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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8233)**

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION;  
AND  
PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**THE ACQUISITION AGREEMENT**

On 28 November 2015, the Purchaser, Zall Holdings (being the Vendor) and Mr. Yan (being the Guarantor) entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Target Share, which is the entire equity interest in the Target Company, at a total consideration of HK\$174.4 million, payable by the issue of 405,684,928 Consideration Shares by the Company to the Vendor at the issue price of HK\$0.430 each.

As at the date of this announcement, the Target Company indirectly holds 99% equity interest in the Hannan Port.

**THE PLACING AGREEMENT**

On 28 November 2015, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to place up to 140,000,000 Placing Shares to not less than six Placees at a price of HK\$0.430 per Placing Share on a best effort basis.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Parties.

\* *For identification purpose only*

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

### **The Acquisition**

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 25% but is below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. As at the date of this announcement, the Vendor is beneficially owned by Mr. Yan, the controlling Shareholder. As such, the Vendor is an associate of a connected person of the Company. Accordingly, the entering into the Acquisition Agreement and the Acquisition contemplated thereunder also constitutes a connected transaction for the Company under the GEM Listing Rules and is also subject to the Independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

### **The issue of the Consideration Shares**

Pursuant to Rule 17.39 of the GEM Listing Rules, the Consideration Shares will be issued under a Specific Mandate subject to the approval by the Shareholders. As set out above, Mr. Yan, the controlling Shareholder, is a connected person of the Company and is considered as being interested in the Acquisition. Accordingly, Mr. Yan and his associates shall abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM. Save for the aforesaid and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of this announcement, no other Shareholder is involved in or interested in the Acquisition which requires him/her to abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM.

### **THE EGM**

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Acquisition and the Specific Mandate to issue the Consideration Shares under the Acquisition.

**Shareholders and potential investors should note that the completion for the Acquisition is subject to the conditions precedent under the paragraph "Conditions precedent" under the section "THE ACQUISITION AGREEMENT" in this announcement to be fulfilled and, as such, the Acquisition as contemplated may or may not complete. Shareholders and potential investors should also note that there are risks associated with the Acquisition and they should consider and assess all the risks carefully. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares and other securities of the Company.**

The Board is pleased to announce that on 28 November 2015, the Purchaser (being a wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Acquisition Agreement in relation to, among others, the acquisition of the Target Share (being the entire equity interest of the Target Company). Upon the completion of the Acquisition, the Target Company will become a subsidiary of the Company. On the same day, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed with the Company to procure subscriptions for the 140,000,000 Placing Shares on a best effort basis. Principal terms of each of the Acquisition Agreement and the Placing Agreement are set out below.

## **THE ACQUISITION AGREEMENT**

On 28 November 2015, CIG Yangtze Corporate and Project Finance Limited, Zall Holdings (being the Vendor) and Mr. Yan (being the Guarantor) entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Target Share, which is the entire equity interest in the Target Company. Principal terms of the Acquisition Agreement are set out below:

**Date:** 28 November 2015

**Parties:**

- (1) CIG Yangtze Corporate and Project Finance Limited (as the Purchaser);
- (2) Zall Holdings (as the Vendor)
- (3) Mr. Yan (as the Guarantor)

**Subject asset:** the Target Share, representing the entire share capital of which is owned by the Vendor as at the date of the Acquisition Agreement

As at the date of this announcement, the Target Company indirectly holds 99% equity interest in the Hannan Port.

Mr. Yan, being the shareholder and director of the Vendor, agreed to guarantee the obligations and responsibilities of the Vendor under the Acquisition Agreement and make particular representations, warranties and undertakings to the Purchaser.

### **Consideration**

The Consideration in respect of the Acquisition shall be HK\$174.4 million, payable by the issue of 405,684,928 Consideration Shares by the Company to the Vendor at the issue price of HK\$0.430 each.

The Consideration in respect of the Acquisition was determined after arm's length negotiations between the Company and the Vendor after taking into consideration of, among others, the net assets value of the Target Group attributable to Shareholders of approximately HK\$174.4 million as at 30 June 2015.

