



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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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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

For the year ended 31 December 2015

Financial Highlights

Year on year comparison:

- Revenue achieved was at HK\$186.69 million (2014: HK\$186.48 million), similar to 2014, mainly due to the increase in terminal service and integrated logistics service which was offset by the decrease in container handling, storage and other service.
- Overall container throughput increased by 1.9% to 410,308 TEUs (2014: 402,748 TEUs) with gateway cargoes throughput increased by 1.1% to 266,786 TEUs (2014: 264,012 TEUs) and the trans-shipment cargoes throughput increased by 3.4% to 143,522 TEUs (2014: 138,736 TEUs).
- Market share of container throughput for the whole of Wuhan dropped marginally to 38.7% (2014: 40.0%) as a result of price undercutting tactics of neighbouring competing ports.
- Gross profit for 2015 rose by 4.6% to HK\$90.83 million (2014: HK\$86.85 million). Gross profit margin improved by 48.7% (2014: 46.6%). These were mainly due to container tariff increase during the year and the expiration of contract for logistics service to a customer with relatively lower margin and contributions.
- EBTDA increased by 1.6% to HK\$54.46 million (2014: HK\$53.62 million) as a result of higher gross profit generated and improved gross profit margin.
- Net profit attributable to owners of the Company decreased by 4.0% to HK\$24.58 million (2014: HK\$25.59 million) as a result of increase in administrative and operating expenses.
- Earnings per share was HK2.09 cents (2014: HK2.17 cents).

Other Highlights

- In November 2015, the Group announced the acquisition of Zall Infrastructure Group Company Limited which owns the Hannan Port in Wuhan from Mr. Yan Zhi ("**Mr. Yan**"), controlling shareholder of the Company and chairman of the Board, through the issuance of new shares of the Company as consideration. The completion of this acquisition is subject to amongst others, approval by the independent shareholders of the Company.
- In November 2015, the Company also announced the placement of 140,000,000 new shares of the Company at HK\$0.43 per share. The placement was completed with net proceeds of HK\$58.69 million being raised on 4 January 2016.

REVIEW HIGHLIGHTS

	Year ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
Revenue	186,692	186,482
Cost of services rendered	(95,860)	(99,628)
Gross profit	90,832	86,854
Other income	11,750	11,230
General, administrative and other operating expenses	(28,886)	(25,895)
Operating profit/EBITDA	73,696	72,189
Finance costs	(19,238)	(18,572)
EBTDA	54,458	53,617
Depreciation and amortisation	(16,792)	(16,553)
Profit before income tax	37,666	37,064
Income tax expense	(6,828)	(5,359)
Profit for the year	30,838	31,705
Non-controlling interests	(6,260)	(6,115)
Profit attributable to owners of the Company	24,578	25,590

REVIEW OF OPERATIONS

Overall business environment

The Group's principal activities are investment in and development, operation and management of container ports which are conducted through the WIT, which is 85% owned by the Group and the Multi-purpose Port, adjacent to the WIT which began operation in January 2016. As a deep water regional container hub port at the mid-stream of Yangtze River and a feeder port to the ports in Shanghai, the WIT plays a key role in the transportation of container cargo to and from Wuhan and surrounding areas along the Yangtze River corridor, including the upstream areas of Chongqing and neighbouring provinces.

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.

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 WIT 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 WIT include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and WIT promote direct shipment to Yangshan Port in Shanghai (江海直達) have further strengthened the position of WIT as a trans-shipment port at the mid-stream of the Yangtze River.

With the development and growth of the container business on track, the Group has also developed port related services including agency and integrated logistics businesses to expand its revenue sources, including bonded warehousing, customs clearance, break bulk and distribution.

GROUP'S PERFORMANCE

Operating results

	2015		2014		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	94,212	50	91,368	49	2,844	3
Container handling, storage & other service	15,433	8	19,964	11	(4,531)	(23)
Integrated logistics service	75,731	41	74,608	40	1,123	2
General and bulk cargoes handling service	1,316	1	542	—	774	143
	<u>186,692</u>	<u>100</u>	<u>186,482</u>	<u>100</u>	<u>210</u>	0

For the year ended 31 December 2015, the Group's revenue amounted to HK\$186.69 million (2014: HK\$186.48 million), representing an increase of 0.1% as compared to 2014. The increase in revenue was mainly attributable to the increase in terminal service and integrated logistics service which was offset by the decrease in container handling, storage and other services. Gateway cargoes increased by 1.1% to 266,786 TEUs (2014: 264,012 TEUs). Trans-shipment cargoes throughput increased by 3.4% to 143,522 TEUs (2014: 138,736 TEUs). Revenue from the integrated logistics service amounted to HK\$75.73 million (2014: HK\$74.61 million), representing approximately 40.6% of the total revenue of the Group.

