

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



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)

CONTINUING CONNECTED TRANSACTION SUB-LICENSE AGREEMENT

4 October 2013, CIG Hong Kong as licensee and Zall Hong Kong, a wholly owned subsidiary of Zall Development, as licensor entered into the Sub-License Agreement in relation to the sub-lease of the Leased Premises commencing from 9 October 2013 to 31 May 2016.

Zall Infrastructure Investments, a company indirectly wholly owned by Mr. Yan Zhi, the controlling shareholder and a director of Zall Development and a non-executive Director of the Company, is interested in 882,440,621 Shares, representing approximately 74.97% of the issued share capital of the Company. Zall Hong Kong is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the entering into of the Sub-License Agreement by CIG Hong Kong constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios for the transaction contemplated under the Sub-License Agreement is less than 25% and the annual consideration is less than HK\$10,000,000, the transaction contemplated under the Sub-License Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

The Board announces that on 4 October 2013, CIG Hong Kong as licensee and Zall Hong Kong as licensor entered into the Sub-license Agreement, pursuant to which CIG Hong Kong is licensed to use the Leased Premises during the period commencing from 9 October 2013 to 31 May 2016.

Principal terms of the Sub-License Agreement are set forth below:

PRINCIPAL TERMS OF THE SUB-LICENSE AGREEMENT

- Date** : 4 October 2013
- Term** : 9 October 2013 to 31 May 2016
- Licensee** : CIG Hong Kong, a wholly owned subsidiary of the Company
- Licensor** : Zall Hong Kong, a wholly owned subsidiary of Zall Development
- Leased Premises** : approximately 255 square feet of the gross floor area of the office premises situated at Suite 1606, 16/F, of Two Exchange Square, Central, Hong Kong (being approximately 20% of the total gross floor area of the Leased Premises)
- License Fee and other payments** : HK\$34,402 per month, being an amount equivalent to 20% of the monthly rental and management fee payable by Zall Hong Kong under its lease with the landlord of the Leased Premises. The rental and management fee shall be payable by CIG Hong Kong to Zall Hong Kong on or before the first day of each and every calendar month during the term of the Sub-License Agreement. Further, CIG Hong Kong as the licensee shall be responsible to pay 20% of the total electricity, water and air-conditioning charges incurred in respect of the Leased Premises.
- Usage** : Office premises of the Group.

Proposed annual caps for the Sub-License Agreement

The proposed annual caps for the sub-license of the Leased Premises by Zall Hong Kong to CIG Hong Kong pursuant to the Sub-license Agreement for the three years ending 31 December 2015 are as follows:

Proposed annual caps for the year ending 31 December (HK\$)		
2013	2014	2015
HK\$125,000	HK\$500,000	HK\$500,000

Basis of annual caps

No past or historical sub-licence agreement has been entered into between CIG Hong Kong and Zall Hong Kong. The license fee payable under the Sub-License Agreement and the proposed annual caps under the Sub-License Agreement was determined after arm's length negotiations between CIG Hong Kong and Zall Hong Kong with reference to the prevailing market rent of similar office premises, the rentable area to be licensed to CIG Hong Kong under the Sub-License Agreement and the rental fee payable by Zall Hong Kong under the tenancy agreement entered into with the landlord of the Leased Premises.

Reasons for and benefits of the Sub-License Agreement

The Directors consider that the sharing of the office premises between CIG Hong Kong and Zall Hong Kong will benefit the Group as both the Group and Zall Development can enjoy economies of scale brought by the sharing of such office premises which will maximize cost efficiency. By relocating its office premise to the Leased Premises, the Group will be able to save approximately HK\$720,000 per annum.

The Directors (including independent non-executive Directors) are of the view that the Sub-License Agreement was entered into on normal commercial terms, and that its terms and the proposed annual caps as stated above are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES REQUIREMENTS

Zall Infrastructure Investments, a company indirectly wholly owned by Mr. Yan Zhi, the controlling shareholder and a director of Zall Development and a non-executive Director of the Company, is interested in 882,440,621 Shares, representing approximately 74.97% of the issued share capital of the Company. Zall Hong Kong is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the entering into of the Sub-License Agreement by CIG Hong Kong constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As at the date of this announcement, Mr. Yan Zhi, via Zall Infrastructure Investments, is interested in approximately 74.97% of the total issued share capital of the Company. Since Mr. Yan Zhi has a material interest in the transaction contemplated under the Sub-License Agreement, he has abstained from voting for the Board resolution to approve the entry of the Sub-License Agreement and the transaction contemplated thereunder.

As each of the applicable percentage ratios for the transaction contemplated under the Sub-License Agreement is less than 25% and the annual consideration is less than HK\$10,000,000, the transaction contemplated under the Sub-License Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

INFORMATION OF THE GROUP AND ZALL DEVELOPMENT

The Group is principally engaged in the investment in and development, operation and management of Phase I of WIT Port which is located in Wuhan, Hubei and along the mid-stream of the Yangtze River in the PRC.

Zall Development is principally engaged in property investment, property development and property management businesses. Zall Hong Kong is an investment holding company incorporated in Hong Kong and a wholly owned subsidiary of Zall Development.

DEFINITIONS

“Board”	the board of Directors
“CIG Hong Kong”	CIG Yangtze Corporate and Project Finance Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Company”	CIG Yangtze Ports PLC, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed by it by the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Leased Premises”	approximately 255 square feet of the gross floor area of the office premises situated at Suite 1606, 16/F, of Two Exchange Square, Central, Hong Kong (being approximately 20% of the total gross floor area of the Leased Premises)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholders”	the holders of Shares

“Shares”	the ordinary shares of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-License Agreement”	the agreement dated 4 October 2013 entered into between CIG Hong Kong as licensee and Zall Hong Kong as licensor in relation to the sub-license of the Leased Premises from 9 October 2013 to 31 May 2016
“Zall Development”	Zall Development Group Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Zall Hong Kong”	Zall Development (HK) Holding Company Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of Zall Development
“Zall Infrastructure Investments”	Zall Infrastructure Investments Company Limited, a company incorporated in the British Virgin Islands and a company indirectly wholly owned by Mr. Yan Zhi
“%”	per cent

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

Hong Kong, 4 October 2013

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 herein or this document misleading.

As at the date of this announcement, the Board comprises two executive Directors namely Ms. Liu Qin and Mr. Duan Yan; two non-executive Directors namely Mr. Yan Zhi and Mr. Fang Yibing and three independent non-executive Directors namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew.

This announcement will remain on the Company’s website at www.cigyangtzeports.com and the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting.

* For identification purpose only