The Consideration Shares will be allotted and issued by the Company to the security account designated by the Vendor by two installments in the following manner:

- (a) 393,844,928 Consideration Shares will be allotted and issued to the Vendor within ten (10) Business Days after the Completion Date as the first installment; and
- (b) if Condition (b) under the section “**Undertakings made by the Vendor and the Guarantor**” below is not satisfied before the Completion Date, the Vendor undertakes that this condition (b) will be satisfied within one (1) year after the Completion Date. 11,840,000 Consideration Shares will be allotted and issued by the Company to the Vendor within ten (10) Business Days after the date when the said Condition (b) is satisfied within one (1) year after the Completion Date as the second installment. If this Condition (b) is not satisfied within one (1) year after the Completion Date, the Purchaser has no obligation to pay to the Vendor any Consideration which remains payable, and the obligation of the Company to allot and issue the Consideration Shares to the Vendor according to the Acquisition Agreement shall cease and terminate. For the avoidance of doubt, the amount of the remaining Consideration shall be subject to the adjustments below (if any).

In any circumstances, the Consideration Shares issued to the Vendor or its designated parties shall not cause the Vendor or the Guarantor or its controlled entities holding more than 75% of the issued Shares of the Company. If so happens, the Vendor shall procure that it reduces its shareholdings in the Company for the Company to allot and issue such amount of Consideration Shares to the Vendor to satisfy any remaining Consideration without causing the Vendor or the Guarantor or its controlled entities holding more than 75% of the issued Shares of the Company.

### **Adjustments to the Consideration**

The Consideration will be adjusted based on the net asset value (the “**Audited Value**”) of the Target Group as at 30 June 2015 stated in its financial report prepared in accordance with the International Financial Reporting Standards and reported by Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

The Consideration will be the lower of (i) the Audited Value; and (ii) HK\$175.4 million.

If Condition (c) under the section “**Undertakings made by the Vendor and the Guarantor**” below is not satisfied on or before the Completion Date, the Vendor undertakes that the said condition (c) will be satisfied within three (3) years after the Completion Date. Further, in the consideration of HK\$1, the Vendor hereby grant a put option to the Purchaser, pursuant to which if the said condition (c) is not satisfied within three (3) years after the Completion Date, the Purchaser shall have a right to notify to the Vendor in writing, requiring the Vendor to repurchase the Target Share at a price equivalent to the Consideration (subject to the adjustments to the Consideration disclosed above in this section).

The Directors consider that it is in the interest of the Company and its Shareholders to retain more cash for general working capital and future business expansion of the Group after the Acquisition. The allotment and issuance of the Consideration Shares to settle the Consideration in full is for the purposes of maintaining the same liquidity position or financial leverage of the Group and allowing the Group to complete the Acquisition without any cash outlay. Furthermore, the willingness to accept the Consideration Shares (as opposed to cash or other form of consideration) also demonstrates the Vendor's confidence in the positive prospects on the Acquisition and the growth potential of the Company. Based on the above, the Directors consider that the allotment and issuance of the Consideration Shares to settle the Consideration is in the best interest of the Company and its Shareholders as a whole.

The Vendor agreed to borne all the professional fee incurred in related the Acquisition including but not limited to tax fee, legal expenses, accountancy fee and all related expenses.

### **Conditions precedent**

Completion of the Acquisition is conditional upon the satisfaction of the following conditions precedent:

- (a) the Purchaser being satisfied with the due diligence review on, among others, the assets, the business operation, financial status, sales and business prospects and other matters of the Target Group;
- (b) the passing of resolutions by the Board and Independent Shareholders at their respective Board meeting and EGM of the Acquisition Agreement, and the transactions contemplated thereunder;
- (c) the completion of the Reorganization, and the obtaining of all necessary approvals, authorisations or consents from the relevant governmental authorities or regulatory bodies (including but not limited to governmental authorities or regulatory bodies in the PRC) in respect of the Reorganization to the satisfactory of the Purchaser;
- (d) the representations and warranties in the Acquisition Agreement given by the respective parties therein remain true, accurate and correct at all times and in all aspects;
- (e) since the Accounting Date, there being no unusual operation, material safety incidents or any material adverse effect or any omission to any disclosure of any material risks in respect of the business, assets or operation of the Target Group having been discovered;
- (f) the Listing Committee granting listing of and permission to deal in the Consideration Shares (and such listing and permission not being subsequently revoked);

- (g) 市港航局關於武漢港漢南港區漢南商品汽車滾裝碼頭工程申請試運行的批覆 (the approval from the Port Management Bureau in relation to the application for the test run of Hannan merchandise automobile Ro-Ro terminal project of Hannan Port Area, Wuhan Port\*) issued by the Port Management Bureau of Wuhan has been obtained by Hannan Port, which specifies the business scope of Hannan Port pursuant to which Hannan Port could conduct business, and this approval has not been revoked;
- (h) the ownership or use rights of relevant land, properties or other assets of the members of Target Group have been legally registered under the respective members of Target Group's titles; and
- (i) the registration of relevant social insurance in accordance with all applicable laws, and the full and timely payment of social insurance and housing fund by the Target Group.

