CIG
中國基建

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)

AR 2015

ANNUAL REPORT 2015

Utilize the Golden Waterway along Yangtze River to develop the biggest hub-port and logistics base in central China

* For identification only


WIT
武汉国际集装箱有限公司


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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.

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*This report, 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 report 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 report misleading.*

Corporate information

Directors

Chairman and non-executive Director:
Mr. Yan Zhi

Executive Directors:
Ms. Liu Qin
Mr. Duan Yan
Mr. Xie Bing Mu

Non-executive Director:
Mr. Fang Yibing

Independent non-executive Directors:
Mr. Lee Kang Bor, Thomas, *FCCA, FCPA*
Mr. Wong Wai Keung, Frederick *FCA, FCPA*
Dr. Mao Zhenhua (appointed on 1 January 2016)

Audit committee members

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (chairman)*
Mr. Wong Wai Keung, Frederick *FCA, FCPA*
Dr. Mao Zhenhua
Mr. Fang Yibing

Remuneration committee members

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (chairman)*
Mr. Wong Wai Keung, Frederick *FCA, FCPA*
Dr. Mao Zhenhua
Mr. Fang Yibing

Nomination committee members

Mr. Wong Wai Keung, Frederick *FCA, FCPA (chairman)*
Mr. Lee Kang Bor, Thomas, *FCCA, FCPA*
Dr. Mao Zhenhua
Mr. Fang Yibing

Compliance officer

Mr. Xie Bing Mu

Authorised representatives

Mr. Xie Bing Mu
Ms. Lai Pik Chi, Peggy

Company secretary

Ms. Lai Pik Chi, Peggy *FCCA, CPA*

Auditors

Grant Thornton Hong Kong Limited
Certified Public Accountants

Legal advisers

Sidley Austin
Maples and Calder

Company website

www.cigyangtzeports.com

Principal bankers

Bank of Communications
Hubei Province, Wuhan
Jiangan Branch, PRC

Minsheng Bank
Wuhan Qiaokou Branch, PRC

China Merchants Bank
Wuhan Branch, PRC

Bank of Hankou
Yangluo Branch, PRC

China CITIC Bank International Limited
Hong Kong

Head office

Suite 1606, 16/F., Two Exchange Square
8 Connaught Place
Central, Hong Kong

Principal share registrar and transfer office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman
Cayman Islands

Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Registered office

P.O. Box 309, GT Ugland House
South Church Street, George Town
Grand Cayman
Cayman Islands

Contact details

Phone : (852) 3158-0603
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Email : cigyp@cigyangtzeports.com

Stock Code

8233

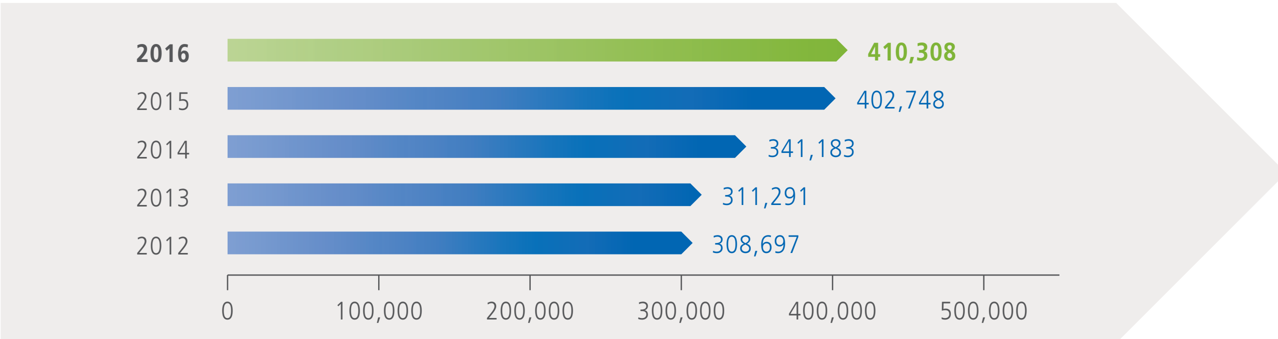
Financial highlights

Review highlights

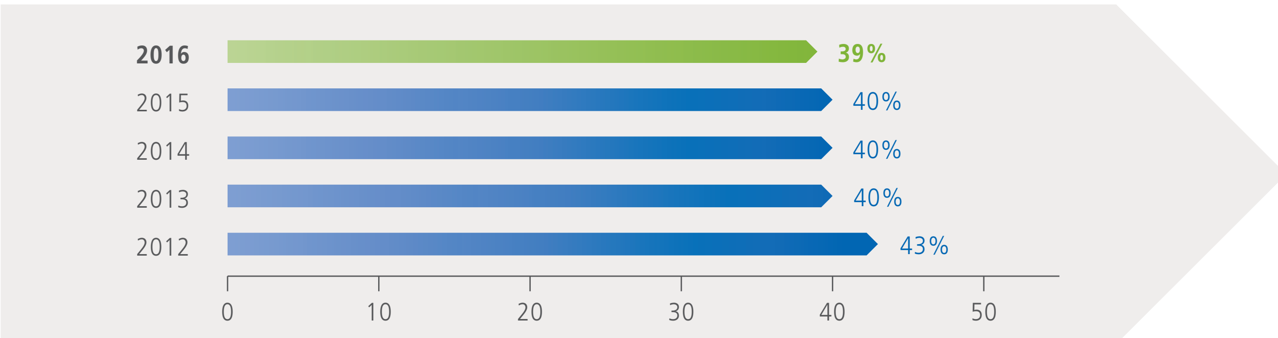
	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Revenue	**186,692**	186,482
Cost of services rendered	**(95,860)**	(99,628)
Gross profit	**90,832**	86,854
Other income	**11,750**	11,230
General, administrative and other operating expenses	**(28,886)**	(25,895)
Operating profit/EBITDA	**73,696**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

Financial highlights

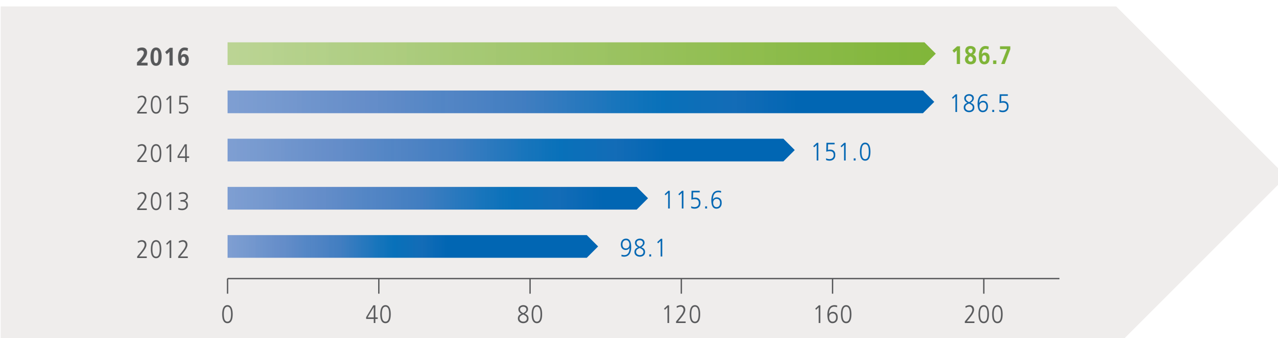
Throughput of Container (TEUs)



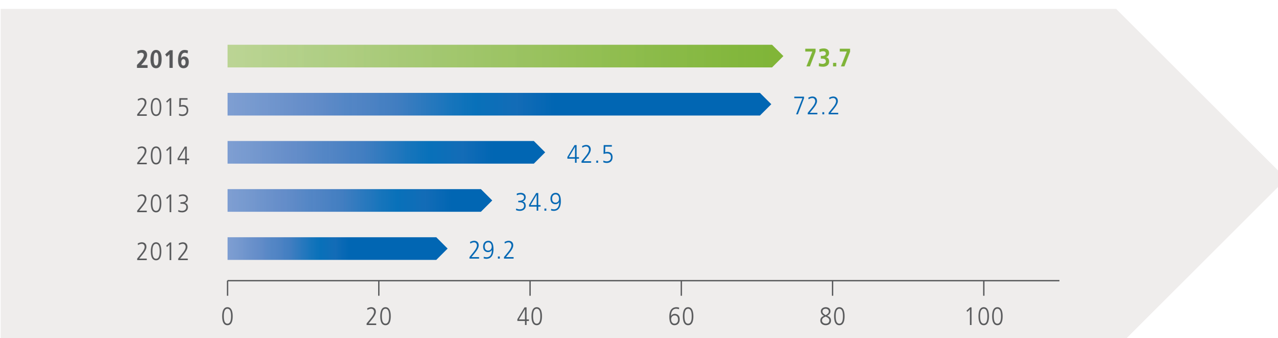
Market Share (%)



Revenue (HK$ million)



EBITDA (HK$ million)



Chairman's Statement

Chairman's statement

On behalf of the board of Directors (the "**Board**") of the Company and its subsidiaries (collectively, the "**Group**"), I am pleased to present to our Shareholders the Company's annual results for the year ended 31 December 2015.