Container throughput

Container volume and throughput

	2015		2014		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	266,786	65	264,012	66	2,774	1
Trans-shipment cargoes	143,522	35	138,736	34	4,786	3
	<u>410,308</u>	<u>100</u>	<u>402,748</u>	<u>100</u>	<u>7,560</u>	2

In terms of market share, during the year ended 31 December 2015, the WIT's market share dropped to approximately 38.7% (2014: 40.0%) based on the aggregate of 1,061,400 TEUs (2014: 1,006,580 TEUs) handled in 2015 and 2014 respectively for the whole of Yangluo. The drop in market share was mainly attributable to the deployment of tariff cutting tactics by the neighbouring competing port operators to induce customers to use their ports.

Total throughput achieved by WIT for 2015 was 410,308 TEUs, an increase of 7,560 TEUs or 1.9% over that of 402,748 TEUs for 2014. Of the 410,308 TEUs handled in 2015, 266,786 TEUs (2014: 264,012 TEUs) or 65.0% (2014: 65.6%) and 143,522 TEUs (2014: 138,736 TEUs) or 35.0% (2014: 34.4%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. The gateway cargoes throughput increased by 1.1% to 266,786 TEUs (2014: 264,012 TEUs) and the trans-shipment cargoes throughput increased by 3.4% to 143,522 TEUs (2014: 138,736 TEUs).

Average tariff

Tariffs which were dominated in Renminbi ("**RMB**"), were converted into Hong Kong Dollars, which is the reporting currency of the Group. The average tariff for gateway cargoes for the year under review was RMB252 (equivalent to approximately HK\$313) per TEU (2014: RMB248 (equivalent to approximately HK\$312) per TEU), an increase of 1.6% year on year. The average tariff for trans-shipment cargoes was RMB63 (equivalent to approximately HK\$78) per TEU (2014: RMB50 (equivalent to approximately HK\$63) per TEU) which saw an increase of 26% from that of 2014.

Integrated logistics

Integrated logistics businesses of the Group is rendering agency and logistics service, including provision of freight forwarding, customs clearance, transportation of containers. Revenue from integrated logistics increased by 1.5% to HK\$75.73 million (2014: HK\$74.61 million), which accounted for 40.6% (2014: 40.0%) of the Group's total revenue.

General cargoes

General cargoes increased by 86.7% to 74,749 tons (2014: 40,031 tons) in 2015. However, the contribution of general cargoes was minimal and accounted for less than 1% of the Group's revenue for the year under review.

Gross profit and gross profit margin

Gross profit for 2015 rose by 4.6% to HK\$90.83 million (2014: HK\$86.85 million). Gross profit margin improved to 48.7% (2014: 46.6%). These were mainly due to the tariff increase during the year and the expiration of contract for logistics service to a customer with relatively lower margin and contributions.

Government subsidies

Pursuant to the general development of the port business in Wuhan, the Hubei Provincial and the Wuhan Municipal governments have been providing support to the development of the container throughput in the form of subsidies to the WIT. For the year ended 31 December 2015, total operating subsidies of HK\$25.28 million (2014: HK\$21.88 million) was granted to the WIT.

Profit attributable to owners of the Company for the year

Profit attributable to owners of the Company amounted to HK\$24.58 million (2014: HK\$25.59 million), representing a decrease of 4.0%. This was mainly attributable to the increase in administrative and operating expenses, finance cost and income tax expense during the year under review.

Earnings per share was HK2.09 cents (2014: HK2.17 cents), representing a decrease as compared with 2014.

Future outlooks

The gradual recovery of global recovered economies should boost international trade and the Group believes that favourable government policies on Maritime Silk Road and Yangtze River Economic Belt will bring promising business opportunities to the Group's ports in Wuhan. To strengthen the competitiveness in the market, the Group will further focus on our core business and expanding the existing operations and growing by acquisition of Hannan and Shayang ports in Wuhan.

Financial resources and liquidity

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

For the year ended 31 December 2015, the Group recorded a net cash generated from operating activities of HK\$72.80 million (2014: HK\$47.71 million).

