



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 2014

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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 2014

Year on year comparison:

- Revenue increased by 23.5% to HK\$186.48 million (2013: HK\$151.01 million) mainly due to the 19.9% increase in turnover of the integrated logistics service business and the 28.5% increase in turnover of the terminal service business;
- Overall container throughput increased by 16.0% to 402,748 TEUs (2013: 347,183 TEUs) with gateway cargoes throughput increased by 27.3% to 264,012 TEUs (2013: 207,372 TEUs) and the trans-shipment cargoes throughput slightly decreased by 0.8% to 138,736 TEUs (2013: 139,811 TEUs);
- Market share of container throughput in Wuhan maintained at approximately 40% handled for both year 2014 and 2013;
- Gross profit increased by 28.3% to HK\$86.85 million (2013: HK\$67.68 million), this was mainly due to the increase in proportion of gateway cargoes from 59.7% to 65.6% and the expiration of contract for logistics service provided to a customer with relatively lower margin;
- Subsidies from Hubei Provincial and the Wuhan Municipal governments to the WIT Port increased to HK\$21.88 million (2013: HK\$12.16 million). The increment was directly related to the Group's performance in the WIT Port;
- EBTDA increased by 127.1% to HK\$53.62 million (2013: HK\$23.61 million) as a result of higher gross profit generated, government subsidies granted and cost savings through the rationalisation of the Hong Kong office which commenced in October 2013;
- Net profit attributable to owners of the Company increased by 440.1% to HK\$25.59 million (2013: HK\$4.74 million).

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Revenue	186,482	151,007
Cost of services rendered	(99,628)	(83,326)
Gross profit	86,854	67,681
Other income	11,230	4,633
General, administrative and other operating expenses	(25,895)	(29,858)
Operating profit/EBITDA	72,189	42,456
Finance costs	(18,572)	(18,846)
EBTDA	53,617	23,610
Depreciation and amortisation	(16,553)	(16,084)
Profit before income tax	37,064	7,526
Income tax expense	(5,359)	(32)
Profit for the year	31,705	7,494
Non-controlling interests	(6,115)	(2,756)
Profit attributable to Shareholders	25,590	4,738

REVIEW OF OPERATIONS

Overall business environment

The principal activities of the Company and its subsidiaries (collectively the “Group”) are investment in and 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 cargo 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 its components, chemical, steel, textile, machinery and equipment as well as those in the construction materials businesses have been and will continue to be the principal providers of gateway cargoes to the WIT Port.

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

The Group has built a multi-purpose port to maintain competitiveness in the market. The construction of the multi-purpose port is expected to be finished by the end of the second quarter of this year and it will add an additional 20,000 TEUs to the existing handling capacity when operation commences in the third quarter this year. With increased capacities and facilities, the Company is confident to achieve a new high for breakthrough in the container throughput.

GROUP'S PERFORMANCE

Container throughput

Container volume and throughput

	2014		2013		Increase (Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	264,012	66	207,372	60	56,640	27
Trans-shipment cargoes	138,736	34	139,811	40	(1,075)	(1)
	402,748	100	347,183	100	55,565	16

In terms of market share, during the year 2014, the WIT Port's market share maintained at approximately 40% (2013: 40%) based on the aggregate of 1,006,580 TEUs (2013: 860,412 TEUs) handled in 2014 and 2013 respectively for the whole of Yangluo.

Total throughput achieved by WIT for 2014 was 402,748 TEUs, an increase of 55,565 TEUs or 16.0% over that of 347,183 TEUs for 2013. Of the 402,748 TEUs handled in 2014, 264,012 TEUs (2013: 207,372 TEUs) or 65.6% (2013: 59.7%) and 138,736 TEUs (2013: 139,811 TEUs) or 34.4% (2013: 40.3%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. The gateway cargoes throughput increased by 27.3% to 264,012 TEUs (2013: 207,372 TEUs) and the trans-shipment cargoes throughput slightly decreased by 0.8% to 138,736 TEUs (2013: 139,811 TEUs).

Average tariff

Tariffs which were dominated in Renminbi (“RMB”), were converted into HK\$, the reporting currency of the Group. The average tariff for gateway cargoes for the year under review was RMB248 (equivalent to approximately HK\$312) per TEU (2013: RMB236 (equivalent to approximately HK\$303) per TEU), an increase of 5.1% year on year. And the average tariff for trans-shipment cargoes was RMB50 (equivalent to approximately HK\$63) per TEU (2013: RMB47 (equivalent to approximately HK\$60) per TEU) which saw an increase of 6.4% from that of 2013.