Based on the information available to the Company, as at the date of this announcement, the Reorganization referred to in condition (c) above has been completed and is subject to the verification of the Purchaser.

The Purchaser may waive any or all of the conditions (a), (c), (e), (g), (h) and (i) set out above. Save for condition (d) set out above, if any of the conditions set out above are not fulfilled, waived in whole or in part by the Purchaser on or before the Long Stop Date (or such later date and time as the Purchaser and the Vendor may agree in writing), or condition (d) set out above is not fulfilled at the time when the last condition precedent is fulfilled or waived, the Purchaser may postpone the completion of the Acquisition Agreement to a later date or terminate the Acquisition Agreement (except for antecedent, confidentiality or truthfulness breaches (if any)), all liabilities of the parties hereto shall cease and determine and no party shall have any claim against the other parties.

#### **Undertakings made by the Vendor and the Guarantor**

The Vendor and the Guarantor collectively undertake to the Purchaser, among others, that if the following conditions have not been satisfied as at the Completion Date, they shall procure and assist in the satisfaction of the following conditions within the deadline as stipulated below:

- (a) the permits in relation to the planning and construction on the industrial land with an area of 159,542.02 square meters located at the southern side of 103 provincial highway, Dengnan Street, Hannan District shall be obtained by Hannan Port within one (1) year after the Completion Date;
- (b) the property ownership of No. 9 and No.10 building located in the first phase of 卓爾生態工業城 (Zall Eco-Industry City\*), Jincheng Village, Dengnan Street, Hannan District shall be retained by Hannan Port Logistics after sanction of the litigation within one (1) year after the Completion Date;
- (c) the 港口經營許可證 (Port Operating License\*) issued by the 交通管理部門 (traffic management department\*) shall be obtained by Hannan Port within three (3) years after the Completion Date;

\* For identification purpose only

- (d) all members of the Target Group have completed the registration in relevant social insurance in accordance with all applicable laws, and made the full and timely payment of social insurance and housing fund within one (1) year after the Completion Date; and
- (e) the aggregate net profit of the Group (excluding non-recurring profits) (the “**Aggregate Profit**”) for the two years ending 31 December 2016 and 2017 is not lower than HK\$20 million according to the audited reports excluding the gain or loss on property valuation of the Group audited by an auditor approved by the Purchaser. If the Aggregate Profit is lower than HK\$20 million, the Vendor should indemnify the Purchaser by the difference between HK\$20 million and the Aggregate Profit in cash, and the Guarantor should be joint and severally liable to this indemnity.

The Vendor and the Guarantor undertake that they will bear all the costs and fees payable for the completion of items (a) to (d) above. If any member of the Target Group pays for those costs and fees in advance, the Vendor, as directed by the Purchaser, agrees to transfer such amount of costs and fees to a bank account designated by the Purchaser.

### **Completion**

Completion for the Acquisition will take place on the Completion Date, upon which the Target Company will become a subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group.

### **Termination**

In the event of any facts, matters or incidents set out below being discovered by the Purchaser, which happened or exists no matter before or after the date of the Acquisition Agreement, the Purchaser may renegotiate any terms of the Acquisition Agreement (including the consideration payable in respect of the Acquisition) with the Vendor and/or the Guarantor any time before the Completion Date, or terminate the Acquisition Agreement after issuing a notice in writing to the Vendor and/or the Guarantor:

- (a) the dissatisfaction of the Purchaser to the results of due diligence performed on the members of the Target Group;
- (b) any breach of the conditions precedent set out in the Acquisition Agreement by the Vendor and/or the Guarantor;
- (c) any event occurs or any matter arises on or before the Completion Date which if it had occurred at the relevant time would have caused breaches of any of the warranties under the Acquisition Agreement ; or
- (d) the emergence of any incidents which have or may have material adverse effects to the financial or business aspects of any member of the Target Group.

## THE CONSIDERATION SHARES

The Consideration Shares, being 405,684,928 new Shares to be issued under the Acquisition Agreement (assuming no adjustments are to be made on the Consideration), represent:

- (1) approximately 34.47% of the issued Shares as at the date of this announcement;
- (2) approximately 30.80% of the issued Shares as enlarged by the Placing Shares; and
- (3) approximately 23.55% of the issued Shares as enlarged by the Placing Shares and the Consideration Shares.

After taking into account of the adjustments to the Consideration set out in the section headed “**Adjustments to the Consideration**” above, the maximum number of the Consideration Shares is 408,010,509 Shares, which represent:

- (1) approximately 34.66% of the issued Shares as at the Last Trading Date;
- (2) approximately 30.98% of the issued Shares as enlarged by the Placing Shares; and
- (3) approximately 23.65% of the issued Shares as enlarged by the Placing Shares and the Consideration Shares.