Review of operations and results

The economy of the People's Republic of China (the "**PRC**") in 2015 recorded a growth of 6.9%, which was in line with the government's target but marked the slowest growth pace since 1990. The global geopolitical tension mounted in 2015 hindering the global economic recovery returned to the right track. In 2015, the GDP of Wuhan, capital of Hubei Province, however had achieved a year-on-year growth rate of 8.8% reaching RMB1.1 trillion, consistently ranked the eighth among the Chinese cities.

For the year ended 31 December 2015, the Group has successfully delivered pleasing results amid fierce competition from the neighbouring ports. These were attributable to the Group's continued investments in expanding port handling capacity, innovation and personnels to achieve enhanced operational efficiency, supply chain enabling communication and service excellence.

For the year ended 31 December 2015, revenue achieved was at HK$186.69 million (2014: HK$186.48 million) similar to 2014. mainly due to the increase in terminal service and integrated logistics service which was offset by the decrease in container handling, storage and other services. Gateway cargoes increased by 1.1% to 266,786 TEUs (2014: 264,012 TEUs). Trans-shipment cargoes throughput increased by 3.4% to 143,522 TEUs (2014: 138,736 TEUs). Revenue from integrated logistics service amounted to HK$75.73 million (2014: HK$74.61 million), representing approximately 40.5% of the total revenue of the Group.

Chairman's statement

Future outlooks

The PRC government promotes the regional development initiative of the "One Belt One Road" since 2013 in light of the weak recovery of the global economy, and complex international and regional situations.

The "One Belt One Road" routes run through the continents of Asia, Europe and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other. The Maritime Silk Road is a part of the "One Belt One Road". Initiative with an aim of reviving the ancient trade routes and strengthening regional inter-communication. It is designed to go from the coast of China to Europe through the South China Sea and the Indian Ocean in one route, and through the South China Sea to the South Pacific in the other.

The PRC's trade with countries along the Maritime Silk Road grew by an average of 18.2% annually over the past decade, accounting for 20% of the China's total foreign trade volume from the 14.6% ten years ago. During the same period direct investments of Chinese companies in these countries increased from USD240 million to USD9.27 billion, representing annual growth of 44%, according to figures from the State Oceanic Administration ("**SOA**"). SOA launched its action plan to advance the Maritime Silk Road initiative in 2016, and set up a China-ASEAN maritime cooperation centre and a platform to boost maritime cooperation in East Asia.

For the coming years, the Group continue to maintain an optimistic view towards the prospects of the port business in the PRC especially for inner ports like ours given high expectations of continued solid freight volumes in the PRC, especially the inner ports along the "Yangtze River Economic Belt" which is an inner water economic belt that coordinates the development of China East, Central and Western regions of China. Moreover, "One Belt One Road" and "Yangtze River Economic Belt" intersects in Wuhan one of the key centres of development along the belt and is expected to provide further government policy support to the continuing long term economic development of the city. 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 the Group's WIT and the multi-purpose port which has recently been put into service.

To capture the future economic growth in Wuhan and to better position itself against the competition from neighbouring ports, the Group has rolled out its master plans to expand its existing businesses and to strive for new breakthroughs via acquisitions.

To maintain and expand the existing market share of the WIT, the Group will explore the opportunity of developing new business streams along rail-water routes, including newly opened Lu-Han-Taiwan route, Jiujiang-Wuhan-Yueyang route, Wuhan-Japan-Korea route, as well as government-funded Wuhan Shipping Exchange.

For expansion through acquisition, in late November 2015, the Group announced that it will conditionally acquire a group company including Hannan 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. It is expected that the Hannan Port will provide an opportunity for the Group to expand its geographical coverage beyond the Yanglao area where the WIT and the multi-purpose port in Wuhan are located. The restructuring of the Hannan Port is expected to complete as planned in a hope to become a new income stream of the Group. The Group plans to develop Hannan Port into a multi-service platform in phases, providing terminal, warehousing and logistics services and such other services including RORO, terminal; bulk cargo transportation and storage; automobile spare parts processing and logistics; and renewal resources focusing on the recycling of scrapped automobiles service.

Chairman's statement

Further, in late November 2015, the Group signed a non-legally binding memorandum of understanding (the "CIG Shayang MOU") with the government of Shayang county, Jingmen city, Hubei, (the "Shayang Government"), in the development of a port located in Shayang County (the "CIG Shayang Port"). Jingmen City is situated at the middle of Hubei. The north-to-south journey on Hanjiang passing Jingmen exceeds 144 kilometres. Along Hanjiang in Jingmen City, two ports namely Zhongxiang Port and Shayang Port are two of 19 major ports in government plan of Hubei. The Group intends to activate the investment plans for Shayang Port this year to build the Shayang Port as the logistics base for the hinterland of Hanjiang plain as well as its major feeder port at Yangtze River.

The financial position of the Group has been strengthened with the successful placement of 140,000,000 new shares of the Company which raised net proceeds of HK$58.69 million on 4th January 2016.

Acknowledgement

Finally, I would like to extend my greatest gratitude to all our Shareholders for their continuing support and to our customers and banks for their trust, encouragement and recognition. Meanwhile, I would also like to thank all members of the Board for their valuable contributions and support, and all our staff and the management team for their hard work and devotion.

Yan Zhi
Chairman

Wuhan, the PRC, 11 March 2016

Management discussion and analysis

Review of operations

Overall business environment

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

The strong and well established industrial base of Wuhan featuring operators in major industries including automobile and its components, chemical, steel, textile, machinery and equipment as well as those in the construction materials businesses have been and will continue to be the principal providers of gateway cargoes to the WIT.

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, it precludes bigger ships from navigating directly between those areas and Shanghai. The trans-shipment service provided by WIT offers a more economical alternative to ship container cargoes using bigger ships carrying more containers to and from Shanghai and overseas. Surrounding areas which are serviced by WIT include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and WIT promote direct shipment to Yangshan Port in Shanghai (江海直達) have further strengthened the position of WIT as a trans-shipment port at the mid-stream of the Yangtze River.

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

Operating results

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

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

Management discussion and analysis

Container throughput

Container volume and throughput

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

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

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

Average tariff

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

Integrated logistics

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

Management discussion and analysis

General cargoes

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

Gross profit and gross profit margin

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

Government subsidies

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

Profit attributable to owners of the Company for the year

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

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

Future outlooks

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

Key risks and uncertainties

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those known to the Group or which may not be material now but could turn out to be material in the future.

Management discussion and analysis

Operational risk

The operation of a port may be adversely affected by many factors, including the breakdown of essential machinery or equipment (such as quay cranes, RTG cranes and trucks), labour disputes, inclement weather and natural disasters. In addition, cargo and container movements into and out of the ports rely on third party trucking and barge and shipping companies which contract directly with importers, exporters or shipping companies. The failure or inability of all or some of these companies to provide the requisite services efficiently could disrupt the Group's operations and result in a loss of revenues.

