



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 2013

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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

Year on year comparison:

- Revenue increased by 30.6% to HK\$151.01 million notwithstanding that container throughput increased by 11.5% to 347,183 TEUs. The increase in revenue is primarily a result of the increase in throughput of the higher tariff price gateway cargoes and provision of logistic service to a new customer. The gateway cargoes throughout increased by 16.6% from 177,878 TEUs to 207,372 TEUs whereas the trans-shipment cargoes increased by 4.8% from 133,413 TEUs to 139,811 TEUs.
- Market share of container throughput in Wuhan remained the same at 40%, as the container throughput is reaching our maximum capacity, whereas we focus on the gateway cargoes to increase our profit margin. The ratio of gateway cargoes and the trans-shipment cargoes is 60%:40% for the year 2013 (2012: 57%:43%).
- Gross profit increased by 14.1% to HK\$67.68 million.
- EBITDA increased by 21.5% to HK\$42.46 million.
- Net profit attributable to owners increased by 124.4% to HK\$4.74 million.

In June 2013, the Sichuan-Wuhan-Taiwan shipping route project was brought into discussion. The new shipping route is expected to start operation in the near future. By then, shipping time for cargoes from Sichuan to Taiwan, will be greatly shortened from the present 10 days to 5 days. The Group is working on the development of service plans in accordance with this new route and will grasp the opportunities which are expected to come along with the new route once its service commences. The Group will increase its effort to build up relationship with shipping companies in order to increase our container business.

MANAGEMENT COMMENTARY

	Year ended 31 December	
	2013	2012
	HK\$'000	HK\$'000
Revenue	151,007	115,626
Cost of services rendered	(83,326)	(56,301)
Gross profit	67,681	59,325
Other income	4,633	1,743
General, administrative and other operating expenses	(29,858)	(26,119)
Operating profit/EBITDA	42,456	34,949
Finance costs	(18,846)	(15,719)
EBTDA	23,610	19,230
Depreciation and amortisation	(16,084)	(14,823)
Profit before income tax	7,526	4,407
Income tax expense	(32)	(161)
Profit for the year	7,494	4,246
Non-controlling interests	(2,756)	(2,135)
Profit attributable to owners of the Company	4,738	2,111

REVIEW OF OPERATIONS

Overall business environment

The Group's principal activities 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 the ports in 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 neighboring provinces.

The strong and well established industrial base of Wuhan featuring operators in major industries including automobile and parts, chemical, steel, machinery and equipment as well as those in the construction materials businesses have been and will continue to be the principal providers of gateway cargoes to the WIT Port. As many of the manufacturing/assembly plants of these international companies are new, their planned production expansion will contribute to the growth in throughput at the WIT Port.

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, it precludes bigger ships from navigating directly between those areas and Shanghai. The trans-shipment services 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 Port 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 integrated logistics businesses to expand its revenue sources, including bonded warehousing, customs clearance, break bulk and distribution.

GROUP'S PERFORMANCE

Container throughput

Total throughput achieved by WIT for 2013 was 347,183 TEUs, an increase of 35,892 TEUs or 11.5% over that of 311,291 TEUs for 2012. Of the 347,183 TEUs handled in 2013, 207,372 TEUs (2012: 177,878 TEUs) or 60% (2012: 57%) and 139,811 TEUs (2012: 133,413 TEUs) or 40% (2012: 43%) were attributed to gateway cargoes and trans-shipment cargoes respectively.

Average tariff

The average tariff for gateway cargoes for the year was RMB236 (HK\$303) per TEU (2012: RMB215 (HK\$275) per TEU), an increase of 10.2% year on year. And the average tariff for trans-shipment cargoes was RMB47 (HK\$60) per TEU (2012: RMB58 (HK\$75) per TEU) which saw an decrease of 20% from that of 2012.

Integrated logistics

Revenue generated from these sources increased to HK\$62.21 million (2012: HK\$32.05 million) which accounted for 41.2% (2012: 27.7%) of the Group's total revenue. The integrated logistics businesses included income from freight forwarding, customs clearance, transportation of containers, and the provision of bonded and general warehousing, stacking yard storage and repackaging. The loss during the year 2013 was attributable to the change of management team and now has brought to the normal track.