The issue price of the Consideration Shares of HK\$0.430, which is determined according to the last fifteen consecutive trading days prior to the Last Trading Date, represents:

- (1) 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;
- (2) 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 the Last Trading Date;
- (3) 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 the Last Trading Date;
- (4) no premium or discount to the average closing price of HK\$0.430 per Share for the last fifteen consecutive trading days prior to the Last Trading Date; and
- (5) no premium or discount to the issue price of the Placing Shares.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the existing Shares then in issue on the date of allotment and issuance. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## THE PLACING AGREEMENT

On 28 November 2015, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to place up to 140,000,000 Placing Shares to not less than six Placees at a price of HK\$0.430 per Placing Share on a best effort basis. Salient terms of the Placing Agreement are set out below:

**Date:** 28 November 2015

**Issuer:** the Company

**Placing Agent:** Asian Capital (Corporate Finance) Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Parties.

### Placees

The Placing Shares are expected to be placed to not less than six Placees who are professional, institutional or other private investors. The Placees and whose ultimate beneficial owners shall be independent individual, institutional or professional investors who are (i) deemed by the Stock Exchange to be public shareholders; (ii) independent of the Company (and its subsidiaries), its connected persons and their respective associate(s); and (iii) any persons, other Placee(s) or Shareholders to the effect that any Placing to such Placees shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code.

### Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed with the Company to procure subscriptions for the 140,000,000 Placing Shares on a best effort basis. The aggregate nominal value of the Placing Shares is HK\$14,000,000.

Assuming that all the Placing Shares are fully subscribed for and there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing except for the issue of the Consideration Shares, the 140,000,000 Placing Shares represent:

(1) approximately 11.89% of the issued Shares as at the date of this announcement;

- (2) approximately 10.63% of the issued Shares as enlarged by the Placing Shares; and
- (3) approximately 8.13% of the issued Shares as enlarged by the Placing Shares and the Consideration Shares.

Based on the closing price of the Shares of HK\$0.415 per Share on the Last Trading Date, the Placing Shares have an aggregate market value of approximately HK\$58.1 million.

### **Placing Price**

The Placing Price of HK\$0.430 represents:

- (1) 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;
- (2) 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 the Last Trading Date;
- (3) 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 the Last Trading Date;
- (4) no premium or discount to the average closing price of HK\$0.430 per Share for the last fifteen consecutive trading days prior to the Last Trading Date; and
- (5) no premium or discount to the issue price of the Consideration Shares.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

### **Placing commission**

In consideration of the services of the Placing Agent in connection with the Placing and provided that completion of the Placing occurs in accordance with the terms of the Placing Agreement, the Company shall pay the Placing Agent a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares. The placing commission, together with the Placing Agent's fees, costs, charges and expenses reasonably incurred in connection with or incidental to the Placing Agreement, will be payable by the Company. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market rate and after taking into account the size of the Placing and the time allowed for the Placing Agent to procure the prospective placees.

## **Ranking and listing of Placing Shares**

The Placing Shares will rank, upon issue, *pari passu* in all respect with the Shares in issue on the date of completion of the Placing Agreement including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment of the Placing Shares. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **General Mandate**

The allotment and issue of the Placing Shares will be made under the general mandate granted to the Directors at the annual general meeting of the Company held on 29 May 2015. On the date of the annual general meeting, the Company had 1,177,056,180 Shares in issue, and the general mandate granted to the Directors was to issue up to 235,411,236 Shares, representing 20% of the number of shares of the Company in issue as at the date of the passing of the resolution. As at the date of this announcement, no Shares have been issued pursuant to such general mandate.

## **Condition of the Placing**

The Placing is conditional upon the Listing Committee granting listing of and permission to deal in the Placing Shares (and such listing and permission not being subsequently revoked) on or before 18 December 2015. If this condition shall not have been fulfilled in full by 18 December 2015, all obligations and liabilities of the parties under the Placing Agreement shall cease and terminate and no party shall have any claim against the other in relation thereto save for antecedent breaches of the provisions of the Placing Agreement.

## **Completion of the Placing**

Completion of the Placing shall take place on the Closing Date.

**Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **Termination of the Placing**

Notwithstanding anything contained in the Placing Agreement, if at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date:

there develops, occurs or comes into force:

- (1) any new law or regulation or any change or development involving a prospective change in existing laws or regulations which in the sole judgment of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole; or

- (2) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the sole judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or
- (3) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the sole judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
- (4) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom or the United States; or
- (5) a change or development involving a prospective change in taxation which would be materially adverse to the success of the Placing; or
- (6) any suspension of dealings in the Shares for a period of more than 5 consecutive Business Days (other than as a result of the Placing); or
- (7) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
- (8) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect or there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or
- (9) there is any such adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company or the Group as a whole which in the sole judgment of the Placing Agent is materially adverse to the success of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time on or before 4:00 p.m. (Hong Kong time) on the Closing Date.

## **INFORMATION ON THE COMPANY AND THE PURCHASER**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company, through its subsidiaries, engages in the investment, development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group.

The Purchaser was incorporated in Hong Kong with limited liability. Its principal business activity is investment holdings and provision of treasuring, general and administrative services.

## **INFORMATION ON THE VENDOR**

The Vendor was incorporated in the British Virgin Islands with limited liability. Its principal business activity is investment holdings.

## **INFORMATION ON THE TARGET GROUP**

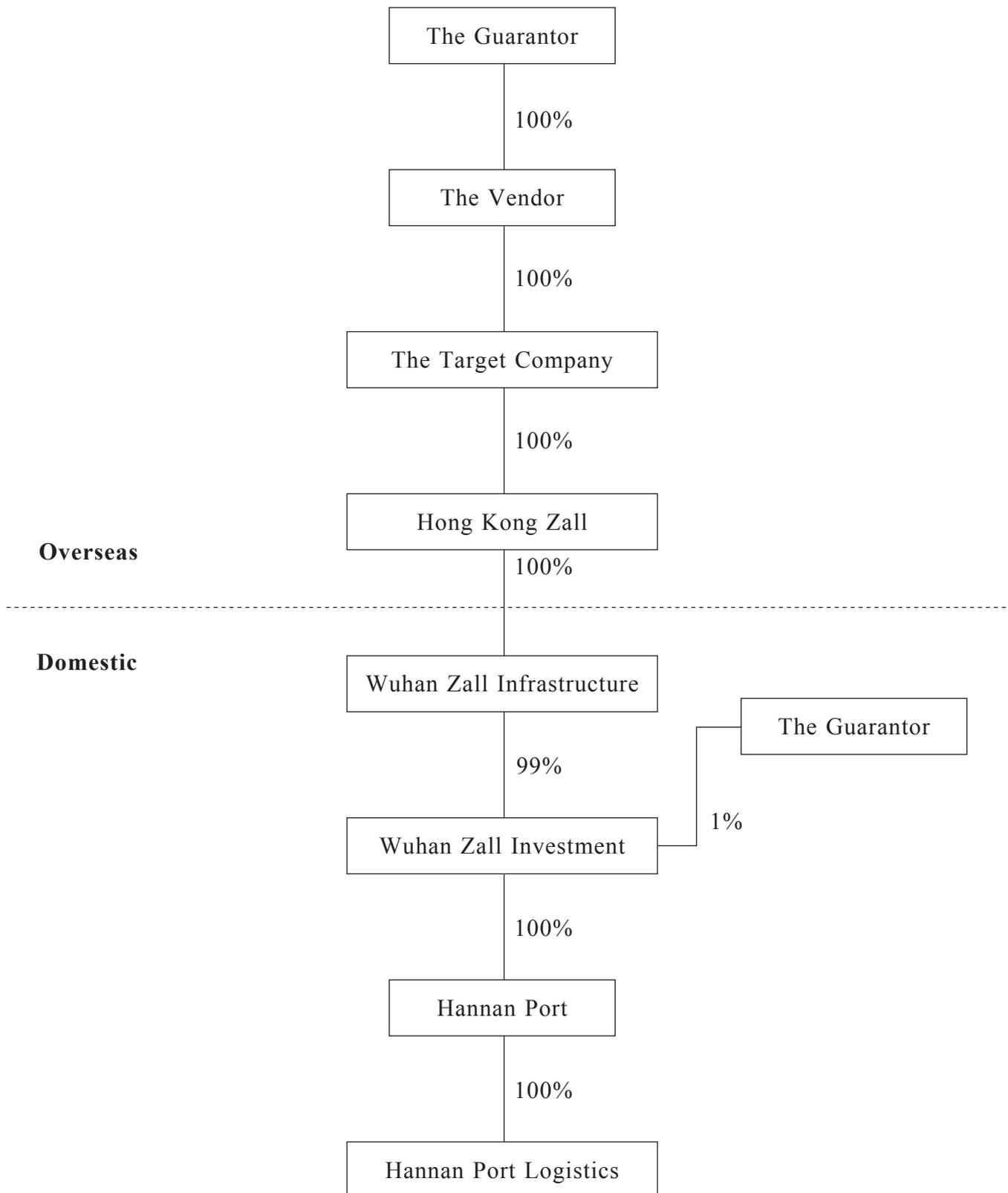
Principal asset of the Target Group is the Hannan Port, a port located along the Yangtze River in Wuhan, adjacent to the Shanghai-Chengdu, Beijing Zhuhai Expressway and within 80 kilometres from the Beijing-Guangzhou Beijing-Kowloon rail link. As a natural port with water depth of 6 metres all year round and designed to construct 2 automobile roll-on-roll-off (“**RORO**”) and 4 multi-purpose berths with 1,500 mu of land, the Hannan Port is planned to be developed into a multi-service platform in phases, providing terminal, warehousing and logistics services. Such services include RORO, terminal; bulk cargo transportation and storage; automobile spare parts processing and logistics; and renewal resources focusing on the recycling of scrapped automobiles services.