Business risk

Disruptions to the Group's operations could affect the Group's existing business plan which currently focuses on WIT. The expected principal source of revenue from WIT is tariffs paid by the vessels, shipping companies and feeders. The Group's stream of revenue is limited by the amount of tariffs which may be charged by and the throughput capacity of WIT. The volume of throughput which may be handled by a port is generally limited by its capacity, its integration in relation to other parts of the local and national traffic network , competition with competing ports and the availability of adjoining land for expansion and for accommodating ancillary facilities. The distributable profits of the Company would be constrained by such limited stream of revenue.

Industrial risk

The business is cyclical, with periodic overcapacity, and price competition is steep. Over the long term, many companies cover their cost of capital but do not earn a profit. The industry is also very fragmented, although recent signs indicate a move toward consolidation.

The competition on tariff, services and the turnaround time is fierce within Yangluo where there are in total three ports and customers may choose rail and road as substitutes for transportation if the tariff of rail and road become more competitive.

Manpower and retention risk

The competition for talents in the region where the Group operates has led to the risk that the Group is not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will continue to provide attractive remuneration package to attract, retain and motivate suitable candidates and personnel.

Further, the Group's business is also subject to reputation risk and significant change in customer relationship.

Finance risk

As the Group's borrowing gradually increase, there are increased requirements for budgeting, management and control of funds.

Management discussion and analysis

Employee information

Number of employees

Wuhan is where the principal operating business of the Group is located and most of the Group's employees are based while the Group's finance function is carried out in the office in Hong Kong. A breakdown of the number of employees of the Group by function and by geographical location as at 31 December 2015 and 2014 is shown below:

	As at 31 December 2015			As at 31 December 2014		
	Hong Kong	Wuhan	Total	Hong Kong	Wuhan	Total
Operation	—	200	200	—	197	197
Project planning and management	—	27	27	—	10	10
Corporate and business development	—	35	35	—	36	36
Finance	2	21	23	2	16	18
Engineering	—	37	37	—	33	33
Administration and personnel	—	16	16	—	33	33
	2	336	338	2	325	327

Remuneration of employees and policies

The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group participates in and contributes to retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong and medical benefits programme for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors' service contracts, reviewing of Directors' and senior management's emoluments and awarding of discretionary bonuses of the Company to the remuneration committee of the Company (the "Remuneration Committee").

Total remuneration together with pension contributions incurred for the year ended 31 December 2015 amounted to HK$38.34 million (2014: HK$34.29 million). The Directors received remuneration of HK$1.94 million (2014: HK$1.65 million) during the year ended 31 December 2015.

Management discussion and analysis

Financial resources and liquidity

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

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

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

As at 31 December 2015, the Group's net gearing ratio was 1.4 times (2014: 1.5 times). The calculation of the net gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 31 December 2015, the total amount due to a beneficial shareholder amounted to of HK$33.70 million (2014: HK$29.70 million), which was unsecured, interest-free and will not be repayable within 12 months from the reporting date.

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

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

Exchange rate risk

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

Significant investments

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

Material acquisitions and disposals of subsidiaries and affiliated companies

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

Management discussion and analysis

Capital commitments

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

Contingent liabilities

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

Pledge of assets

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

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

Future plans for material investments or capital assets

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

Management discussion and analysis

Use of proceeds from Placing

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

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

Directors and senior management

Directors

As at the date of this report, the Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. Their biographical details are set out below:

Non-executive Director and Chairman

Mr. Yan Zhi (閻志), aged 43, was appointed as a non-executive Director and the Chairman of the Company in November 2011. Mr. Yan has extensive experience in logistics, project planning, business and operation management. He has approximately 10 years of experience in the commercial property and wholesale shopping mall industries, as well as approximately 20 years of experience in the advertising and media industry and business management. Mr. Yan is the chairman and executive director of Zall Development Group Ltd. (stock code: 2098), shares of which are listed on the Main Board of the Stock Exchange.

Mr. Yan received a master's degree in business administration for senior executives from Wuhan University (武漢大學) in February 2008 and his executive master of business administration degree at Cheung Kong Graduate School of Management (長江商學院) in 2013.

Executive Directors

Ms. Liu Qin (劉琴), aged 47, was appointed as an Executive Director in November 2011. Ms. Liu has over 14 years of experience in real estate sales, human resources management and administrative management. She is an assistant to the chairman of Zall Development Group Ltd. (stock code: 2098), shares of which are listed on the Main Board of the Stock Exchange. Ms. Liu graduated from Wu Han Radio and TV University (武漢市廣播電視大學) with a diploma in economic management, Ms. Liu is currently studying for an executive master of business administration degree at Tsinghua University (清華大學).

Mr. Duan Yan (段岩), aged 36, was appointed as an Executive Director, chief executive officer and an authorised representative in November 2011. Mr. Duan resigned as chief executive officer and an authorised representative of the Company on 7 March 2014. Mr. Duan holds a master degree of E-Commerce from Middlesex University in London and has extensive experience in logistics as well as business and operation management.

Mr. Xie Bing Mu (謝炳木), aged 53, was appointed as an Executive Director, chief executive officer, an authorised representative and the Compliance Officer in March 2014. He has been the general manager of WIT since November 2003 and a director of WIT since January 2004. He completed the professional studies in business administration at Fujian Broadcasting University (福建廣播電視大學) in 1986 and completed a postgraduate course conducted by Xiamen University in 2001. He is an accountant in the PRC. Mr. Xie has over 30 years' experience in port and container terminal business in the PRC. Mr. Xie joined the Group in March 2001. Prior to joining the Group, Mr. Xie had worked in an international port company and container terminal company in the PRC for the years between 1997 and 2001.

Directors and senior management

Non-executive Director

Mr. Fang Yibing (方一兵), aged 61, was appointed as a non-executive Director and a member of the audit committee of the Company (the "Audit Committee") and the remuneration committee of the Company (the "Remuneration Committee") in November 2011 and he is member of the nomination committee of the Company (the "Nomination Committee") since March 2012. Mr. Fang is a solicitor admitted in the PRC. He received a bachelor degree in Law from Hubei Huanggang Radio & TV University (湖北黃岡廣播電視大學), the PRC and holds an executive master of business administration degree from Wuhan University.

Independent non-executive Directors

Mr. Lee Kang Bor, Thomas (李鏡波), aged 62, took office as an independent non-executive Director in September 2005. He has been a member and the chairman of the Audit Committee and the Remuneration Committee since September 2005 and is a member of the Nomination Committee of the Group. He graduated from The Hong Kong Polytechnic University (formerly Hong Kong Polytechnic) with a higher diploma in accountancy in 1976. He received his bachelor and master of laws degrees from the University of London in 1988 and 1990 respectively. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants (UK) and was called to the Bar of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee is a past president and a member of the Council of the Taxation Institute of Hong Kong and a past president and honorary advisor of Asia Oceania Tax Consultants' Association. Mr. Lee is the chairman of Thomas Lee & Partners Limited, Certified Tax Advisers. Mr. Lee is an independent non-executive director of Sparkle Roll Group Limited (stock code: 0970) and Mr. Lee is an independent non-executive director and chairman of the audit committee of Fittec International Group Limited (stock code: 2662), the shares of both these companies are listed on the Main Board of the Stock Exchange.

Mr. Wong Wai Keung, Frederick (黃煒強), aged 60, took office as an independent non-executive Director in April 2014. He has been a member of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company since April 2014 and chairman of the Nomination Committee since October 2015. He is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and holds a master's degree in electronic commerce from Edith Cowen University, Western Australia. Mr. Wong has over 30 years of accounting, finance, audit, tax and corporate finance experience and has worked at an international certified public accountants firm and listed companies in the United Kingdom, New Zealand, Hong Kong and Thailand. Mr. Wong is now the chief financial officer and company secretary of APAC Resources Limited (stock code: 1104), shares of which are listed on the Main Board of the Stock Exchange. Mr. Wong is currently an independent non-executive director and the chairman of the audit committee of Perfect Group International Holdings Limited (stock code: 3326), shares of which are listed on the Main Board of the Stock Exchange. Prior to joining APAC Resources Limited, Mr. Wong was the chief financial officer, company secretary and authorised representative of the Company from January 2001 to January 2011. He was also an executive director of Hwa Kay Thai Holdings Limited (now known as China Solar Energy Holdings Limited) (stock code: 0155) from 1996 to 1999, shares of which are listed on the Main Board of the Stock Exchange.