As at 31 December 2015, the Group had total outstanding bank borrowings of HK\$281.93 million (2014: HK\$307.62 million). The Group also had total cash and cash equivalents of HK\$19.27 million as at 31 December 2015 (2014: HK\$43.79 million) and consolidated net assets of HK\$224.18 million (2014: HK\$206.29 million).

As at 31 December 2015, the Group's net gearing ratio was 1.4 times (2014: 1.5 times). The calculation of the net 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 31 December 2015, the total amount due to a beneficial shareholder amounted to of HK\$33.70 million (2014: HK\$29.70 million), which was unsecured, interest-free and will not be repayable within 12 months from the reporting date.

As at 31 December 2015, the Group's net current liabilities was HK\$79.70 million (2014: net current assets of HK\$20.63 million), with current assets of HK\$135.84 million (2014: HK\$177.40 million) and current liabilities of HK\$215.54 million (2014: HK\$156.77 million), representing a current ratio of 0.6 times (2014: 1.13 times). The net current liabilities recorded as at 31 December 2015 reflected the re-classification as current liabilities of certain bank loans which were classified under non-current liabilities in 2014.

To strengthen the financial position of the Group, the Company announced in November 2015 a placement of 140,000,000 new shares of the Company at HK\$0.43 per share. The placement was completed with net proceeds of HK\$58.69 million raised on 4 January 2016.

Exchange rate risk

The Group operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, the Directors consider the Group has no significant foreign currency risk.

Significant investments

The Group did not hold any significant investment as at 31 December 2015.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed in this announcement, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the year ended 31 December 2015.

Capital commitments

As at 31 December 2015, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK\$8.47 million (2014: HK\$72.54 million).

Contingent liabilities

The Group had are no material contingent liabilities as at 31 December 2015.

Pledge of assets

As at 31 December 2015 the Group has pledged port facilities and land use rights with net book amount of approximately HK\$117.36 million (2014 HK\$246.96 million) and HK\$7.58 million (2014: HK\$8.23 million), respectively, to secure bank borrowings granted to a subsidiary of the Company.

As at 31 December 2014, HK\$6.30 million was pledged to secure the bank loan. As at 31 December 2015, no cash was pledged.

Employees and Remuneration Policies

As at 31 December 2015, the Group had an aggregate of 338 full-time employees (2014: 217). The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors' service contracts, the reviewing of Directors' and senior management's emoluments and the awarding of discretionary bonuses of the Company to the remuneration committee of the Company. Total remuneration together with pension contributions incurred for the year ended 31 December 2015 amounted to HK\$38.34 million (2014: HK\$34.29 million). The Directors received remuneration of HK\$1.94 million (2014: HK\$1.65 million) during the year ended 31 December 2015.

Future plans for material investments or capital assets

On 28 November 2015, CIG Yangtze Corporate and Project Finance Limited, a wholly-owned subsidiary of the Company entered into an acquisition agreement and as supplemented by a supplemental agreement dated 22 January 2016 (collectively, the "**Acquisition Agreement**") with Zall Holdings Company Limited (as the vendor) and Mr. Yan (as the guarantor) to conditionally acquire the entire interest in Zall Infrastructure Group Company Limited and its subsidiaries (the "**Target Group**") at the consideration of the lower of (i) the net asset value of the Target Group as stated in the consolidated financial report of the Target Group for the year ended 31 December 2015; and (ii) HK\$175.44 million. Pursuant to the Acquisition Agreement, the consideration will be payable by the issue of consideration shares by the Company issuing up to 405,684,928 new shares at the issue price of HK\$0.430 each pursuant to a specific mandate to be sought at a general meeting to be convened by the Company. As at the date of this announcement, certain conditions to the acquisition has not be fulfilled. As the acquisition is subject to certain conditions precedent under the Acquisition Agreement to be fulfilled including approval by independent shareholders of the Company as such, the acquisition as contemplated may or may not complete.