Operating results

	2014		2013		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	91,368	49	71,101	47	20,267	29
Container handling, storage & other service	19,964	11	17,051	12	2,913	17
Integrated logistics service	74,608	40	62,212	41	12,396	20
General and bulk cargoes handling service	542	—	643	—	(101)	(16)
	<u>186,482</u>	<u>100</u>	<u>151,007</u>	<u>100</u>	<u>35,475</u>	<u>23</u>

For 2014, the Group's revenue amounted to HK\$186.48 million (2013: HK\$151.01 million), representing an increase of 23.5% as compared to 2013. The increase in revenue was mainly attributable to the increase in throughput from the relatively higher tariff gateway cargoes and the provision of logistics services to new customers. Gateway cargoes increased by 27.3% to 264,012 TEUs (2013: 207,372 TEUs). Trans-shipment cargoes throughput slightly decreased by 0.8% to 138,736 TEUs (2013: 139,811 TEUs) due to the Group's strategy of allocating more resources on gateway cargoes instead of trans-shipment cargoes. Revenue from the integrated logistics service amounted to HK\$74.61 million (2013: HK\$62.21 million), representing approximately 40.0% of the total revenue of the Group.

Integrated logistics

Integrated logistics businesses of the Group include freight forwarding, customs clearance, transportation of containers, and the provision of bonded and general warehousing, stacking yard storage and repackaging. Revenue from integrated logistics increased by 19.9% to HK\$74.61 million (2013: HK\$62.21 million), which accounted for 40.0% (2013: 41.2%) of the Group's total revenue. From the third quarter onwards, the provision of logistics service to a major customer ceased due to the expiration of contract by the end of July 2014. The resultant loss in business was partially compensated by the business from new customers of which the Group has secured during the year.

General cargoes

General cargoes dropped by 19.8% to 40,031 tons (2013: 49,895 tons) in 2014. 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 2014 rose by 28.3% to HK\$86.85 million (2013: HK\$67.68 million). Gross profit margin widened to 46.6% (2013: 44.8%). This was mainly due to the increase in the proportion of gateway cargoes from 59.7% to 65.6% and the expiration of contract for logistics service to a customer with relatively lower margin.

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 Port. For the year ended 31 December 2014, total operating subsidies of HK\$21.88 million (2013: HK\$12.16 million) was granted to the WIT Port.

Profit attributable to Shareholders for the year

Profit attributable to shareholders of the Company amounted to HK\$25.59 million (2013: HK\$4.74 million), representing an increase of 440.1% from 2013. This was mainly attributable to (i) the higher portion of gateway cargoes with relatively higher margin and the increase in average tariff per TEU; (ii) the increase in government subsidies granted; and (iii) cost savings through the rationalisation of the Hong Kong head office which commenced in October 2013.

Earnings per share was HK2.17 cents (2013: HK0.40 cents), representing a significant increase as compared with 2013.

Future outlooks

The recovered economies globally should boost international trading. The Group has prepared for the emerging opportunities through the development of the multi-purpose port. Located in Wuhan, the biggest city delivers promising and stable GDP growth. In order to remain competitive, the Group has been developing the new multi-purpose port. The construction of the multi-purpose port is expected to be finished by end of second the quarter of 2015 and it will add an additional 20,000 TEUs to the existing handling capacity when operation commences by the third quarter of 2015. The board of Directors (the "Board") is confident that WIT should achieve at another record high in the container throughput with increased capacities and facilities.

Financial resources and liquidity

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

For the year ended 31 December 2014, the Group recorded a net cash generated from operating activities of HK\$47.71 million (2013: net cash used in operating activities of HK\$16.38 million).

As at 31 December 2014, the Group had total outstanding bank borrowings of HK\$307.62 million (2013: HK\$306.67 million). The Group also had total cash and cash equivalents of HK\$43.79 million as at 31 December 2014 (2013: HK\$46.25 million) and consolidated net assets of HK\$206.29 million (2013: HK\$177.78 million).

As at 31 December 2014, the Group's net gearing ratio was 1.5 times (2013: 1.7 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 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 2014.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the year ended 31 December 2014.

Capital commitments

As at 31 December 2014, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK\$72.54 million (2013: HK\$9.71 million).

Contingent liabilities

In November 2013, a vessel operated by the shipping agent appointed by the subsidiary of the Company for the delivery of goods with the value of RMB13.80 million from a customer collided with another vessel. The goods were damaged in this collision. The subsidiary of the Company was 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 subject to the judgement of the Court of Marine in Hong Kong.