Directors and senior management

Dr. Mao Zhenhua（毛振華）, aged 52, took office as an independent non-executive Director in January 2016. He has been a member of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company since January 2016. Dr. Mao graduated from Wuhan University with a Doctorate Degree in Economics. Dr. Mao is the chairman and chief executive officer of China Chengxin Credit Management Co., Ltd. He has extensive experience in investment banking. He has been a part-time professor of Renmin University of China and the chairman of the Institute of Economy in Beijing since 2006. Dr. Mao had carried out economic analysis and policies research for Hubei Provincial Government, Hainan Provincial Government and Research Office of the State Council. Dr. Mao is currently an independent non-executive director of U-Home Group Holdings Limited (stock code: 2327), shares of which are listed on the Main Board of the Stock Exchange, from October 2005 till now. He was an independent non-executive director of Beautiful China Holdings Limited (stock code: 0706), a company listed on the Stock Exchange, from February 2001 to March 2013 and was re-designated as executive director from March 2013 to February 2014.

Save as otherwise disclosed, there is no other relationship (including financial, business, family or other material/relevant relationship(s)) between board members and in particular, between the chairman and the chief executive.

Senior management

Head Office

Ms. Lai Pik Chi, Peggy（黎碧芝）, was appointed as the chief financial officer, the company secretary and an authorised representative of the Group on 19 April 2012. Ms. Lai obtained a master of business administration degree from University of Manchester. Ms. Lai has over 20 years' experience in auditing, accounting, financial management and corporate finance spanning a diverse range of business. Ms. Lai is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Lai is currently an independent non-executive director and the chairman of the audit committee of KPa-BM Holdings Limited (stock code: 8141), shares of which are listed on the GEM Board of the Stock Exchange.

Corporate governance report

Introduction

The Board and the management team of the Company are committed to maintain a high standard of corporate governance and the accountability and transparency of its management. The Company has been in compliance with a high standard of corporate governance practices and the Directors take seriously their duty to implement good corporate governance practices to ensure their duties are discharged in a transparent and accountable manner. The Board believes that by running the business in a way which is responsible to its Shareholders and of high level of integrity, the long-term benefit of the Group and the Shareholders as a whole would be achieved and safeguarded.

Corporate governance practices

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

The Board of Directors

The Board, which currently comprises eight Directors, is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, preparing and approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to management by the Board.

The Board comprises two non-executive Directors, namely Mr. Yan Zhi (who is also the Chairman of the Board) and Mr. Fang Yibing; three executive Directors, namely Ms. Liu Qin, Mr. Duan Yan and Mr. Xie Bing Mu and three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas, Mr. Wong Wai Keung, Frederick; Dr. Wang Tao (appointed on 12 October 2015 and resigned on 1 January 2016) and Dr. Mao Zhenhua (appointed on 1 January 2016). Non-executive Directors currently represent two-eighths of the Board. Independent non-executive Directors currently represent three-eighths of the Board.

In full compliance with Rules 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional accounting qualifications. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with each and every guideline set out in Rule 5.09 of the GEM Listing Rules.

Chairman and chief executive officer

In order to have a clear division between the management of the Board and the day-to-day management of the business operation of the Group, the role of the chairman is separate from that of the chief executive officer. The chairman, Mr. Yan Zhi, focuses on overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board. The chief executive officer, Mr. Xie Bing Mu, is responsible for all day-to day corporate management matters as well as assisting the chairman in planning and developing the Group's strategies. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority.

Corporate governance report

Re-election of Directors

According to Article 114 of the Company's Articles of Association (the "**Articles**"), all Directors appointed to fill a causal vacancy should be subject to re-election by shareholders at the first general meeting after their appointment. According to Article 130 of the Articles, one-third of the Directors shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years.

Remuneration committee

During the year under review, the Remuneration Committee comprised of four Directors, namely Mr. Lee Kang Bor, Thomas (chairman), Dr. Wong Tin Yau, Kelvin (resigned on 12 October 2015), Mr. Wong Wai Keung, Frederick, Dr. Wang Tao (appointed on 12 October 2015 and resigned on 1 January 2016), Dr. Mao Zhenhua (appointed on 1 January 2016) and Mr. Fang Yibing.

The terms of reference of the Remuneration Committee have been determined with reference to the CG Code. Under the terms of reference of the Remuneration Committee, the responsibilities of the Remuneration Committee include, inter alia, assisting the Company in the administration of a formal and transparent procedure for developing remuneration policies, making recommendations to the Board on the remuneration packages of individual executive directors and senior management, and ensuring that no Director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2015, the work performed by the Remuneration Committee includes, inter alia, the review of Group's remuneration policy for its executive Directors and senior management and their levels of remuneration.

Pursuant to Code Provision B.1.5, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out below:

Remuneration band	**Number of individuals**
HK$0 – HK$1,000,000	2

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 15 to the Listing Rules are set out in notes 8 and 9 to the consolidated financial statements.

Audit committee

During the year under review, the Audit Committee of four Directors, namely Mr. Lee Kang Bor, Thomas (chairman), Dr. Wong Tin Yau, Kelvin (resigned on 12 October 2015), Mr. Wong Wai Keung, Frederick, Dr. Wang Tao (appointed on 12 October 2015 and resigned on 1 January 2016), Dr. Mao Zhenhua (appointed on 1 January 2016) and Mr. Fang Yibing.

Under its terms of reference, the Audit Committee is required, among other things, to oversee the relationship with the independent auditor, to review the Group's first-quarterly, interim, third-quarterly and annual results as well as the effectiveness of the systems of risk management and internal control (the "**Systems of risk management and internal control**") and the risk of the Group which covers financial, operational and compliance controls and risk management qualified functions. The Audit Committee has liaised with the Directors, senior management and the chief financial officer as well as reviewed the "Report to the Audit Committee" from and discussed with the auditors on the audit and internal control related issues of the Group.

During the year ended 31 December 2015, management of the Company had conducted an internal audit on the systems of internal control of WIT to ensure compliance with procedures laid down by the Company and the board of directors of WIT and a review of the overall systems of internal control and risk management functions of the Group.

Corporate governance report

Nomination committee

During the year under review, the Nomination Committee of four Directors, namely Dr. Wong Tin Yau, Kelvin (chairman) (resigned on 12 October 2015), Mr. Wong Wai Keung, Frederick (chairman) (appointed as chairman on 12 October 2015) Lee Kang Bor, Thomas, Dr. Wang Tao (appointed on 12 October 2015 and resigned on 1 January 2016), Dr. Mao Zhenhua (appointed on 1 January 2016) and Mr. Fang Yibing.

The terms of reference of the Nomination Committee have been determined with reference to the CG Code. Under its terms of reference, the Nomination Committee is responsible for reviewing the board structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee is also responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board. Dr. Wang Tao and Dr. Mao Zhenhua were nominated for appointment and were respectively appointed during 12 October 2015 and 1 January 2016.