As at the date of this announcement, first phase of the development of the Hannan Port has been completed and in service. This includes a 3,000 tonne RORO berth with annual handling capacity of 155,000 automobile units; 30,000 square metre of logistics warehousing facilities; 28,000 square metres of industrial plant facilities; 2,600 of multi-functional office facilities; 90,000 square metre of yard. The recycling of scrapped automobile service business is scheduled to commence in 2016 which will be the main focus of development of the Hannan Port in the coming years.

As at the date of this announcement, the Target Group comprises the Target Company, Hong Kong Zall Infrastructure, Wuhan Zall Infrastructure, Wuhan Zall Investment, Hannan Port and Hannan Port Logistics. The Target Company, Hong Kong Zall Infrastructure, Wuhan Zall Infrastructure and Wuhan Zall Investment are investment holding companies. Hannan Port is primarily engaged in investment holding and the port leasing in the PRC, while Hannan Port Logistics is primarily engaged in warehouse leasing.

## Shareholding structure of the Target Group

The graph below sets out the shareholding structure of the Target Group as at the date of this announcement:



## Financial information of the Target Group

As at 30 June 2015, the unaudited consolidated net asset value of the Target Group amounted to approximately HK\$174.4 million. Set out below are selected financial information of the Target Group prepared in accordance with the International Financial Reporting Standards for the two years ended 31 December 2013 and 31 December 2014, and six months ended 30 June 2015:

	Year ended 31 December		Six months ended
	2013	2014	30 June
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Net profit (loss) from continuing operations before taxation and extraordinary items	<u>7,763</u>	<u>10,636</u>	<u>24,880</u>
Net profit (loss) after taxation and extraordinary items attributable to Shareholders	<u>1,971</u>	<u>6,300</u>	<u>19,424</u>

The original acquisition cost of the Target Group to the Vendor is RMB100.0 million, being the registered capital of the Target Company.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

As reported in the 3rd quarterly report for the nine months ended 30 September 2015 of the Group that the Group:

1. Continues to maintain an optimistic view towards the future prospects of the port businesses in the PRC especially the inner ports. The pronounced “Yangtze River Economic Belt 長江經濟帶”, which Wuhan featured as one of the key centres of development along the belt, is expected to provide further government policy support to the continuing long term economic development of Wuhan. This will, in turn, provide additional impetus to the development of integrated transport infrastructure development and growth in cargoes to the ports in Wuhan, including our Group’s WIT Port and the multi-purpose port which has recently been put into service; and
2. Is facing competition from neighbouring port operators capturing marketing shares from the Group through the deployment of tariff cutting tactics to induce customers to use their ports.

To capture the future economic growth in Wuhan and to better position itself against the competition from neighbouring ports, the Acquisition, or more precisely, the Hannan Port, would provide the opportunity for the Group to expand its geographical coverage beyond the Yanglao area where the WIT Port and the multi-purpose port in Wuhan are located.

In addition, the RORO business which is currently being conducted by and the new renewal resources businesses of the Hannan Port planned to commence in 2016 would also provide the opportunity to extension the scope of services currently being provided by the Group.

Furthermore, the Acquisition would create synergy between the WIT Port and the Hannan Port, particularly with the management team of the WIT Port which has extensive experience in construction, development and management of ports in the PRC. As such, the Board is of the view that the Acquisition can enhance the returns for the Company, fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE PLACING**

Assuming that the Placing Shares are fully subscribed for, the maximum gross proceeds to be raised from the Placing will be about HK\$60.2 million. Based on estimated expenses of about HK\$1.5 million for the Placing, the maximum net proceeds to be raised from the Placing will be approximately HK\$58.7 million. On this basis, the net price per Placing Share is approximately HK\$0.4193.