General cargo

Throughput of general cargo for 2013 was 49,895 tons (2012: 50,066 tons), representing an decrease of 0.3% over 2012. The contribution of general cargo was minimal and accounted for less than 1% of the revenue for the year under review.

Developing new port & logistics facilities

Being a port and logistics company operating in a high growth economy, the Group's strategy is twofold: with an objective of expanding the volume of business on the operations side whilst constructing new facilities to cater for growth at the same time. The implementation of this strategy, which will create enterprise and shareholder value in the long term.

New multipurpose port & logistics facilities

The multipurpose port project, which is under construction, covers a land of 65 mou adjacent to the existing berths of the WIT Ports. The constructing port will provide heavy and bulky cargo handling services and the Group expects the port construction work to be completed by the end of year 2014 and there will be one berth with a maximum capacity of 200,000 TEU per year. We expected we need to invest RMB110 million on the construction in the coming year before the port put into operation. The source of fund will be from the banking facilities.

OPERATING RESULTS

Revenue

	2013		2012		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	71,101	47	61,967	54	9,134	15
Container handling, storage & other service	17,051	12	20,848	18	(3,797)	(18)
Integrated logistics service	62,212	41	32,047	28	30,165	94
General and bulk cargo handling service	643	—	764	—	(121)	(16)
	<u>151,007</u>	<u>100</u>	<u>115,626</u>	<u>100</u>	<u>35,381</u>	<u>31</u>

For 2013, the Group's revenue amounted to HK\$151.01 million (2012: HK\$115.63 million), representing an increase of 30.6% as compared to 2012. The significant increase in revenue was mainly attributable to the increase in throughput of the higher tariff price gateway cargoes and provision of logistic service to a new customer. Gateway cargoes throughput was to 207,372 TEUs (2012: 177,878 TEUs). Trans-shipment cargoes throughout slightly increased by 4.8% to 139,811 TEUs (2012: 133,413 TEUs) which was affected by the emergence of the competitor since the second quarter of last year and the average tariff price was dropped by 20% during the year. During the second quarter, the Group secured a new logistics customer which contributed 22.1% to our total revenue of the Group.

Container volume and throughput

	2013		2012		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	207,372	60	177,878	57	29,494	17
Trans-shipment cargoes	139,811	40	133,413	43	6,398	5
	<u>347,183</u>	<u>100</u>	<u>311,291</u>	<u>100</u>	<u>35,892</u>	<u>12</u>

The volume of throughput achieved for 2013 was 347,183 TEUs (2012: 311,291 TEUs), representing an increase of 11.5% as compared to that of 2012. In terms of market share, during the year 2013, the WIT Port's market share remained the same as 40% against an aggregate of 860,412 TEUs (2012: 771,660 TEUs) handled in 2013 for the whole of Wuhan.

Gross profit and gross profit margin

Gross profit for 2013 was HK\$67.68 million (2012: HK\$59.33 million), representing an increase of 14.1%. Gross profit margin for 2013 was 44.8% (2012: 51.3%), the decrease was mainly due to reducing price level on logistics service business and trans-shipment cargoes to attract new business.

Profit attributable to shareholders for the year

Profit attributable to shareholders for 2013 amounted to HK\$4.74 million (2012: HK\$2.11 million), representing an increase of 124.4%. This was mainly attributable to the increase in gross profit contributions resulting from the increase in TEUs of gateway cargos and increase in average selling price and increase in other income while partially offset by the increase in general, administrative and other operating expenses, finance costs and operating losses in integrated logistics business.

Earnings per share was HK0.40 cents (2012: HK0.18 cents), representing a substantial increase compared with 2012.

FINANCIAL RESOURCES AND LIQUIDITY

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

For the year ended 31 December 2013, the Group recorded a net cash used in operating activities of HK\$16.38 million (2012: a net cash inflow of HK\$21.85 million).

At 31 December 2013, the Group had total outstanding bank borrowings of HK\$306.67 million (2012: HK\$248.42 million) provided by a PRC bank. The Group also had total cash and cash equivalents of HK46.25 million as at 31 December 2013 (2012: HK\$33.46 million) and consolidated net assets of HK\$177.78 million (2012: HK\$165.11 million).