Attendance records at meetings

The attendance records of each Director at the various meetings of the Company during the year ended 31 December 2015 are set out as below:

	Attended/Eligible to Attend				
	Annual general meeting	Board meetings	Remuneration committee meetings	Audit committee meetings	Nomination committee meetings
Number of meetings	1	8	2	4	2
Chairman and non-executive Director					
Mr. Yan Zhi	0/1	5/8	N/A	N/A	N/A
Executive Directors					
Ms. Liu Qin	0/1	7/8	N/A	N/A	N/A
Mr. Duan Yan	0/1	8/8	N/A	N/A	N/A
Mr. Xie Bing Mu	1/1	8/8	N/A	N/A	N/A
Non-executive Director					
Mr. Fang Yibing	0/1	8/8	2/2	4/4	2/2
Independent non-executive Directors					
Mr. Lee Kang Bor, Thomas	1/1	8/8	2/2	4/4	2/2
Dr. Wong Tin Yau, Kelvin *(Note 1)*	0/1	4/4	1/1	3/3	1/1
Mr. Wong Wai Keung, Frederick	1/1	8/8	2/2	4/4	2/2
Dr. Wang Tao *(Note 2)*	N/A	4/4	1/1	1/1	1/1

Notes:

1. Dr. Wong Tin Yau, Kelvin resigned as an independent non-executive Director on 12 October 2015. During the period between 1 January 2015 and the date of his resignation, there were the annual general meeting, four Board meetings, one Remuneration Committee meeting, three Audit Committee meetings and one Nomination Committee meeting held.

2. Dr. Wang Tao was appointed as an independent non-executive Director on 12 October 2015. During the period between the date of his appointment and 31 December 2015, there were four Board meetings, one Remuneration Committee meeting, one Audit Committee meeting and one Nomination Committee meeting held.

Corporate governance report

Directors' securities transactions

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code of conduct regarding for securities transactions by the Directors (the "**Code of Conduct**").

The Company has made specific enquiry to all Directors, and the Directors have confirmed compliance with the Code of Conduct during the year ended 31 December 2015.

Specific employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company during the year ended 31 December 2015.

Nomination of Directors

For the purpose of nomination of Directors, the task of nomination of Directors has vested with the Board. During the year under review, the Board reviewed (i) the structure, size and composition (including the skills, knowledge and experience) of Board members on a regular basis and make recommendation regarding any proposed changes; (ii) identifies individuals suitably qualified to become board members; (iii) assesses the independence of independent non-executive Directors; and (iv) makes recommendations on relevant matters relating to the appointment and re-appointment of Directors and succession planning for Directors.

Continuous professional development

All Directors have been given relevant guideline materials regarding to duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials would also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstance, at the Company's expenses.

The Directors confirmed that they have completed with the Code Provision A6.5 of the CG Code and report on Directors' training. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge during the year under review.

Name of Directors	Training received
Mr. Yan Zhi	Reading materials
Ms. Liu Qiu	Reading materials/attending training course
Mr. Duan Yan	Reading materials/attending training course
Mr. Xie Bing Mu	Reading materials/attending training course
Mr. Fang Yibing	Reading materials/attending training course
Mr. Lee Kang Bor, Thomas	Reading materials/attending training course
Mr. Wong Wai Keung, Frederick	Reading materials/attending training course
Dr. Wong Tin Yau, Kelvin	Reading materials/attending training course
Dr. Wang Tao	Reading materials/attending training course

Corporate governance report

Auditors' remuneration

Remuneration in respect of audit and non-audit services provided by the Auditors to the Group for the year ended 31 December 2015 was HK$650,000 and HK$495,000 respectively.

Company secretary

Ms. Lai Pik Chi, Peggy, the chief financial officer of the Company, also acts as the company secretary of the Company.

Internal control

The Board is responsible for maintaining sound and effective systems of internal control to safeguard the Group's assets and shareholders' interests, as well as reviewing the effectiveness of such systems. The internal control system of the Group is designed for the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure maintenance of proper books and record for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The management and various department conduct periodic self-assessment of the effectiveness of the internal control policies and procedures. Besides, the Board appointed Grant Thornton Advisory Services Limited as our consultant to review the overall effectiveness of the Group's internal control system.

The Board is of the view that the systems of internal control and risk management are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Shareholders value

The Board and senior management recognise their responsibility to represent the interests of all Shareholders and to enhance Shareholder value and have made the following commitments to the Groups' Shareholders:

- Continuing effort to maintain long-term stability and growth in shareholder value and return on investment;
- Responsible planning, construction and operation of the Group's core businesses;
- Responsible management of the Group's investment and business risks; and
- True, fair, in depth and timely disclosure of the financial position and operating performance of the Group.

Constitutional documents

The Board is not aware of any change in the Company's constitutional documents being made during the year ended 31 December 2015. An updated version of the Company's memorandum and articles of association is available on both the websites of the Stock Exchange and the Company.

Corporate governance report

Shareholder's rights and relations

Investor relations

The Company believes that shareholders' rights should be well respected and protected. The Company endeavours to maintain good communications with Shareholders on its performance through quarterly, interim and annual reports and annual general meetings of the Company, so that they may make an informed assessment of their investments and the exercise of their rights as Shareholders. The Group also encourages Shareholders' participation through general meetings or other means.

Communication with Shareholders of the Company

The Board and senior management recognise the responsibility of safeguarding the interest of Shareholders and provide highly transparent and real-time information on the Company so as to keep the Shareholders and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with Shareholders can facilitate their understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of Shareholders. In order to safeguard the interest of the Shareholders, the Company reports its financial and operating performance to Shareholders through quarterly, interim and annual reports. Shareholders can also obtain information of the Group in time through quarterly reports, interim reports, annual reports, announcements, circulars, press releases and the Company's website at www.cigyangtzeports.com.

The annual general meetings are an appropriate forum for direct communications between the Board and Shareholders. Shareholders can raise questions directly to the Board in respect of the performance and future development of the Group at annual general meetings.

Corporate governance report

Shareholder's right

Procedures for putting forward proposals at general meeting by Shareholders

In accordance with the requirements under Article 79 of the Articles, extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 116 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The minimum length of the period, during which the notices required under the articles of association of the Company will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting

Procedures for directing Shareholders' enquiries to the Board

Shareholders or investors can enquire or make comments by putting their views to the Company or the Audit Committee by the following means:

Attention:	The company secretary CIG Yangtze Ports PLC
By post	Suite 1606, 16/F., Two Exchange Square, Central, Hong Kong
Email:	cigyp@cigyangtzeports.com

The company secretary shall forward the Shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the Shareholders.

Report of the board of directors

The Board submits herewith the report of the Board together with the audited consolidated financial statements of the Company for the year ended 31 December 2015.

Principal activities

The principal activities of the Company during the year under review was investment holding and those of the subsidiaries are set out in note 29 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Business review and performance

A review of the business of the Group and a discussion and analysis of the Group's performance during the Reporting Year and a discussion on the Group's future business development and outlook of the Company's business, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2015 are provided in the section headed "Chairman's Statement" on pages 6 to 9 and the section headed "Management discussion and analysis" on pages 10 to 17 of this annual report. An account of the Company's relationships with its key stakeholders is included in the paragraph headed "Relationships with employees, suppliers and customers" of the report of the board of the directors on page 34 of this annual report.

An analysis of the Group's performance during the year ended 31 December 2015 using financial performance indicators is provided in the section headed "Management discussion and analysis" on pages 10 to 17 of this annual report.

In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company are provided in the paragraph headed "Environmental, social and governance" of the report of the board of directors on pages 37 to 38 of this annual report.

This discussion forms part of this Report of the board of directors.

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 6 to the consolidated financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2015 and the financial position of the Group at that date are set out on pages 42 to 87 of the consolidated financial statements.

Report of the board of directors

Share capital

On 28 November 2015, the Company entered into the Placing Agreement, pursuant to which the Company allotted and issued an aggregate of 140,000,000 shares to professional, institutional and other investors at the placing price of HK$0.430 per share on 4 January 2016.

Details of the movements in share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

Dividend

The Directors do not recommend any payment of a dividend for the year ended 31 December 2015 (2014: Nil). There is no arrangement under which a Shareholder of the Company has waived or agreed to waive any dividend.

Distributable reserves

Distributable reserves of the Company as at 31 December 2015, calculated under sections 291, 297 and 299 of the new Hong Kong Companies Ordinance amounted to HK$39.24 million (2014: HK$41.84 million).

Pre-emptive rights

There is no provision for pre-emptive rights under the Articles or the companies law (revised) of the Cayman Islands.