The Placing is planned to further enhance the Shareholders' base of the Company. The net proceeds from the Placing will 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 Directors consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## CHANGES IN SHAREHOLDING STRUCTURE

The table below sets out the change in the Company's shareholding structure immediately upon (i) the completion of the Placing; and (ii) the completion of the Placing and the Acquisition for illustrative purpose:

	As at the date of this announcement		Immediately upon the completion of the Placing		Immediately upon the completion of the Placing and the Acquisition	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Zall Infrastructure Investments Company Limited ( <i>Note</i> )	882,440,621	74.97	882,440,621	67.00	882,440,621	51.22
The Vendor	—	—	—	—	405,684,928	23.55
The Placees	—	—	140,000,000	10.63	140,000,000	8.13
Public Shareholders	294,615,559	25.03	294,615,559	22.37	294,615,559	17.10
Total	<u>1,177,056,180</u>	<u>100.00</u>	<u>1,317,056,180</u>	<u>100.00</u>	<u>1,722,741,108</u>	<u>100.00</u>

*Note:* Zall Infrastructure Investments Company Limited is wholly-owned by Zall Holdings Company Limited, which in turn is wholly-owned by Mr. Yan.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

In the twelve months immediately preceding this announcement, the Company did not raise any funds through the issue of its equity securities.

## IMPLICATIONS UNDER THE GEM LISTING RULES

### The Acquisition

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 25% but is below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

The Vendor is beneficially owned by Mr. Yan, the controlling Shareholder. As such, the Vendor is an associate of a connected person of the Company. Accordingly, the entering into of the Acquisition Agreement and the Acquisition contemplated thereunder also constitutes a connected transaction for the Company under the GEM Listing Rules and is also subject to the Independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

## **The issue of the Consideration Shares**

Pursuant to Rule 17.39 of the GEM Listing Rules, the Consideration Shares will be issued under a Specific Mandate subject to the approval by the Shareholders. As set out above, Mr. Yan, the controlling Shareholder, is a connected person of the Company and is considered as being interested in the Acquisition. Accordingly, Mr. Yan and his associates shall abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM. Save for the aforesaid and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of this announcement, no other Shareholder is involved in or interested in the Acquisition which requires him to abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM.

## **GENERAL**

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Acquisition and the Specific Mandate to issue the Consideration Shares under the Acquisition.

Mr. Yan, the controlling Shareholder, is a connected person of the Company and is considered as being interested in the Acquisition. Accordingly, Mr. Yan and his associates shall abstain from voting on the proposed resolution(s) to approve the Acquisition at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider the terms of the Acquisition Agreement and the transaction contemplated thereunder (including but not limited to the allotment and issuance of the Consideration Shares) and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution(s) regarding the Acquisition and the allotment and issuance of the Consideration Shares as contemplated under the Acquisition Agreement and matters ancillary thereto. Mr. Lee Kang Bor, Thomas, Dr. Wang Tao and Mr. Wong Wai Keung, Frederick have been appointed by the Board to serve as members of the Independent Board Committee. None of the members of the Independent Board Committee has any material interest in the Acquisition Agreement and the transaction contemplated thereunder (including but not limited to the issue of Consideration Shares). Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among other things, further details of (1) the Acquisition, (2) a letter from the Independent Board Committee to the Independent Shareholders, setting out its recommendations in connection with the Acquisition; (3) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition; and (4) the notice of the EGM, is expected to be despatched to the Shareholders on or before 18 December 2015.

**Shareholders and potential investors should note that the completion for the Acquisition is subject to the conditions precedent under the paragraph “Conditions precedent” under the section “THE ACQUISITION AGREEMENT” in this announcement to be fulfilled and, as such, the Acquisition as contemplated may or may not complete. Shareholders and potential investors should also note that there are risks associated with the Acquisition and they should consider and assess all the risks carefully. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares and other securities of the Company.**

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used herein shall have the following meanings:

“Accounting Date”	30 June 2015
“Acquisition”	the acquisition of the Target Share pursuant to the Acquisition Agreement
“Acquisition Agreement”	the share transfer agreement dated 28 November 2015 entered into between the Purchaser, the Vendor and the Guarantor in relation to, among others, the Acquisition
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday) on which banks in Hong Kong are open for business
“Closing Date”	the fifth (5) Business Day after the date on which the Placing Agent is in receipt of notification in writing from the Company that the condition set out in the paragraph headed “Condition of the Placing” has been satisfied, or such other date as the Company and the Placing Agent may agree in writing
“Company”	CIG Yangtze Ports PLC, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Completion Date”	the third (3) Business day after the date which the conditions precedents to the Acquisition Agreement are fulfilled or waived
“Conditions”	the conditions specified in the section headed “Undertakings made by the Vendor and the Guarantor” in this announcement