At 31 December 2013, the Group had a net gearing ratio of approximately 1.7 times (2012: 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.

EXCHANGE RATE RISK

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

SIGNIFICANT INVESTMENTS

Save as those disclosed in this report, the Group did not hold any significant investment as at 31 December 2013.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as those disclosed in this report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the year ended 31 December 2013.

CAPITAL COMMITMENTS

At 31 December 2013, the Group did not have capital commitments in respect of capital contribution to a subsidiary (2012: HK\$7.95 million) and the Group had capital commitments in respect of the construction of port facilities contracted for but not provided for amounting to approximately HK\$9.71 million (2012: HK\$5.69 million).

CONTINGENT LIABILITIES

In November 2013, a vessel operated by the shipping agent appointed by the subsidiary of the Company for the delivery of the goods with the value of RMB13.80 million from a customer collided with another vessel. The goods were damaged in this collision of vessels. The subsidiary of the Company then involved in a lawsuit in respect of the claim made by the customer for the damaged goods. Another claim was made by the subsidiary of the Company against the shipping agent for the failure of the delivery and the damaged goods. The goods were insured by the subsidiary of the Company with the amount of RMB12.30 million. The liabilities of the vessel collision were still subject to the judgement of the Court of Marine in Hong Kong the date of hearing of which has not been confirmed.

While the final outcome of this litigation cannot be predicted, having reviewed the insurance coverage and taken the legal advice, the directors and the management of the Company are of the view that it is not probable that material loss will be suffered by the Group. Therefore, no provision has been made for the claim.

PLEDGE OF ASSETS

The Group has pledged port facilities and land use rights with net book amount of HK\$256.25 million (2012: HK\$258.12 million) and HK\$ 8.61 million (2012: HK\$8.59 million) respectively to secure bank borrowings granted to a subsidiary.

At 31 December 2013, the Group has pledged bill receivables with net book amount of HK\$7.43 million (2012: Nil) to secure the bank guarantee granted to a customer.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed in this report, the Group has no current plan of any other material investments or acquisition of material capital assets.

FUTURE OUTLOOKS

We remain cautiously optimistic about the ports business in China and the China economy as a whole. China played a significant role in the global economic recovery throughout the recent years. While the majority of the economies in the world remained uncertain, China economy is expected to manage to maintain an annual growth rate of 7%–8%.

Driven by the development of China economy, the domestic demand keeps growing, which brought ample space for the growth of ports business. Located in the central place in the trading network in China, WIT strives to take advantage of this and gears itself up to developing level of its business to make full use of the new capacity of throughput for 360,000 TEUs which shall be completed in 2014.

In June 2013, the Sichuan-Wuhan-Taiwan shipping route project was brought into discussion. The new shipping route is expected to start operation in the near future. By then, cargo shipping from Sichuan to Taiwan, which greatly shortens the shipping time from the present 10 days to 5 days. The Group is working on the development of service plans in accordance with this new route and will grasp the massive opportunities brought by the new route once its service commences. The Group will increase its effort to build up relationship with the shipping companies in order to increase our container business.

Another year of diligence and intelligence has past, the Group will learn from the experience gained in 2013 and grasp the opportunities awaiting in 2014. We firmly believe that barring unforeseen circumstance, affecting the world economy and/or China's domestic and export demands with the continuing effort from the Board, the management team and of our staff, the Group is well positioned to repeat its success in 2013 into the 2014.

THE FINANCIAL STATEMENTS

Results

The Directors are pleased to announce the consolidated results (the “**Final Results**”) of the Group for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012 which have been reviewed and approved by the Audit Committee, as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Revenue	4	151,007	115,626
Cost of services rendered		(83,326)	(56,301)
Gross profit		67,681	59,325
Other income	6	4,633	1,743
Other operating expenses		(14,462)	(13,478)
General and administrative expenses		(31,480)	(27,464)
Finance costs	8	(18,846)	(15,719)
Profit before income tax	7	7,526	4,407
Income tax expense	9	(32)	(161)
Profit for the year		7,494	4,246
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of foreign operations		5,175	2,774
Other comprehensive income for the year		5,175	2,774
Total comprehensive income for the year		12,669	7,020
Profit for the year attributable to:			
Owners of the Company		4,738	2,111
Non-controlling interests		2,756	2,135
		7,494	4,246
Total comprehensive income attributable to:			
Owners of the Company		9,231	4,509
Non-controlling interests		3,438	2,511
		12,669	7,020
Earnings per share for profit attributable to owners of the Company during the year			
— Basic and diluted	10	HK0.40 cents	HK0.18 cents