Use of proceeds from Placing

Pursuant to the placing agreement entered into by the Company and Asian Capital (Corporate Finance) Limited on 28 November 2015, the Group successfully raised over HK\$58.69 million through the placing (the “**Placing**”) of 140,000,000 new shares of the Company (the “**Placing Shares**”) to not less than six professional, institutional and other investors at the placing price of HK\$0.430 per Placing Share on 4 January 2016 in order to further enhance the shareholders’ base of the Company. The aggregate nominal value of the Placing Shares is HK\$14 million. The placing price of HK\$0.430 per Placing Share represents: (i) a premium of approximately 3.61% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the last trading date prior to the entering of the placing agreement (i.e. 27 November 2015); (ii) a premium of approximately 2.14% to the average closing price of HK\$0.421 per Share for the last five consecutive trading days immediately prior to 27 November 2015; (iii) a premium of approximately 0.70% to the average closing price of HK\$0.427 per Share for the last ten consecutive trading days prior to 27 November 2015; and (iv) no premium or discount to the average closing price of HK\$0.430 per Share for the last fifteen consecutive trading days prior to 27 November 2015.

Upon the completion of the Placing, the Company received a gross proceeds of HK\$60.20 million and a net proceeds, after the deduction of the placing commission and other related expenses, of approximately HK\$58.69 million, representing a net issue price of approximately HK\$0.419 per Placing Share. The net proceeds is currently held in cash and cash equivalents and it is intended to be applied as to (i) approximately HK\$20.0 million for the development of the Hannan Port; and (ii) approximately HK\$10.0 million as the Group’s general working capital. The balance of the net proceeds from the Placing will be applied as for the enhancement and development of the Group’s existing port.

THE FINANCIAL STATEMENTS

Results

The Directors are pleased to announce the consolidated results (the “**Final Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014 which have been reviewed and approved by the Audit Committee, as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	4	186,692	186,482
Cost of services rendered		<u>(95,860)</u>	<u>(99,628)</u>
Gross profit		90,832	86,854
Other income	6	11,750	11,230
Other operating expenses		(16,777)	(15,220)
General and administrative expenses		(28,901)	(27,228)
Finance costs	8	<u>(19,238)</u>	<u>(18,572)</u>
Profit before income tax	7	37,666	37,064
Income tax expense	9	<u>(6,828)</u>	<u>(5,359)</u>
Profit for the year		30,838	31,705
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of foreign operations		<u>(12,942)</u>	<u>(3,200)</u>
Other comprehensive expenses for the year		<u>(12,942)</u>	<u>(3,200)</u>
Total comprehensive income for the year		<u>17,896</u>	<u>28,505</u>
Profit for the year attributable to:			
Owners of the Company		24,578	25,590
Non-controlling interests		<u>6,260</u>	<u>6,115</u>
		<u>30,838</u>	<u>31,705</u>
Total comprehensive income attributable to:			
Owners of the Company		13,455	22,817
Non-controlling interests		<u>4,441</u>	<u>5,688</u>
		<u>17,896</u>	<u>28,505</u>
Earnings per share for profit attributable to owners of the Company during the year			
— Basic and diluted	10	<u>HK2.09 cents</u>	<u>HK2.17 cents</u>

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	369,239	317,894
Land use rights	13	23,418	25,278
Construction in progress	14	86,941	61,527
		<u>479,598</u>	<u>404,699</u>
Current assets			
Inventories	15	4,849	4,626
Trade and bills receivables	16	85,732	74,675
Prepayments, deposits and other receivables		19,505	41,832
Government subsidy receivables	17	6,488	6,178
Restricted cash	18	—	6,300
Cash and cash equivalents		19,270	43,790
		<u>135,844</u>	<u>177,401</u>
Current liabilities			
Trade and other payables	19	68,360	29,926
Income tax payable		2,723	3,676
Bank borrowings	20	144,459	123,165
		<u>215,542</u>	<u>156,767</u>
Net current (liabilities) assets		<u>(79,698)</u>	<u>20,634</u>
Total assets less current liabilities		<u>399,900</u>	<u>425,333</u>
Non-current liabilities			
Bank borrowings	20	137,469	184,458
Other payables	19	4,547	4,887
Amount due to a shareholder	21	33,700	29,700
		<u>175,716</u>	<u>219,045</u>
Net assets		<u>224,184</u>	<u>206,288</u>
EQUITY			
Share capital	22	117,706	117,706
Reserves		70,681	57,226
		<u>188,387</u>	<u>174,932</u>
Equity attributable to owners of the Company		<u>188,387</u>	<u>174,932</u>
Non-controlling interests		35,797	31,356
		<u>224,184</u>	<u>206,288</u>
Total equity		<u>224,184</u>	<u>206,288</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company				Total	Non-controlling Interests	Total equity
	Share capital	Share premium	Foreign exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2014	117,706	63,018	29,364	(57,973)	152,115	25,668	177,783
Profit for the year	—	—	—	25,590	25,590	6,115	31,705
Other comprehensive expenses:							
Exchange loss on translation of foreign operations	—	—	(2,773)	—	(2,773)	(427)	(3,200)
Total comprehensive income (expenses) for the year	—	—	(2,773)	25,590	22,817	5,688	28,505
Balance at 31 December 2014 and 1 January 2015	117,706	63,018	26,591	(32,383)	174,932	31,356	206,288
Profit for the year	—	—	—	24,578	24,578	6,260	30,838
Other comprehensive expenses:							
Exchange loss on translation of foreign operations	—	—	(11,123)	—	(11,123)	(1,819)	(12,942)
Total comprehensive income (expenses) for the year	—	—	(11,123)	24,578	13,455	4,441	17,896
Balance at 31 December 2015	117,706	63,018	15,468	(7,805)	188,387	35,797	224,184