“Consideration”	HK\$174.4 million (subject to adjustments set out in the section headed “Adjustments to the Consideration” in this announcement)
“Consideration Shares”	405,684,928 new Shares to be allotted and issued as the consideration for the Acquisition under the Acquisition Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider, if appropriate, and approve, the Acquisition
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Guarantor” or “Mr. Yan”	Mr. Yan Zhi, the controlling shareholder of the Vendor and the Company
“Hannan Port”	湖北漢南港實業有限公司 (Hubei Hannan Port Enterprise Company Limited*), a company incorporated in the PRC with limited liability
“Hannan Port Logistics”	湖北漢南港物流有限公司 (Hubei Hannan Port Logistics Company Limited*), a company incorporated in the PRC with limited liability, the entire share capital of which is owned by Hannan Port
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Zall”	Zall Infrastructure (HK) Company Limited, a company incorporated in Hong Kong with limited liability, the entire share capital of which is owned by Zall Infrastructure
“Independent Board Committee”	a committee of the Board established for the purpose of considering the Acquisition, comprising all the independent non-executive Directors who are independent of the Acquisition
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong)
“Independent Shareholders”	Shareholders other than Mr. Yan and his associates

\* *For identification purpose only*

“Independent Party(ies)”	persons who themselves are parties independent of, and not connected with, the Company and its connected persons
“Last Trading Date”	27 November 2015
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Long Stop Date”	30 June 2016, or such later date and time as the Purchaser and the Vendor may agree in writing
“Placees”	any individual, institutional or professional investors who are deemed by the Stock Exchange to be public shareholders and whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares under the Placing Agreement
“Placing Agent”	Asian Capital (Corporate Finance) Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to perform types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) of the regulated activities (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
“Placing Agreement”	the placing agreement dated 28 November 2015 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Shares”	140,000,000 new Shares to be allotted and issued under the Placing Agreement
“PRC”	the People’s Republic of China. For the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	CIG Yangtze Corporate and Project Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, being the purchaser to the Acquisition
“Reorganization”	the reorganization of Hannan Port, including: (1) the incorporation of Hong Kong Zall by Zall Infrastructure, the incorporation of Wuhan Zall Infrastructure by Hong Kong Zall, the incorporation of Wuhan Zall Investment by Wuhan Zall Infrastructure; (2) the change of equity investment of Wuhan Zall Investment; and (3) Wuhan Zall Investment acquires 100% share capital of Hannan Port

“Shareholders”	the holders of the Shares
“Shares”	the shares of HK\$0.1 each of the Company
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM for the Board to allot and issue the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Zall Infrastructure, Hong Kong Zall, Wuhan Zall Infrastructure, Wuhan Zall Investment, Hannan Port and Hannan Port Logistics
“Target Share”	the one (1) share of Zall Infrastructure, being the entire equity interest in Zall Infrastructure as at the date of the Acquisition Agreement
“Vendor” or “Zall Holdings”	Zall Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Wuhan Zall Infrastructure”	卓爾基業建設(武漢)有限公司 (Wuhan Zall Infrastructure Company Limited*), a company incorporated in the PRC with limited liability, the entire share capital of which is owned by Hong Kong Zall
“Wuhan Zall Investment”	武漢卓爾基業投資有限公司 (Wuhan Zall Investment Company Limited*), a company incorporated in the PRC with limited liability, the 99% and 1% share capital of which are owned by Wuhan Zall Infrastructure and the Guarantor respectively
“Zall Infrastructure” or “Target Company”	Zall Infrastructure Group Company Limited, a company incorporated in the British Virgin Islands with limited liability and the entire share capital of which is owned by the Vendor as at the date of the Acquisition Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board  
**CIG Yangtze Ports PLC**  
**Xie Bing Mu**  
*Director*

Hong Kong, 28 November 2015

\* *For identification purpose only*

*For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.25 has been used for currency conversion. This is for the purpose of illustration only and does not constitute a representation that any amounts in RMB have been, could have been or may be converted at such rate or any other exchange rate*

*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. Wang Tao and Mr. Wong Wai Keung, Frederick.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the Company's website at [www.cigyangtzeports.com](http://www.cigyangtzeports.com) and the "Latest Company Announcement" page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days of its posting.*