will continue to step up its effort in developing new businesses through the introduction new customers while preserving existing customer base with quality services and cost reduction to maintain the profitability of the Group.

The multi-purpose port, which was put into operation in October 2015 has now added an additional 20,000 TEUs per annum to the existing handling capacity of the Group.

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

Quarterly results

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited condensed consolidated third quarterly results of the Group for the nine months and three months ended 30 September 2015, together with the comparative figures for the corresponding periods in 2014 (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 nine months and three months ended 30 September 2015

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	131,553	136,069	44,376	42,236
Cost of service rendered	4	(63,137)	(75,937)	(23,200)	(18,984)
Gross profit		68,416	60,132	21,176	23,252
Other income		1,125	830	679	291
Other operating expenses		(11,837)	(11,430)	(3,571)	(3,707)
General and administrative expenses		(19,773)	(19,529)	(5,308)	(6,201)
Finance costs		(15,706)	(17,445)	(4,696)	(6,034)
Profit before income tax	4	22,225	12,558	8,280	7,601
Income tax expense	5	(4,990)	(439)	(1,263)	(439)
Profit for the period	3	17,235	12,119	7,017	7,162
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Exchange (loss) gain on translation of foreign operations		(7,165)	(4,702)	(5,604)	2
Total comprehensive income for the period		10,070	7,417	1,413	7,164
Profit for the period attributable to:					
Owners of the Company		13,086	9,292	5,458	5,798
Non-controlling interests		4,149	2,827	1,559	1,364
		17,235	12,119	7,017	7,162
Total comprehensive income attributable to:					
Owners of the Company		6,924	5,218	643	5,799
Non-controlling interests		3,146	2,199	770	1,365
		10,070	7,417	1,413	7,164
Basic and diluted earnings per share for the period attributable to owners of the Company	7	HK1.11 cents	HK0.79 cents	HK0.46 cents	HK0.49 cents

Condensed consolidated statement of changes in equity

For the nine months ended 30 September 2015

	Attributable to owners of the Company						Total equity <i>HKS'000</i>
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Foreign exchange reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	
At 1 January 2015	117,706	63,018	26,591	(32,383)	174,932	31,356	206,288
Profit for the period	—	—	—	13,086	13,086	4,149	17,235
Other comprehensive income for the period	—	—	(6,162)	—	(6,162)	(1,003)	(7,165)
Total comprehensive income for the period	—	—	(6,162)	13,086	6,924	3,146	10,070
At 30 September 2015 (unaudited)	<u>117,706</u>	<u>63,018</u>	<u>20,429</u>	<u>(19,297)</u>	<u>181,856</u>	<u>34,502</u>	<u>216,358</u>
At 1 January 2014	117,706	63,018	29,364	(57,973)	152,115	25,668	177,783
Profit for the period	—	—	—	9,292	9,292	2,827	12,119
Other comprehensive income for the period	—	—	(4,074)	—	(4,074)	(628)	(4,702)
Total comprehensive income for the period	—	—	(4,074)	9,292	5,218	2,199	7,417
At 30 September 2014 (unaudited)	<u>117,706</u>	<u>63,018</u>	<u>25,290</u>	<u>(48,681)</u>	<u>157,333</u>	<u>27,867</u>	<u>185,200</u>

Notes to the condensed consolidated financial statements

For the nine months and three months ended 30 September 2015

1. Corporate information

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

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

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

This condensed consolidated financial information has not been audited but has been reviewed by the Company’s Audit Committee.

2. Basis of preparation

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2015 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the international Accounting Standards Board (“**IASB**”). The accounting policies adopted are consistent with those set out in the Group’s consolidated financial statements for the year ended 31 December 2014.

3. Revenue and segmental information

(a) Operating segments

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

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

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

Segment profit represents the profit earned by each segment without allocation of corporate income and expenses and director’s emoluments. This is the measure reported to the Group’s chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group’s reportable segments is set out below.

For the nine months ended 30 September 2015

	Terminal and related business <i>HK\$'000</i> (unaudited)	Integrated logistics service business <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Unallocated corporate expenses <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue from external customer	84,171	47,382	—	—	131,553
Inter-segment revenue	<u>6,528</u>	<u>—</u>	<u>(6,528)</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u><u>90,699</u></u>	<u><u>47,382</u></u>	<u><u>(6,528)</u></u>	<u><u>—</u></u>	<u><u>131,553</u></u>
Segment results	42,515	635	—	—	43,150
Interest income	59	—	—	—	59
Finance costs	(15,016)	(691)	—	—	(15,707)
Corporate and other unallocated expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,277)</u>	<u>(5,277)</u>
Profit (Loss) before income tax	27,558	(56)	—	(5,277)	22,225
Income tax expense	<u>(4,781)</u>	<u>(209)</u>	<u>—</u>	<u>—</u>	<u>(4,990)</u>
Profit (Loss) for the period	<u><u>22,777</u></u>	<u><u>(265)</u></u>	<u><u>—</u></u>	<u><u>(5,277)</u></u>	<u><u>17,235</u></u>