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	334,269	309,728
Land use rights	13	26,318	26,132
Construction in progress	14	27,130	19,952
		<u>387,717</u>	<u>355,812</u>
Current assets			
Inventories	15	3,403	2,929
Trade and bills receivables	16	81,509	40,701
Prepayments, deposits and other receivables		7,695	7,056
Government subsidy receivables	17	3,107	2,124
Restricted cash	18	1,429	—
Cash and cash equivalents		46,254	33,462
		<u>143,397</u>	<u>86,272</u>
Current liabilities			
Trade and other payables	19	18,702	16,571
Income tax payable		32	—
Bank borrowings	20	41,002	75,785
		<u>59,736</u>	<u>92,356</u>
Net current assets (liabilities)		<u>83,661</u>	<u>(6,084)</u>
Total assets less current liabilities		<u>471,378</u>	<u>349,728</u>
Non-current liabilities			
Bank borrowings	20	265,671	172,631
Other payables	19	1,224	1,283
Amount due to a shareholder	21	26,700	10,700
		<u>293,595</u>	<u>184,614</u>
Net assets		<u>177,783</u>	<u>165,114</u>
EQUITY			
Share capital	22	117,706	117,706
Reserves		34,409	25,178
		<u>152,115</u>	<u>142,884</u>
Equity attributable to owners of the Company		<u>152,115</u>	<u>142,884</u>
Non-controlling interests		25,668	22,230
		<u>177,783</u>	<u>165,114</u>
Total equity		<u>177,783</u>	<u>165,114</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	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 2012	117,706	63,018	22,473	(64,822)	138,375	19,719	158,094
Profit for the year	—	—	—	2,111	2,111	2,135	4,246
Other comprehensive income:							
Exchange gain on translation of foreign operations	—	—	2,398	—	2,398	376	2,774
Total comprehensive income for the year	—	—	2,398	2,111	4,509	2,511	7,020
Balance at 31 December 2012 and 1 January 2013	117,706	63,018	24,871	(62,711)	142,884	22,230	165,114
Profit for the year	—	—	—	4,738	4,738	2,756	7,494
Other comprehensive income:							
Exchange gain on translation of foreign operations	—	—	4,493	—	4,493	682	5,175
Total comprehensive income for the year	—	—	4,493	4,738	9,231	3,438	12,669
Balance at 31 December 2013	117,706	63,018	29,364	(57,973)	152,115	25,668	177,783

Notes to the Financial Statements

For the year ended 31 December 2013

1. STATEMENT OF COMPLIANCE

The 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 the disclosure requirements of the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

3. NEW OR AMENDED IFRSs

In the current year, the Group has applied for the first time, all new standards, amendments and interpretation issued by the IASB, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2013. 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 anticipate that the application of these IFRSs in issue but not yet effective will have no material impact on the results and the financial position of the Group.

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

During the year ended 31 December 2013, the Group added a new segment namely, integrated logistic business, with a view to assist the assessment of segment performance by the Group’s chief operating decision maker. Therefore the segment information for the year ended 31 December 2012 has been restated.

The Group has presented into two reportable segments — terminal and related business, integrated logistic business. No operating segments have been aggregated to form the following reportable segments.

5. SEGMENT INFORMATION (Continued)

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.

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. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group's reportable segments is set out below.

All revenues for 2013 and 2012 were sourced from external customers located in the PRC. In addition, over 99% (2012: 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 2013, there were two customers (2012: nil) with whom transactions have exceeded 10% of the Group's revenue. The revenue generated from these two single customers from terminal and related business, and integrated logistics business, amounted to HK\$18,355,000 and HK\$33,435,000.