Five year summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 88 of the annual report.

Purchase, redemption or sale of listed securities

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

Report of the board of directors

Directors

The Directors who held office during the financial year and as at the date of this report were:

Chairman and non-executive Director:

Mr. Yan Zhi

Executive Director:

Ms. Liu Qin
Mr. Duan Yan
Mr. Xie Bing Mu

Non-executive Directors:

Mr. Fang Yibing

Independent non-executive Directors:

Mr. Lee Kang Bor, Thomas
Dr. Wong Tin Yau, Kelvin (resigned on 12 October 2015)
Mr. Wong Wai Keung, Frederick
Dr. Wang Tao (appointed on 12 October 2015 and resigned on 1 January 2016)
Dr. Mao Zhenhua (appointed on 1 January 2016)

Dr. Wong Tin Yau, Kelvin resigned on 12 October 2015 as an independent non-executive Directors due to the increase of his other business commitment to which he is required to devote more time on. Mr. Wong confirmed that he had no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Dr. Wang Tao resigned on 31 December 2015 as an independent non-executive Directors due to the recent change in regulation of the Ministry of Education of the People's Republic of China prohibiting the government leading cadre members from engaging in employment outside the government. Dr. Wang had confirmed that he had no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

In accordance with Article 130 of the Company's articles of association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation and retiring Directors, namely Mr. Fang Yibing, Mr. Xie Bing Mu, Mr. Frederick Wong and Dr. Mao Zhenhua being eligible, have offered themselves for re-election.

Report of the board of directors

Directors and senior management's biographies

Biographical details of the Directors of the Company and senior management of the Group are set out on pages 18 to 20 of the Report.

Directors' service contracts

Each of the Executive Directors, namely Ms. Liu Qin and Mr. Duan Yan, has entered into a service agreement with the Company for a term of three years commencing from 21 November 2011. Each of the non-executive Directors, namely Mr. Yan Zhi and Mr. Fang Yibing, has entered into a service agreement with the Company for a term of one year commencing from 21 November 2011. Mr. Xie Bing Mu has entered into a service agreement with the Company for a term of three years commencing from 7 March 2014. Their appointments will be subject to normal retirement and re-election at the next annual general meeting by the shareholders of the Company pursuant to the articles of association of the Company.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a period commencing from 26 May 2015 until the Company's annual general meeting in 2016.

Apart from the foregoing, no director standing for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment other than statutory compensations.

Directors' interest in contracts

Save as disclosed in the annual report, no other transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015.

Competing Interests

For the year ended 31 December 2015, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders of the Company as defined in the GEM Listing Rules had any interest in business which compete with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

Report of the board of directors

Directors', chief executives' interests in shares and short positions in the shares of the Company (The "Share(s)")

As at 31 December 2015, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

Long and short positions in Shares

		As at 31 December 2015	
Name of Director	**Capacity**	**Number of Shares** *(Note 1)*	**Approximate percentage of total number of Shares in issue**
Yan Zhi	Interest through controlled corporations *(Note 2)*	882,440,621(L)	74.97%

Notes:

1. The letter "L" denotes a long position.

2. The 882,440,621 (L) Shares were held by Zall Infrastructure Investments Company Limited, a company indirectly wholly-owned by Mr. Yan Zhi.

Save as disclosed above, as at 31 December 2015, none of the Directors had any interest or short position in the Shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO, to be notified to the Company and the Stock Exchange.

Subsequent to the year ended date, the Company have completed placing 140,000,000 Shares on 4 January 2016 to not less than six placees at the placing price of HK$0.430 per placing share, representing approximately 10.63% of the entire issued share capital of the Company (the "Placing"). The interest on shareholding of Mr. Yan became 67.00% then.

Report of the board of directors

Substantial shareholders and other persons

So far as was known to the Directors, as at 31 December 2015, the persons (not being Directors or chief executives of the Company) whose interests in Shares which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register to be kept under section 336 of the SFO, or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

Long and short positions in Shares

Substantial shareholders

		As at 31 December 2015	
Name of shareholder	**Capacity**	**Number of Shares** *(Note 1)*	**Approximate percentage of total number of Shares in issue**
Zall Infrastructure Investments Company Limited *(Note 2)*	Beneficial owner	882,440,621(L)	74.97%
Zall Holdings Company Limited *(Note 2)*	Interest of controlled corporation	882,440,621(L)	74.97%

Notes:

1. The letter "L" denotes a long position.
2. Zall Infrastructure Investments Company Limited is wholly-owned by Zall Holdings Company Limited, which in turn is wholly-owned by Mr. Yan Zhi.

Save as disclosed above, the shareholding of Zall Infrastructure Investments Company Limited and the interest of Zall Holdings Company Limited became 67.00% upon completion of the Placing.

Share option scheme

There is no option outstanding held by any Directors, employees of the Group or any eligible persons as defined in the scheme as at 31 December 2015.

Report of the board of directors

Major customers and suppliers

During the year under review, services provided to the Group's five largest customers accounted for 41.4% of total revenue of the Group with services provided to the largest customer included therein accounted for 15.6 % of total revenue of the Group. Purchases from the Group's five largest suppliers accounted for 63.3% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 19.4% of total purchases of the Group for the year.

During the year ended 31 December 2015, none of the Directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Relationships with employees, suppliers and customers

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's business is built on a customer-oriented culture, and are focused on establishing relationships with blue-chip companies globally. The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims at delivering constantly high standards of quality in the service to its customers. During the year under review, there was no material and significant dispute between the Group and its suppliers and/or customers.

The Group allows a credit period of 60 days to 150 days to customers. In extending credit terms to customers, the Group will carefully access creditworthiness and financial standing of each individual customer. Management will also closely monitor all outstanding debts and review their collectability periodically. Details of customers with transactions exceeding 10% of the Group's revenue are set out in note 6 to the financial statements.

Sufficiency of public float

Based on information available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the GEM Listing Rules throughout the year ended 31 December 2015.

Confirmation of independence by independent non-executive Directors

The Company has received confirmation from each of the independent non-executive Directors, pursuant to which each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Report of the board of directors

Emolument policy

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Property, plant and equipment

Details of movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

Retirement Schemes

The Group operates a defined contribution Mandatory Provident Fund Scheme for employees in Hong Kong. The Group's employees in the PRC, participate in a defined contribution central pension scheme operated by the local municipal government. Particulars of these schemes are set out in notes 8 and 9 to the consolidated financial statements.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

Connected transactions

During the year ended 31 December 2015, the Group has entered into transactions which constituted connected transactions under the GEM Listing Rules. Details are set out below:

(i) Connected transactions

The Group and Mr. Yan Zhi ("**Mr. Yan**"), a controlling Shareholder, Chairman and a non-executive Director of the Company, entered into several loan agreements in relation to granting of loans by Mr. Yan to the Group in the total principal amount of HK$33,700,000. The loans are unsecured and interest free with repayment terms of over one year. The total outstanding amount under the loan agreements as at 31 December 2015 was HK$33,700,000.

Report of the board of directors

(ii) Continuing connected transactions

On 4 October 2013, the Group entered into a sub-license agreement with Zall Development (HK) Holding Company Limited controlled by Mr. Yan, in relation to the sub-lease of the office premises situated at Suite 1606, 16th floor of Two Exchange Square, Central, Hong Kong for the period from 9 October 2013 to 31 May 2016 at a monthly sub-license fee of HK$34,402. The total amount for the year ended 31 December 2015 was HK$447,226.

The aforesaid continuing connected transaction has been reviewed by the independent non-executive Directors. The independent non-executive Directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (d) had been determined to be HK$447,226 which, did not exceed the annual cap of HK$500,000 for the year ended 31 December 2015.

The auditors of the Company (the "**Auditors**"), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditors has issued a letter containing findings and with paragraph 20.54 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. Based on the work performed, the Auditors have confirmed that the aforesaid continuing connected transaction (a) have been approved by the Board; (b) have been entered into in accordance with the terms of the relevant agreements governing the transaction; and (c) had been determined to be HK$447,226 which, did not exceed the annual cap of HK$500,000 for the year ended 31 December 2015.