Notes to the Financial Statements

For the year ended 31 December 2015

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”).

The financial statements also include 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**”) and comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The amendments to the GEM Listing Rules relating to financial information with reference to Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) which came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these consolidated financial statements.

A summary of the significant accounting policies adopted by the Company and its subsidiaries (“**the Group**”) is set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2. Basis of preparation

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

The Group has net current liabilities of approximately HK\$79,698,000 as at 31 December 2015. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company had made an assessment and concluded that the Group is able to continue as a going concern for at least the next twelve months and to meet its obligations, as and when they fall due, having regard to the following:

- i. the Group expects to generate positive operating cash flows for the next twelve months;
- ii. the Company completed the placing of 140,000,000 shares at a price of HK\$0.43 per share with the net proceeds of approximately HK\$58,690,000 on 4 January 2016;
- 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. The Group is in the final negotiation stage with its banks and the directors of the Company are confident that the Group will be able to obtain sufficient borrowing facilities as and when required to meet the working capital purpose of the Group.

2. Basis of preparation (Continued)

Consequently, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their estimated recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. New or amended IFRSs

In the current year, the Group has applied for the first time, all amendments to IFRSs issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2015. The adoption of these new standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group. The directors are in the process of making an assessment of the impact of these IFRSs on the consolidated financial statements of the Group in their initial application.

4. Revenue

Revenue represents fair value of consideration received or receivable for terminal service, container handling, storage and other service, integrated logistic service and general and bulk cargo handling service rendered for the year.

5. Segment information

The Group has presented into two reportable segments as follows:

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

Integrated logistic business: Rendering agency and logistic service.

No other operating segments have been aggregated to form the above reportable segments.

The accounting policies of the reporting segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of corporate income and expenses and directors' emoluments. Segment assets include all tangible assets and current assets with the exception of other corporate assets. Segment liabilities include all liabilities with the exception of bank borrowings, income tax payable and other 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.

5. Segment information (Continued)

All revenues for 2015 and 2014 were sourced from external customers located in the PRC. In addition, over 99% (2014: 99%) of the non-current assets of the Group as at the reporting date were physically located in the PRC. No geographic information is presented.

During the year ended 31 December 2015, there were two customers (2014: two) with whom transactions have exceeded 10% of the Group's revenue. The revenue generated from each of these two single customers from terminal and related business amounted to HK\$29,275,000 and HK\$20,080,000 (2014: HK\$30,443,000 from terminal and related business and HK\$26,543,000 from integrated logistics business) respectively.

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Elimination HK\$'000	Unallocated corporate expenses HK\$'000	Total HK\$'000
Revenue from external customers	110,961	75,731	—	—	186,692
Inter-segment revenue	8,528	—	(8,528)	—	—
Reportable segment revenue	<u>119,489</u>	<u>75,731</u>	<u>(8,528)</u>	<u>—</u>	<u>186,692</u>
Segment results	60,428	1,587	—	—	62,015
Interest income	65	218	—	—	283
Finance costs	(18,074)	(1,164)	—	—	(19,238)
Corporate and other unallocated expense	—	—	—	(5,394)	(5,394)
Profit (Loss) before income tax	42,419	641	—	(5,394)	37,666
Income tax expense	(6,128)	(700)	—	—	(6,828)
Profit (Loss) for the year	<u>36,291</u>	<u>(59)</u>	<u>—</u>	<u>(5,394)</u>	<u>30,838</u>