Consolidated Income Statement

For the year ended 31 December 2013

	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	88,795	62,212	—	—	151,007
Inter-segment revenue	2,648	—	(2,648)	—	—
Reportable segment revenue	91,443	62,212	(2,648)	—	151,007
Segment results	32,100	147	—	—	32,247
Interest income	192	9	—	—	201
Finance costs	(17,439)	(1,407)	—	—	(18,846)
Corporate and other unallocated expenses	—	—	—	(6,076)	(6,076)
Profit (Loss) before income tax	14,853	(1,251)	—	(6,076)	7,526
Income tax expense	—	(32)	—	—	(32)
Profit (Loss) for the year	14,853	(1,283)	—	(6,076)	7,494

5. SEGMENT INFORMATION (Continued)

Consolidated Statement of Financial Position

At 31 December 2013

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	473,128	56,823	1,163	531,114
Segment liabilities	<u>(306,323)</u>	<u>(19,365)</u>	<u>(27,643)</u>	<u>(353,331)</u>
	<u>166,805</u>	<u>37,458</u>	<u>(26,480)</u>	<u>177,783</u>

Other Information

For the year ended 31 December 2013

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Capital additions	37,401	129	—	37,530
Depreciation and amortisation	<u>15,407</u>	<u>599</u>	<u>78</u>	<u>16,084</u>

5. SEGMENT INFORMATION (Continued)

Consolidated Income Statement

For the year ended 31 December 2012

	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	83,579	32,047	—	—	115,626
Inter-segment revenue	2,976	—	(2,976)	—	—
Reportable segment revenue	<u>86,555</u>	<u>32,047</u>	<u>(2,976)</u>	<u>—</u>	<u>115,626</u>
Segment results	26,900	608	—	—	27,508
Interest income	73	9	—	—	82
Finance costs	(15,719)	—	—	—	(15,719)
Corporate and other unallocated expenses	—	—	—	(7,470)	(7,470)
Other unallocated income	—	—	—	6	6
Profit (Loss) before income tax	11,254	617	—	(7,464)	4,407
Income tax expense	—	(161)	—	—	(161)
Profit (Loss) for the year	<u>11,254</u>	<u>456</u>	<u>—</u>	<u>(7,464)</u>	<u>4,246</u>

Consolidated Statement of Financial Position

At 31 December 2012

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	425,413	12,173	4,498	442,084
Segment liabilities	(258,964)	(6,117)	(11,889)	(276,970)
	<u>166,449</u>	<u>6,056</u>	<u>(7,391)</u>	<u>165,114</u>

5. SEGMENT INFORMATION (Continued)

Other Information

For the year ended 31 December 2012

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets/ (liabilities) HK\$'000	Total HK\$'000
Capital additions	28,057	82	—	28,139
Depreciation and amortisation	<u>14,299</u>	<u>434</u>	<u>90</u>	<u>14,823</u>

6. OTHER INCOME

	2013 HK\$'000	2012 HK\$'000
Bank interest income	201	82
Rental income	839	507
Sundry income	11	70
Government subsidies	1,411	1,084
Written back of other payables	2,171	—
	<u>4,633</u>	<u>1,743</u>

7. PROFIT BEFORE INCOME TAX

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

	2013	2012
	HK\$'000	HK\$'000
Staff costs (including directors' emoluments)		
— Salaries and allowances	27,998	22,253
— Pension contributions	1,943	1,394
	29,941	23,647
Cost of services rendered	92,280	65,355
Less: Government subsidies	(8,954)	(9,054)
	83,326	56,301
Auditors' remuneration		
— Audit service	474	422
— Other service	75	—
Amortisation of prepaid lease payment for land use rights	614	555
Cost of inventories recognised as an expense	11,041	14,583
Depreciation	15,470	14,268
Loss on disposal of property, plant and equipment	61	43
Net foreign exchange loss (gain)	149	(6)
Operating lease charges on rented premises	1,052	1,089

8. FINANCE COSTS

	2013	2012
	HK\$'000	HK\$'000
Interest on loan from a related company	—	602
Interests on bank loans wholly repayable within 5 years	15,413	15,719
Interests on bank loans wholly repayable over 5 years	3,433	—
Total borrowing costs	18,846	16,321
Less: Interest expense capitalised in construction in progress (note)	—	(602)
	18,846	15,719

Note: The borrowing costs were capitalised at a rate of 6.56% per annum in 2012.