Other than disclosed above, no other contract of significant to which the Company or any of its subsidiaries and a controlling Shareholders or any of its subsidiaries was a party and in which a Director had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

Remuneration of Directors and the highest paid employees

Details of the remuneration of Directors and the highest paid employees of the Group are respectively set out in notes 9 and 10 to the consolidated financial statements.

Advance to entity

According to rules 17.15 to 17.22 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% of the Group's consolidated total assets or the market capitalisation of the Company, whichever is lower. As at 31 December 2015, no advances had been made to any entity which exceeded 8% of the Group's consolidated total assets or market capitalisation of the Company.

Report of the board of directors

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2015 are set out in notes 24 and 25 to the consolidated financial statements.

Code of conduct regarding securities transactions by Directors

The Company adopted a code of conduct regarding securities transactions by Directors (the "**Code of Conduct**") on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). The Company has also made specific enquiry to all Directors, who have confirmed that, during the year ended 31 December 2015, they were in compliance with the Code of Conduct and the Required Standard of Dealings.

Environmental, social and governance

Environmental protection

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection and comply with environmental legislation and promote awareness towards environmental protection to the employees.

The Group puts great emphasis in environmental protection and sustainable development. Through the establishment of an ever-improving management system, enhancement on procedure monitoring, energy conversation and environment protection were strongly promoted, leading to the remarkable achievement of environmental management. Several measures have been implemented by the Group in order to promote environmental protection related to energy, such as altering the RTG cranes from powered by diesel to electricity, switching on the air-conditioning system when the outdoor daily average temperature is over 28°C and the central heater when the outdoor daily average temperature below than 10°C.

Compliance with laws and regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as data protection policy. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Report of the board of directors

Workplace quality

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. The Group has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behaviour, employees' rights and benefits. The Group also establishes and implements policies that promote a harmony and respectful workplace.

The Group believes that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different trainings, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group also organise charitable and staff-friendly activities for employees, such as annual dinner and birthday gatherings, which are vital to promote staff relationship.

Health and safety

The Group provide a safe, effective and congenial working environment. Adequate arrangements, trainings and guidelines are implemented to ensure the working environment is healthy and safe. The Group provided health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues.

The Group values the health and well-being of staff. In order to provide employees with health coverage, staff are entitled to medical insurance benefits as well as other health awareness programmes.

Training and development

The Group considers training and development a continual process. Many on- and off-the-job training courses and programs are provided to help employees develop and maintain consistency, proficiency and professionalism. Structured training programmes including courses, seminars and workshops are offered to staff at all levels with the objective of grooming and unleashing their full potential, supporting, organisational development and facilitating team synergies. Employees are encouraged to take advantage of these programmes in order to equip themselves with the skills and knowledge for expanded career opportunities within the Group.

Commitment to quality

The Group has made relentless efforts in producing and delivering premium customer experience with superior products and excellent customer service. Group staff have an acute judgment on market and customers' needs. Therefore, customer requirements are promptly satisfied and steered through establishing various channels to foster two-ways communication. With a proactive approach on continuous improvements in customer experience, the Company believes that competitive advantages can be acquired.

Looking forward to 2016, the Company will continue with its research and innovation efforts to enrich the Group's portfolio. The Company will also ensure the quality and safety of its services and place customers' needs at the first place so as to maintain its advantage in terms of our highly tailored services and overall marketing capability and to further increase customer satisfaction and shareholders' value.

Report of the board of directors

Permitted indemnity provision

At no time during the year and up to date of this report, there was or is any permitted indemnity provision being in force for the benefit of any Directors (whether made by Company or otherwise) or of its associated company (made by the Company).

Events after the reporting period

Details of significant events occurring after the reporting period are set out in note 35 to the consolidated financial statements.

Auditors

The Company's auditors, Grant Thornton Hong Kong Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Yan Zhi
Chairman
11 March 2016

Independent auditors' report

Grant Thornton
致同

To the members of
CIG Yangtze Ports PLC
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CIG Yangtze Ports PLC (the "Company") and its subsidiaries set out on pages 42 to 87, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that a give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditors' report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

11 March 2016

Lin Ching Yee Daniel
Practising certificate number: P02771

Consolidated statement of comprehensive income

For the year ended 31 December 2015

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

The notes on pages 47 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	369,239	317,894
Land use rights	16	23,418	25,278
Construction in progress	17	86,941	61,527
		479,598	404,699
Current assets			
Inventories	18	4,849	4,626
Trade and bills receivables	19	85,732	74,675
Prepayments, deposits and other receivables		19,505	41,832
Government subsidy receivables	20	6,488	6,178
Restricted cash	21	—	6,300
Cash and cash equivalents	22	19,270	43,790
		135,844	177,401
Current liabilities			
Trade and other payables	23	68,360	29,926
Income tax payable		2,723	3,676
Bank borrowings	24	144,459	123,165
		215,542	156,767
Net current (liabilities) assets		(79,698)	20,634
Total assets less current liabilities		399,900	425,333
Non-current liabilities			
Bank borrowings	24	137,469	184,458
Other payables	23	4,547	4,887
Amount due to a shareholder	25	33,700	29,700
		175,716	219,045
Net assets		224,184	206,288

Consolidated statement of financial position

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
EQUITY			
Share capital	*26*	**117,706**	117,706
Reserves		**70,681**	57,226
Equity attributable to owners of the Company		**188,387**	174,932
Non-controlling interests		**35,797**	31,356
Total equity		**224,184**	206,288

Yan Zhi
Director

Xie Bing Mu
Director

The notes on pages 47 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Profit before income tax		37,666	37,064
Adjustments for:			
Depreciation and amortisation		16,792	16,553
Finance costs		19,238	18,572
(Gain) Loss on disposal of property, plant and equipment		112	(24)
Bank interest income		(283)	(200)
Operating profit before working capital changes		73,525	71,965
(Increase) Decrease in trade and bills receivables		(13,181)	5,627
Decrease (Increase) in prepayments, deposits and other receivables		19,895	(9,107)
Increase in government subsidy receivables		(310)	(3,071)
Increase in inventories		(461)	(1,279)
Increase in trade and other payables		20,160	3,859
Cash generated from operations		99,628	67,994
Interest paid		(19,238)	(18,572)
Income tax paid		(7,594)	(1,715)
Net cash generated from operating activities		72,796	47,707
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,648)	(3,904)
Payment for construction in progress		(64,919)	(25,101)
Prepayment for construction in progress		—	(25,200)
Proceeds from disposal of property, plant and equipment		552	188
Decrease (Increase) in restricted cash		5,979	(4,871)
Interest received		283	200
Net cash used in investing activities		(87,753)	(58,688)
Cash flows from financing activities			
Advance from a shareholder		4,000	3,000
Proceeds from bank borrowings		107,631	52,855
Repayment of bank borrowings		(117,676)	(46,557)
Net cash (used in) generated from financing activities		(6,045)	9,298
Net decrease in cash and cash equivalents		(21,002)	(1,683)
Cash and cash equivalents at 1 January		43,790	46,254
Effect for foreign exchange rate changes		(3,518)	(781)
Cash and cash equivalents at 31 December	22	19,270	43,790

The notes on pages 47 to 87 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2015

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

The notes on pages 47 to 87 are an integral part of these consolidated financial statements.

Notes to the financial statements

For the year ended 31 December 2015

1. General information

CIG Yangtze Ports PLC is a limited liability company incorporated in the Cayman Islands. The Company's registered office is located at P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, the Cayman Islands. The principal place of business of the Company is Suite 1606, 16/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's immediate holding company is Zall Infrastructure Investments Company Limited, a limited liability company incorporated in the British Virgin Islands. The directors of the Company consider the ultimate holding company to be Zall Holdings Company Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding and the principal activities of Wuhan International Container Company Limited ("WIT"), the major operating subsidiary, are port construction and operation.