5. Segment information (Continued)

Consolidated statement of financial position

At 31 December 2015

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	556,417	37,111	2,107	595,635
Cash and cash equivalents	15,902	3,290	78	19,270
Segment liabilities	(49,254)	(19,785)	(37,031)	(106,070)
Bank borrowings	(269,967)	(11,961)	—	(281,928)
Income tax payables	(2,024)	(699)	—	(2,723)
	<u>251,074</u>	<u>7,956</u>	<u>(34,846)</u>	<u>224,184</u>

For the year ended 31 December 2015

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Capital additions	112,361	231	—	112,592
Depreciation and amortisation	<u>16,040</u>	<u>750</u>	<u>2</u>	<u>16,792</u>

5. Segment information (Continued)

Consolidated statement of comprehensive income

For the year ended 31 December 2014

	Terminal & related business <i>HK\$'000</i>	Integrated logistic business <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Unallocated corporate expenses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	111,874	74,608	—	—	186,482
Inter-segment revenue	<u>5,585</u>	<u>—</u>	<u>(5,585)</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u><u>117,459</u></u>	<u><u>74,608</u></u>	<u><u>(5,585)</u></u>	<u><u>—</u></u>	<u><u>186,482</u></u>
Segment results	58,203	1,764	—	—	59,967
Interest income	160	40	—	—	200
Finance costs	(16,720)	(1,852)	—	—	(18,572)
Corporate and other unallocated expense	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,531)</u>	<u>(4,531)</u>
Profit (Loss) before income tax	41,643	(48)	—	(4,531)	37,064
Income tax expense	<u>(5,272)</u>	<u>(87)</u>	<u>—</u>	<u>—</u>	<u>(5,359)</u>
Profit (Loss) for the year	<u><u>36,371</u></u>	<u><u>(135)</u></u>	<u><u>—</u></u>	<u><u>(4,531)</u></u>	<u><u>31,705</u></u>

5. Segment information (Continued)

Consolidated statement of financial position

At 31 December 2014

	Terminal & related business <i>HK\$'000</i>	Integrated logistic business <i>HK\$'000</i>	Unallocated corporate assets (liabilities) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets and liabilities				
Segment assets	487,497	44,130	383	532,010
Cash and cash equivalents	39,414	4,182	194	43,790
Restricted cash	—	6,300	—	6,300
Segment liabilities	(22,815)	(10,525)	(31,173)	(64,513)
Bank borrowings	(280,218)	(27,405)	—	(307,623)
Income tax payables	(3,598)	(78)	—	(3,676)
	<u>220,280</u>	<u>16,604</u>	<u>(30,596)</u>	<u>206,288</u>

For the year ended 31 December 2014

	Terminal & related business <i>HK\$'000</i>	Integrated logistic business <i>HK\$'000</i>	Unallocated corporate assets (liabilities) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital additions	39,580	757	—	40,337
Depreciation and amortisation	<u>15,928</u>	<u>607</u>	<u>18</u>	<u>16,553</u>

6. Other income

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	283	200
Rental income	449	1,003
Sundry income	82	40
Sale of scrap materials	512	—
Government subsidies	<u>10,424</u>	<u>9,987</u>
	<u>11,750</u>	<u>11,230</u>

Note: Government subsidies are mainly in respect of the subsidies granted by the Wuhan Municipal government to provide financial support to the Group's subsidiaries for the year ended 31 December 2015 and 2014.

7. Profit before income tax

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Staff costs (including directors' emoluments)		
— Salaries and allowances	35,690	31,934
— Pension contributions	<u>2,652</u>	<u>2,355</u>
	<u>38,342</u>	<u>34,289</u>
Cost of services rendered	110,719	108,370
Less: Government subsidies	<u>(14,859)</u>	<u>(8,742)</u>
	<u>95,860</u>	<u>99,628</u>
Auditors' remuneration		
— Audit service	1,145	695
— Other service	75	75
Amortisation of prepaid lease payment for land use rights	573	603
Cost of inventories recognised as an expense	13,704	17,081
Depreciation	16,219	15,950
Loss (Gain) on disposal of property, plant and equipment	112	(24)
Net foreign exchange loss (gain)	131	(101)
Operating lease charges on rented premises	<u>465</u>	<u>431</u>

8. Finance costs

	2015 HK\$'000	2014 HK\$'000
Interests on bank loans wholly repayable within 5 years	<u>19,238</u>	<u>18,572</u>

In 2014, the government subsidy granted by Wuhan Municipal government amounted to HK\$3,150,000 was included to set off the interests on bank loan. In 2015, no such government subsidy was granted.