In December 2014, a settlement agreement was signed by the Company and other involved parties to release and discharge from the liabilities of all claims in relation to the foregoing vessel collision. Being covered by the insurance, the Company did not owe any liabilities in this collision.

Pledge of assets

As at 31 December 2014, the Group has pledged port facilities and land use rights with net book amount of approximately HK\$246.96 million (2013: HK\$256.25 million) and HK\$8.23 million (2013: HK\$8.61 million), respectively, to secure bank borrowings granted to a subsidiary of the Company.

As at 31 December 2013, the Group has pledged bill receivables with net book amount of HK\$7.43 million to secure the bank guarantee granted to a customer.

Future plans for material investments or capital assets

As at 31 December 2014, the Group had not entered into any agreement for any material investments or acquisition, the Group will continue to look for suitable opportunities for investments or acquisition of material capital assets to enhance its profitability in the ordinary course of its business.

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 2014, together with the comparative figures for the year ended 31 December 2013 which have been reviewed and approved by the Audit Committee, as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue	4	186,482	151,007
Cost of services rendered		(99,628)	(83,326)
Gross profit		86,854	67,681
Other income	6	11,230	4,633
Other operating expenses		(15,220)	(14,462)
General and administrative expenses		(27,228)	(31,480)
Finance costs	8	(18,572)	(18,846)
Profit before income tax	7	37,064	7,526
Income tax expense	9	(5,359)	(32)
Profit for the year		31,705	7,494
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain on translation of foreign operations		(3,200)	5,175
Other comprehensive (expense) income for the year		(3,200)	5,175
Total comprehensive income for the year		28,505	12,669
Profit for the year attributable to:			
Owners of the Company		25,590	4,738
Non-controlling interests		6,115	2,756
		31,705	7,494
Total comprehensive income attributable to:			
Owners of the Company		22,817	9,231
Non-controlling interests		5,688	3,438
		28,505	12,669
Earnings per share for profit attributable to owners of the Company during the year			
— Basic and diluted	10	HK2.17 cents	HK0.40 cents

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	317,894	334,269
Land use rights	12	25,278	26,318
Construction in progress	13	61,527	27,130
		<u>404,699</u>	<u>387,717</u>
Current assets			
Inventories	14	4,626	3,403
Trade and bills receivables	15	74,675	81,509
Prepayments, deposits and other receivables		41,832	7,695
Government subsidy receivables	16	6,178	3,107
Restricted cash	17	6,300	1,429
Cash and cash equivalents		43,790	46,254
		<u>177,401</u>	<u>143,397</u>
Current liabilities			
Trade and other payables	18	29,926	18,702
Income tax payable		3,676	32
Bank borrowings	19	123,165	41,002
		<u>156,767</u>	<u>59,736</u>
Net current assets		<u>20,634</u>	<u>83,661</u>
Total assets less current liabilities		<u>425,333</u>	<u>471,378</u>
Non-current liabilities			
Bank borrowings	19	184,458	265,671
Other payables	18	4,887	1,224
Amount due to a shareholder	20	29,700	26,700
		<u>219,045</u>	<u>293,595</u>
Net assets		<u>206,288</u>	<u>177,783</u>
EQUITY			
Share capital	21	117,706	117,706
Reserves		57,226	34,409
		<u>174,932</u>	<u>152,115</u>
Equity attributable to owners of the Company		<u>174,932</u>	<u>152,115</u>
Non-controlling interests		31,356	25,668
		<u>206,288</u>	<u>177,783</u>
Total equity		<u>206,288</u>	<u>177,783</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company				Total	Non-controlling	
	Share capital	Share premium	Foreign exchange reserve	Accumulated losses		Interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 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 and 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 income:							
Exchange loss on translation of foreign operations	—	—	(2,773)	—	(2,773)	(427)	(3,200)
Total comprehensive income (expense) for the year	—	—	(2,773)	25,590	22,817	5,688	28,505
Balance at 31 December 2014	117,706	63,018	26,591	(32,383)	174,932	31,356	206,288

Notes to the Financial Statements

For the year ended 31 December 2014

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 predecessor 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 2014. 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

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 following reportable segments.

5. Segment information (Continued)

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 2014 and 2013 were sourced from external customers located in the PRC. In addition, over 99% (2013: 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 2014, there were two customers (2013: two) 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\$30,443,000 and HK\$26,543,000 (2013: HK\$18,355,000 and HK\$33,435,000).