9. INCOME TAX EXPENSE

	2013	2012
	HK\$'000	HK\$'000
Current tax:		
— Hong Kong profits tax	—	—
— PRC enterprise income tax	32	161
	<u>32</u>	<u>161</u>

No provision for Hong Kong profits tax has been provided during the year (2012: 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% (2012: 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%.

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

	2013	2012
	HK\$'000	HK\$'000
Profit before income tax	<u>7,526</u>	<u>4,407</u>
Tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdiction concerned	457	1,798
Tax effect of non-deductible expenses	2,090	1,049
Tax effect of non-taxable revenue	(2,052)	(2,882)
Tax effect of tax losses not recognised	341	1,325
Tax effect of temporary differences not recognised	128	(128)
Tax loss utilised	(932)	(109)
Tax concession	—	(892)
Income tax expense	<u>32</u>	<u>161</u>

9. INCOME TAX EXPENSE (Continued)

The Group has not recognised deferred tax assets in respect of tax losses of HK\$62,180,000 (2012: HK\$68,256,000). Under the current tax legislation, tax losses of HK\$1,782,000 (2012: HK\$7,858,000) can be carried forward for five years from the year when the loss is incurred, while tax losses of HK\$60,398,000 (2012: 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\$4,738,000 (2012: HK\$2,111,000) for the year attributable to owners of the Company, and the weighted average number of 1,177,056,180 (2012: 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 2013 and 31 December 2012, hence, the basic earnings per share are equal to the diluted earnings per share.

Reconciliation of weighted average number of ordinary shares used in calculating diluted earnings per share:

	2013	2012
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,177,056,180</u>	<u>1,177,056,180</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,177,056,180</u>	<u>1,177,056,180</u>

11. DIVIDEND

The directors do not recommend the payment of a dividend for the year (2012: 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 2012						
Cost	302,474	64,846	4,452	3,810	201	375,783
Accumulated depreciation	(36,889)	(24,328)	(3,052)	(3,011)	(90)	(67,370)
Net book amount	265,585	40,518	1,400	799	111	308,413
Year ended 31 December 2012						
Opening net book amount	265,585	40,518	1,400	799	111	308,413
Exchange differences on consolidation	4,787	774	25	11	2	5,599
Additions	1,976	994	375	67	—	3,412
Transferred from construction in progress	6,781	—	—	—	—	6,781
Disposal	(28)	(158)	(23)	—	—	(209)
Depreciation	(9,183)	(4,182)	(487)	(416)	—	(14,268)
Closing net book amount	269,918	37,946	1,290	461	113	309,728
At 31 December 2012						
Cost	316,580	65,998	4,768	3,942	203	391,491
Accumulated depreciation	(46,662)	(28,052)	(3,478)	(3,481)	(90)	(81,763)
Net book amount	269,918	37,946	1,290	461	113	309,728
Year ended 31 December 2013						
Opening net book amount	269,918	37,946	1,290	461	113	309,728
Exchange differences on consolidation	7,858	1,168	37	10	3	9,076
Additions	4,237	14,584	285	314	—	19,420
Transferred from construction in progress	11,062	514	—	—	—	11,576
Disposal	—	(27)	(34)	—	—	(61)
Depreciation	(9,945)	(4,640)	(509)	(376)	—	(15,470)
Closing net book amount	283,130	49,545	1,069	409	116	334,269
At 31 December 2013						
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

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

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:

	2013 HK\$'000	2012 HK\$'000
Opening net carrying amount	26,132	8,668
Exchange differences on consolidation	800	165
Additions	—	17,854
Amortisation	(614)	(555)
	<hr/>	<hr/>
Closing net carrying amount	26,318	26,132
	<hr/> <hr/>	<hr/> <hr/>
At the reporting date		
Cost	29,349	28,477
Accumulated amortisation	(3,031)	(2,345)
	<hr/>	<hr/>
	26,318	26,132
	<hr/> <hr/>	<hr/> <hr/>

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

14. CONSTRUCTION IN PROGRESS

	2013 HK\$'000	2012 HK\$'000
At cost		
At beginning of the year	19,952	19,490
Exchange differences on consolidation	644	370
Additions	18,110	6,873
Transferred to property, plant and equipment	(11,576)	(6,781)
	<hr/>	<hr/>
At end of the year	27,130	19,952
	<hr/> <hr/>	<hr/> <hr/>