9. Income tax expense

	2015 HK\$'000	2014 HK\$'000
Current tax:		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	<u>6,828</u>	<u>5,359</u>
	<u>6,828</u>	<u>5,359</u>

No provision for Hong Kong profits tax has been provided during the year (2014: Nil) as the Company and its subsidiaries which are subject to Hong Kong profits tax incurred a loss for taxation purpose.

Other than WIT, the Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (2014: 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, 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%.

9. Income tax expense (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	37,666	37,064
Tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdiction concerned	4,708	4,359
Tax effect of non-deductible expenses	2,543	1,907
Tax effect of non-taxable revenue	(244)	(1,198)
Tax effect of tax losses not recognised	—	196
Tax effect of temporary differences not recognised	106	95
Tax loss utilised	(285)	—
Income tax expense	6,828	5,359

The Group has not recognised deferred tax assets in respect of tax losses of HK\$47,846,000 (2014: HK\$62,935,000). Under the current tax legislation, tax losses of HK\$1,267,000 (2014: HK\$2,537,000) can be carried forward for five years from the year when the loss is incurred, while tax losses of HK\$46,579,000 (2014: HK\$60,398,000) have no expiry date under the current tax legislation. All tax losses are subject to the agreement from the relevant tax bureau.

10. Earnings per share

The calculation of basic earnings per share for the year is based on the profit of HK\$24,578,000 (2014: HK\$25,590,000) for the year attributable to owners of the Company, and the weighted average number of 1,177,056,180 (2014: 1,177,056,180) ordinary shares in issue during the year.

There are no dilutive potential ordinary shares in issue for the year ended 31 December 2015 and 31 December 2014. The basic earnings per share are equal to the diluted earnings per share.

11. Dividend

The directors do not recommend the payment of a dividend for the year (2014: Nil).

12. Property, plant and equipment

	Port facilities HK\$'000	Terminal equipment HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
At 1 January 2014						
Cost	341,100	82,855	4,819	4,014	469	433,257
Accumulated depreciation	(57,970)	(33,310)	(3,750)	(3,605)	(353)	(98,988)
Net book amount	283,130	49,545	1,069	409	116	334,269
Year ended 31 December 2014						
Opening net book amount	283,130	49,545	1,069	409	116	334,269
Exchange differences on consolidation	(4,859)	(827)	(15)	(2)	—	(5,703)
Additions	2,225	1,334	345	—	—	3,904
Transferred from construction in progress (note 14)	1,538	—	—	—	—	1,538
Disposal	—	(75)	—	(35)	(54)	(164)
Depreciation	(9,965)	(5,421)	(494)	(70)	—	(15,950)
Closing net book amount	272,069	44,556	905	302	62	317,894
At 31 December 2014						
Cost	339,453	82,059	5,079	3,593	116	430,300
Accumulated depreciation	(67,384)	(37,503)	(4,174)	(3,291)	(54)	(112,406)
Net book amount	272,069	44,556	905	302	62	317,894
Year ended 31 December 2015						
Opening net book amount	272,069	44,556	905	302	62	317,894
Exchange differences on consolidation	(13,030)	(2,410)	(39)	(49)	—	(15,528)
Additions	511	28,758	379	—	—	29,648
Transferred from construction in progress (note 14)	54,108	—	—	—	—	54,108
Disposal	—	(381)	(29)	(192)	(62)	(664)
Depreciation	(9,859)	(6,050)	(290)	(20)	—	(16,219)
Closing net book amount	303,799	64,473	926	41	—	369,239
At 31 December 2015						
Cost	377,600	105,158	4,971	2,253	109	490,091
Accumulated depreciation	(73,801)	(40,685)	(4,045)	(2,212)	(109)	(120,852)
Net book amount	303,799	64,473	926	41	—	369,239

Certain of the Group's port facilities have been pledged to secure bank borrowings (note 20).

13. Land use rights

The Group's interest in land use rights represents prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Opening net carrying amount	25,278	26,318
Exchange differences on consolidation	(1,287)	(437)
Amortisation	(573)	(603)
	<u>23,418</u>	<u>25,278</u>
Closing net carrying amount	<u>23,418</u>	<u>25,278</u>
At the reporting date		
Cost	27,393	28,862
Accumulated amortisation	(3,975)	(3,584)
	<u>23,418</u>	<u>25,278</u>

Certain of the Group's land use rights have been pledged to secure bank borrowings (note 20). All the land use rights were outside Hong Kong and held on leases of between 10 and 50 years.