Consolidated statement of comprehensive income

For the year ended 31 December 2014

	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	111,874	74,608	—	—	186,482
Inter-segment revenue	5,585	—	(5,585)	—	—
Reportable segment revenue	117,459	74,608	(5,585)	—	186,482
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	—	—	—	(4,531)	(4,531)
Profit (Loss) before income tax	41,643	(48)	—	(4,531)	37,064
Income tax expense	(5,272)	(87)	—	—	(5,359)
Profit (Loss) for the year	36,371	(135)	—	(4,531)	31,705

5. Segment information (Continued)

Consolidated statement of financial position

At 31 December 2014

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
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 payable	(3,598)	(78)	—	(3,676)
	<u>220,280</u>	<u>16,604</u>	<u>(30,596)</u>	<u>206,288</u>

Other information

For the year ended 31 December 2014

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

5. Segment information (Continued)

Consolidated statement of comprehensive income

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	<u>91,443</u>	<u>62,212</u>	<u>(2,648)</u>	<u>—</u>	<u>151,007</u>
Segment results	32,100	147	—	—	32,247
Interest income	192	9	—	—	201
Finance costs	(17,439)	(1,407)	—	—	(18,846)
Corporate and other unallocated expense	—	—	—	(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	<u>14,853</u>	<u>(1,283)</u>	<u>—</u>	<u>(6,076)</u>	<u>7,494</u>

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	433,041	49,903	487	483,431
Cash and cash equivalents	40,087	5,491	676	46,254
Restricted cash	—	1,429	—	1,429
Segment liabilities	(9,901)	(9,082)	(27,643)	(46,626)
Bank borrowings	(296,422)	(10,251)	—	(306,673)
Income tax payable	—	(32)	—	(32)
	<u>166,805</u>	<u>37,458</u>	<u>(26,480)</u>	<u>177,783</u>

5. Segment information (Continued)

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>

6. Other income

	2014 HK\$'000	2013 HK\$'000
Bank interest income	200	201
Rental income	1,003	839
Sundry income	40	11
Government subsidies	9,987	1,411
Written back of other payables	—	2,171
	<u>11,230</u>	<u>4,633</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 2013 and 2014 respectively.

7. Profit before income tax

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

	2014 HK\$'000	2013 HK\$'000
Staff costs (including Directors' emoluments)		
— Salaries and allowances	31,934	27,998
— Pension contributions	2,355	1,943
	<u>34,289</u>	<u>29,941</u>
Cost of services rendered	108,370	92,280
Less: Government subsidies	(8,742)	(8,954)
	<u>99,628</u>	<u>83,326</u>
Auditors' remuneration		
— Audit service	695	474
— Other service	75	75
Amortisation of prepaid lease payment for land use rights	603	614
Cost of inventories recognised as an expense	17,081	11,041
Depreciation	15,950	15,470
(Gain) Loss on disposal of property, plant and equipment	(24)	61
Net foreign exchange (gain) loss	(101)	149
Operating lease charges on rented premises	431	1,052
	<u>431</u>	<u>1,052</u>

8. Finance costs

	2014 HK\$'000	2013 HK\$'000
Interests on bank loans wholly repayable within 5 years	18,572	15,413
Interests on bank loans wholly repayable over 5 years	—	3,433
	<u>18,572</u>	<u>18,846</u>

The government subsidy granted by Wuhan Municipal government amounted to HK\$3,150,000 (2013: HK\$1,794,000) was included to set off the interests on bank loan.

9. Income tax expense

	2014	2013
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong profits tax	–	–
– PRC enterprise income tax	5,359	32
	<u>5,359</u>	<u>32</u>

No provision for Hong Kong profits tax has been provided during the year (2013: 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% (2013: 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:

	2014	2013
	HK\$'000	HK\$'000
Profit before income tax	<u>37,064</u>	<u>7,526</u>
Tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdiction concerned	4,359	457
Tax effect of non-deductible expenses	1,907	2,090
Tax effect of non-taxable revenue	(1,198)	(2,052)
Tax effect of tax losses not recognised	196	341
Tax effect of temporary differences not recognised	95	128
Tax loss utilised	–	(932)
Income tax expense	<u>5,359</u>	<u>32</u>

The Group has not recognised deferred tax assets in respect of tax losses of HK\$62,935,000 (2013: HK\$62,180,000). Under the current tax legislation, tax losses of HK\$2,537,000 (2013: HK\$1,782,000) can be carried forward for five years from the year when the loss is incurred, while tax losses of HK\$60,398,000 (2013: 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\$25,590,000 (2013: HK\$4,738,000) for the year attributable to owners of the Company, and the weighted average number of 1,177,056,180 (2013: 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 2014 and 31 December 2013. The basic earnings per share are equal to the diluted earnings per share.