15. INVENTORIES

	2013 HK\$'000	2012 HK\$'000
Consumables, at cost	3,403	2,929
	<hr/> <hr/>	<hr/> <hr/>

16. TRADE AND BILLS RECEIVABLES

	2013	2012
	HK\$'000	HK\$'000
Trade receivables due from third parties	61,341	35,994
Bills receivables	20,168	4,707
	<u>81,509</u>	<u>40,701</u>

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:

	2013	2012
	HK\$'000	HK\$'000
0–30 days	38,524	14,549
31–60 days	11,898	8,184
61–90 days	11,153	4,930
Over 90 days	19,934	13,038
	<u>81,509</u>	<u>40,701</u>

17. GOVERNMENT SUBSIDY RECEIVABLES

These are subsidies granted by Wuhan Municipal government to WIT for the year ended 31 December 2013 (2012: granted by the Hubei Provincial and Wuhan Municipal governments).

18. RESTRICTED CASH

Included in restricted cash was an aggregate carrying amount of HK\$1,429,000 (2012: Nil) pledged to secure the bank guarantee granted to a customer.

19. TRADE AND OTHER PAYABLES

	2013 HK\$'000	2012 HK\$'000
Trade payables	<u>10,520</u>	<u>6,799</u>
Other payables		
— Payables to subcontractors	1,457	1,388
— Deferred government subsidies	1,322	1,378
— Accruals and sundry payables	6,627	8,289
	<u>9,406</u>	<u>11,055</u>
	<u>19,926</u>	<u>17,854</u>
Less: Deferred government subsidies included in non-current other payables	<u>(1,224)</u>	<u>(1,283)</u>
	<u>18,702</u>	<u>16,571</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:

	2013 HK\$'000	2012 HK\$'000
0–30 days	5,940	1,607
31–60 days	1,745	1,801
61–90 days	1,103	2,105
Over 90 days	1,732	1,286
	<u>10,520</u>	<u>6,799</u>

20. BANK BORROWINGS

	2013 HK\$'000	2012 HK\$'000
Bank borrowings		
— Unsecured	141,648	74,542
— Secured	165,025	173,874
	<u>306,673</u>	<u>248,416</u>

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

	2013 HK\$'000	2012 HK\$'000
Within one year or on demand	41,002	75,785
After 1 year but within 2 years	71,753	23,621
After 2 years but within 5 years	179,119	149,010
Over 5 years	14,799	—
	<u>306,673</u>	<u>248,416</u>
Less: Amount due within one year shown under current liabilities	<u>(41,002)</u>	<u>(75,785)</u>
	<u>265,671</u>	<u>172,631</u>

All bank borrowings are denominated in RMB and interest-bearing in the range of 6.40% to 7.53% (2012: 6.15% to 7.07%) per annum.

As at 31 December 2013, for the unsecured bank borrowings, the Group has provided guarantees with respect to banking facilities granted to subsidiaries amounting to HK\$179,382,000 (2012: HK\$82,051,000) and the amount of such facilities utilised was HK\$141,648,000 (2012: HK\$74,542,000).

21. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder, 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

	2013		2012	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	<u>2,000,000,000</u>	<u>200,000</u>	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	<u>1,177,056,180</u>	<u>117,706</u>	<u>1,177,056,180</u>	<u>117,706</u>

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2013, the Company had 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 year ended 31 December 2013, they were in compliance with the Code of Conduct and the Required Standard of Dealings.

COMPETING INTERESTS

For the year ended 31 December 2013, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and 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.

CORPORATE GOVERNANCE PRACTICES

The Company endeavours to adopt prevailing best corporate governance practices throughout the financial year ended 31 December 2013, the Company has complied with the code provisions set out in Appendix 15 of Code on Corporate Governance Practices of the GEM Listing Rules for the year ended 31 December 2013.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference modeled on the Guide to the Establishment of an Audit Committee published by the Hong Kong Institute of Certified Public Accountants and in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

At 31 December 2013, the Audit Committee comprised three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew and one non-executive Director, Mr. Fang Yibing.

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

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

Wuhan, the PRC, 24 March 2014

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. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew.

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

* *For identification purpose only*