14. Construction in progress

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At cost		
At beginning of the year	61,527	27,130
Exchange differences on consolidation	(3,422)	(498)
Additions	82,944	36,433
Transferred to property, plant and equipment (<i>note 12</i>)	(54,108)	(1,538)
	<u>86,941</u>	<u>61,527</u>
At end of the year	<u>86,941</u>	<u>61,527</u>

15. Inventories

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Consumables, at cost	<u>4,849</u>	<u>4,626</u>

16. Trade and bills receivables

	2015 HK\$'000	2014 HK\$'000
Trade receivables due from third parties	77,972	68,310
Bills receivables	7,760	6,365
	85,732	74,675

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:

	2015 HK\$'000	2014 HK\$'000
0 – 30 days	27,181	26,385
31 – 60 days	13,668	13,772
61 – 90 days	10,248	11,677
Over 90 days	34,635	22,841
	85,732	74,675

The ageing analysis of the Group's trade and bills receivables that were past due as at the reporting date but not impaired, based on due date as follows:

	2015 HK\$'000	2014 HK\$'000
1 to 90 days past due	19,671	9,830
Over 90 days past due	16,101	13,677
	35,772	23,507

17. Government subsidy receivables

These are subsidies granted by Wuhan Municipal government to WIT for the year ended 31 December 2015 and 2014.

18. Restricted cash

As at 31 December 2014, included in restricted cash was an aggregate carrying amount of HK\$6,300,000 pledged to secure the bank loan. As at 31 December 2015, no cash was pledged.

19. Trade and other payables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	<u>20,022</u>	<u>10,871</u>
Other payables		
— Payables to subcontractors	34,377	12,788
— Deferred government subsidies	4,638	4,983
— Accruals and sundry payables	<u>13,870</u>	<u>6,171</u>
	<u>52,885</u>	<u>23,942</u>
	<u>72,907</u>	<u>34,813</u>
<i>Less: Deferred government subsidies included in non-current other payables</i>	<u>(4,547)</u>	<u>(4,887)</u>
	<u>68,360</u>	<u>29,926</u>

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	7,835	6,377
31 – 60 days	3,677	1,764
61 – 90 days	5,920	1,110
Over 90 days	<u>2,590</u>	<u>1,620</u>
	<u>20,022</u>	<u>10,871</u>

The amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

20. Bank borrowings

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank borrowings		
— Unsecured	133,044	150,444
— Secured	148,884	157,179
	281,928	307,623

At the reporting date, the Group's bank borrowings were repayable as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year or on demand	144,459	123,165
After 1 year but within 2 years	103,565	138,279
After 2 years but within 5 years	33,904	46,179
	281,928	307,623
Less: Amount due within one year shown under current liabilities	(144,459)	(123,165)
	137,469	184,458

All bank borrowings are denominated in RMB and interest-bearing in the range of 4.9% to 7.99% (2014: 6.15% to 8.28%) per annum.

21. Amount due to a shareholder

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

22. Share capital

	2015		2014	
	Number of shares	<i>HK\$'000</i>	Number of shares	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	1,177,056,180	117,706	1,177,056,180	117,706

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: Nil).

Purchase, redemption or sale of the listed securities

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate governance practices

The Company has, throughout the financial year ended 31 December 2015, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 of the GEM Listing Rules.

Code of conduct regarding securities transactions by Directors

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 to all Directors, who have confirmed that, during the year ended 31 December 2015, each of them in compliance with the Code of Conduct and the Required Standard of Dealings.

Competing interests

For the year ended 31 December 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 business which compete with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

Confirmation of independence by independent non-executive Directors

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers, based on the confirmations received, the independent non-executive Directors to be independent.

Review by the Audit Committee

The Group's final results for the year ended 31 December 2015 have been reviewed by the audit committee of the Company.

Scope of work of Grant Thornton Hong Kong Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by Grant Thornton Hong Kong Limited in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

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

Wuhan, the PRC, 11 March 2016

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, Mr. Fang Yibing 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 www.cigyangtzeports.com and the "Latest Company Announcement" page on the GEM website at www.hkgem.com for at least seven days from the day of its posting.

* *For identification purpose only*