11. 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 2013						
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
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	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

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

12. 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:

	2014 HK\$'000	2013 HK\$'000
Opening net carrying amount	26,318	26,132
Exchange differences on consolidation	(437)	800
Amortisation	(603)	(614)
	<hr/>	<hr/>
Closing net carrying amount	25,278	26,318
	<hr/>	<hr/>
At the reporting date		
Cost	28,862	29,349
Accumulated amortisation	(3,584)	(3,031)
	<hr/>	<hr/>
	25,278	26,318
	<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.

13. Construction in progress

	2014 HK\$'000	2013 HK\$'000
At cost		
At beginning of the year	27,130	19,952
Exchange differences on consolidation	(498)	644
Additions	36,433	18,110
Transferred to property, plant and equipment	(1,538)	(11,576)
	<hr/>	<hr/>
At end of the year	61,527	27,130
	<hr/>	<hr/>

14. Inventories

	2014 HK\$'000	2013 HK\$'000
Consumables, at cost	4,626	3,403
	<hr/>	<hr/>

15. Trade and bills receivables

	2014	2013
	HK\$'000	HK\$'000
Trade receivables due from third parties	68,310	61,341
Bills receivables	6,365	20,168
	<u>74,675</u>	<u>81,509</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:

	2014	2013
	HK\$'000	HK\$'000
0–30 days	26,385	38,524
31–60 days	13,772	11,898
61–90 days	11,677	11,153
Over 90 days	22,841	19,934
	<u>74,675</u>	<u>81,509</u>

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:

	2014	2013
	HK\$'000	HK\$'000
1 to 90 days past due	9,830	14,176
Over 90 days past due	13,677	1,027
	<u>23,507</u>	<u>15,203</u>

16. Government subsidy receivables

These are subsidies granted by Wuhan Municipal government to WIT for the year ended 31 December 2014 (2013: granted by Wuhan Municipal government to WIT).

17. Restricted cash

Included in restricted cash was an aggregate carrying amount of HK\$6,300,000 (2013: HK\$1,429,000) pledged to secure the bank loan (2013: HK\$1,429,000 pledged to secure the bank guarantee granted to a customer).

18. Trade and other payables

	2014	2013
	HK\$'000	HK\$'000
Trade payables	<u>10,871</u>	<u>10,520</u>
Other payables		
— Payables to subcontractors	12,788	1,457
— Deferred government subsidies	4,983	1,322
— Accruals and sundry payables	6,171	6,627
	<u>23,942</u>	<u>9,406</u>
	34,813	19,926
Less: Deferred government subsidies included in non-current other payables	<u>(4,887)</u>	<u>(1,224)</u>
	<u>29,926</u>	<u>18,702</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:

	2014	2013
	HK\$'000	HK\$'000
0–30 days	6,377	5,940
31–60 days	1,764	1,745
61–90 days	1,110	1,103
Over 90 days	1,620	1,732
	<u>10,871</u>	<u>10,520</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.

19. Bank borrowings

	2014 HK\$'000	2013 HK\$'000
Bank borrowings		
– Unsecured	150,444	141,648
– Secured	157,179	165,025
	<u>307,623</u>	<u>306,673</u>

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

	2014 HK\$'000	2013 HK\$'000
Within one year or on demand	123,165	41,002
After 1 year but within 2 years	138,279	71,753
After 2 years but within 5 years	46,179	179,119
Over 5 years	–	14,799
	<u>307,623</u>	<u>306,673</u>
Less: Amount due within one year shown under current liabilities	<u>(123,165)</u>	<u>(41,002)</u>
	<u>184,458</u>	<u>265,671</u>

All bank borrowings are denominated in RMB and interest-bearing in the range of 6.15% to 8.28% (2013: 6.40% to 7.53%) per annum.

20. 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.

21. Share capital

	2014		2013	
	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>

Dividend

The Directors do not recommend the payment of a dividend for the year (2013:Nil).

Purchase, redemption or sale of the listed securities

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Corporate governance practices

The Company has, throughout the financial year ended 31 December 2014, complied with the code provisions continued 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 2014, each of them in compliance with the Code of Conduct and the Required Standard of Dealings.

Competing interests

For the year ended 31 December 2014, 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 2014 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 2014 have been compared by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's draft consolidated 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, 26 March 2015

As at the date of this announcement, the Board comprises three executive directors namely Ms. Liu Qin, Mr. Duan Yan and Mr. Xie Bing Mu; two non-executive directors namely Mr. Yan Zhi and Mr. Fang Yibing and three independent non-executive directors namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin 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*