For the nine months ended 30 September 2014

	Terminal and related business <i>HK\$'000</i> (unaudited)	Integrated logistics service business <i>HK\$'000</i> (unaudited)	Elimination <i>HK\$'000</i> (unaudited)	Unallocated corporate expenses <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue from external customer	80,555	55,514	—	—	136,069
Inter-segment revenue	<u>1,863</u>	<u>—</u>	<u>(1,863)</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u><u>82,418</u></u>	<u><u>55,514</u></u>	<u><u>(1,863)</u></u>	<u><u>—</u></u>	<u><u>136,069</u></u>
Segment results	32,292	1,133	—	—	33,425
Interest income	146	—	—	—	146
Finance costs	(16,227)	(1,218)	—	—	(17,445)
Corporate and other unallocated expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,568)</u>	<u>(3,568)</u>
Profit (Loss) before income tax	16,211	(85)	—	(3,568)	12,558
Income tax expense	<u>(431)</u>	<u>(8)</u>	<u>—</u>	<u>—</u>	<u>(439)</u>
Profit (Loss) for the period	<u><u>15,780</u></u>	<u><u>(93)</u></u>	<u><u>—</u></u>	<u><u>(3,568)</u></u>	<u><u>12,119</u></u>

(b) Geographical information

All reportable segment revenue for 2015 and 2014 were sourced from external customers located in the PRC, whereas, no geographic information is presented.

4. Profit before income tax

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

	Nine months ended		Three months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cost of services rendered	71,467	82,614	25,940	21,165
Less: Government subsidies	(8,330)	(6,677)	(2,740)	(2,181)
	<u>63,137</u>	<u>75,937</u>	<u>23,200</u>	<u>18,984</u>
Depreciation and amortisation	<u>12,553</u>	<u>12,192</u>	<u>3,591</u>	<u>3,974</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, upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the “**5-Year Exemption Entitlement**”) and a 50% reduction for five years thereafter (the “**5-Year 50% Tax Reduction Entitlement**”). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, ended on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

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

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

6. Dividend

The directors do not recommend the payment of a dividend in respect of the nine months ended 30 September 2015 (2014: Nil).

7. Earnings per share

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

Disclosure of interests

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

As at 30 September 2015, 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 in the register required to be kept under section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to the required standard of dealings by directors of listed issuers, were as follows:

Long and short positions in Shares

Name of Director	Capacity	As at 30 September 2015	
		Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue
Mr. Yan Zhi	Interest through controlled corporation (Note 2)	882,440,621 (L)	74.97%

Notes:

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

Substantial shareholders and other persons

So far as was known to the Directors, as at 30 September 2015, the interests or short positions of the persons (not being Directors or chief executives of the Company) whose interests in Shares or underlying Shares or debentures, 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 required 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	Number of Shares <i>(Note 1)</i>	Approximate percentage of total number of Shares in issue
Zall Infrastructure Investments Company Limited <i>(Note 2)</i>	Beneficial owner	882,440,621 (L)	74.97%
Zall Holdings Company Limited <i>(Note 2)</i>	Interest of controlled corporation	882,440,621 (L)	74.97%

Notes:

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

Director’s right to acquire shares or debentures

Save as disclosed under the paragraph headed “Directors”, chief executive interests in shares and short positions in the shares of the Company” under the section headed “Disclosure of interests” to this announcement, during the nine months ended 30 September 2015, 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 2015 to 30 September 2015, the Company adopted a code of conduct regarding securities transactions by Directors (the “**Code of Conduct**”) on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). The Company has also made specific enquiry of all Directors, who have confirmed that, during the nine-month period ended 30 September 2015, they were in compliance with the Code of Conduct and the Required Standard Dealings.

Competing interests

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

Corporate governance practices

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

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 nine months ended 30 September 2015.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin (resigned on 12 October 2015), Dr. Wang Tao (appointed on 12 October 2015) and Mr. Wong Wai Keung, Frederick and one non-executive Director, Mr. Fang Yibing.

Purchase, redemption or sale of listed securities

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

Event after the reporting period

On 12 October 2015, Dr, Wong Tin Yau, Kelvin (“**Dr. Wong**”) resigned as an independent non-executive Director and the chairman of the nomination committee, a member of the audit committee and remuneration committee of the Board. With effect on 12 October 2015, Dr. Wang Tao (“**Dr. Wang**”) has been appointed as an independent non-executive Director and a member of each the audit committee, remuneration committee and nomination committee of the Board. Mr. Wong Wai Keung, Frederick has been appointed as the chairman of the nomination committee of the Board. Details of the resignation of Dr. Wong and the appointment of Dr. Wang and change of composition of the nomination committee are set out in the Company’s announcement dated 12 October 2015.

Acknowledgement

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

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

Hong Kong, 11 November 2015

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

This announcement 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*