The financial statements for the year ended 31 December 2015 were approved for issue by the board of directors on 11 March 2016.

2. New or amended International Financial Reporting Standards ("IFRSs")

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

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

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRSs issued by the IASB.

The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The GEM of The Stock Exchange (the "GEM Listing Rules") and comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

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

A summary of the significant accounting policies adopted by the Group is set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.2 Basis of preparation

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

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

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

i. the Group expects to generate positive operating cash flows for the next twelve months;

ii. the Company completed the placing of 140,000,000 shares at a price of HK$0.43 per share with the net proceeds of approximately HK$58,690,000 on 4 January 2016;

iii. the Group has cultivated and maintained good relationships with banks and, through good track records, have earned continuing support from these banks over the years. The Group is in the final negotiation stage with its banks and the directors of the Company are confident that the Group will be able to obtain sufficient borrowing facilities as and when required to meet the working capital purpose of the Group.

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

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.2 Basis of preparation *(Continued)*

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

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and other parties) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary. Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.3 Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3.8), or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss (note 3.16) unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

3.4 Foreign currency translation

Items include in the financial statements of each of the Group's entities are measured using the currency of the primary economic, environment in which the entity operates ("the functional currency"). The functional currency of the Group entities operating in China is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollar ("HK$") to align with the Group's presentation currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is provided to write off the cost less their residual values over the estimated useful lives using the following methods and rates per annum:

Port facilities	
— foundation works	Over the remaining operating period, straight line method
Terminal equipment	5-20 years, straight line method
Furniture and equipment	1-5 years, straight line method
Motor vehicles	5 years, straight line method
Leasehold improvements	Shorter of unexpired lease term or useful lives

The assets' residual value, depreciation methods and useful lives are reviewed and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Construction in progress

Construction in progress represents port facilities and terminal equipment under construction and is stated at cost less any impairment losses. Cost includes cost of construction, plant and equipment and other direct costs (such as costs of materials, direct labour and borrowing costs).

No provision for depreciation has been provided for construction in progress until such time relevant assets are available for use, at which time they will be transferred to property, plant and equipment.

3.7 Land use rights

Land use rights represent amounts paid for the acquisition of the rights to use land located in the People's Republic of China ("PRC") for a period of 50 years. Land use rights are recognised as prepayments for operating leases and amortised on a straight line basis to profit or loss over the lease terms.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.8 Financial assets

Financial assets are classified into loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

(a) Significant financial difficulty of the debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) It becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

(d) Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.8 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the Group.

If objective evidence exists, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial assets original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method.

3.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.11 Financial liabilities

The Group's financial liabilities include trade and other payables, amount due to a shareholder and bank borrowings. They are included in line items in the consolidated statement of financial position under current or non-current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 3.18).

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.12 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.12 Leases *(Continued)*

Where the Group has the right to use assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

3.13 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued at the reporting date.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to such equity transaction.

3.14 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for services rendered. Provided it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following basis.

Terminal service, container handling, storage and other service, integrated logistic service, general and bulk cargo handling service are recognised when services are rendered.

Interest income is recognised on an accrual basis using the effective interest method.

Rental income receivable from operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

3.15 Government subsidies

Government subsidies are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Government subsidies are deferred and recognised in profit or loss over the period necessary to match them with the costs that the subsidies are intended to compensate. Government subsidies relating to the purchase of assets are included in liabilities as deferred government subsidies in the consolidated statement of financial position and are recognised in profit or loss on a straight line basis over the expected lives of the related assets.

Government subsidies that compensate the Group for expenses incurred are set-off with relevant expenses. Government subsidies relating to assets and those not directly attributable to any specific asset or expense is presented gross under "other income" in profit or loss.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.16 Impairment of non-financial assets

Property, plant and equipment, land use rights, construction in progress and investment in subsidiaries are subject to impairment testing whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment losses recognised for cash-generating units is charged pro rata to the assets in the cash-generating units, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.17 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries or the maximum mandatory contributions as required by the MPF Scheme and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

All of the full time employees of WIT are entitled to an annual pension equal to their basic salaries at their retirement dates. The PRC government is responsible for the pension liabilities payable to the retired staff. WIT has agreed to make annual contributions to the state-sponsored retirement plan at a fixed rate of the average salary of the local community which set by the local government to the employees.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.17 Employee benefits *(Continued)*

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.18 Borrowing costs

Borrowing costs incurred, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.19 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.20 Related parties

A party is considered to be related to the Group if:

(a) the party, is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.21 Financial guarantee contracts

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially recognised at their fair value, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the best estimate of the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the reporting date.

Notes to the financial statements

For the year ended 31 December 2015

3. Summary of significant accounting policies *(Continued)*

3.22 Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liability unless the probability of outflow of economic benefit is remote.

3.23 Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a major of criteria.

Notes to the financial statements

For the year ended 31 December 2015

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of trade and other receivables

Impairment of trade and other receivables of the Group is determined based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer and debtors. If the financial conditions of these customers or debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance would be required. No impairment was made as at 31 December 2015 and 2014. Details of the trade and other receivables are set out in note 19.

Impairment of non-financial assets

Port facilities, terminal equipment and construction in progress are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates on uncertain matters, such as the amount of tariffs which may have changed, the throughput capacity of the WIT, etc. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan. Details of the port facilities and terminal equipment included in the property, plant and equipment and construction in progress are set out in notes 15 and 17 respectively.

5. 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.

Notes to the financial statements

For the year ended 31 December 2015

6. Segment information

The Group has presented into two reportable segments as follows:

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

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

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3 above. Segment profit represents the profit earned by each segment without allocation of corporate income and expenses and directors' emoluments. Segment assets include all tangible assets and current assets with the exception of other corporate assets. Segment liabilities include all liabilities with the exception of bank borrowings, income tax payable and other corporate liabilities. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group's reportable segments is set out below.

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

Notes to the financial statements

For the year ended 31 December 2015

6. Segment information *(Continued)*

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

Consolidated statement of comprehensive income

For the year ended 31 December 2015

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

Notes to the financial statements

For the year ended 31 December 2015

6. Segment information *(Continued)*

Consolidated statement of financial position

At 31 December 2015

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

For the year ended 31 December 2015

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

Notes to the financial statements

For the year ended 31 December 2015

6. Segment information *(Continued)*

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

Notes to the financial statements

For the year ended 31 December 2015

6. 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 payables	(3,598)	(78)	—	(3,676)
	220,280	16,604	(30,596)	206,288

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

Notes to the financial statements

For the year ended 31 December 2015

7. Other income

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

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

8. Profit before income tax

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

	2015 HK$'000	2014 HK$'000
Staff costs (including Directors' emoluments *(note 9)*)		
— Salaries and allowances	35,690	31,934
— Pension contributions	2,652	2,355
	38,342	34,289
Cost of services rendered	110,719	108,370
Less: Government subsidies	(14,859)	(8,742)
	95,860	99,628
Auditors' remuneration		
— Audit service	650	695
— Other service	495	75
Amortisation of prepaid lease payment for land use rights	573	603
Cost of inventories recognised as an expense	13,704	17,081
Depreciation	16,219	15,950
Loss (Gain) on disposal of property, plant and equipment	112	(24)
Net foreign exchange loss (gain)	131	(101)
Operating lease charges on rented premises	465	431

Notes to the financial statements

For the year ended 31 December 2015

9. Directors' and chief executive's remuneration

Directors' and chief executive's emoluments, disclosed pursuant to the GEM Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

Name of director	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement benefit scheme contribution *HK$'000*	Total *HK$'000*
2015				
Executive Directors				
Mr. Duan Yan	**240**	**—**	**—**	**240**
Ms. Liu Qin	**240**	**—**	**—**	**240**
Mr. Xie Bing Mu	**—**	**878**	**—**	**878**
Non-executive Directors				
Mr. Yan Zhi	**—**	**—**	**—**	**—**
Mr. Fang Yibing	**—**	**—**	**—**	**—**
Independent non-executive Directors				
Dr. Wong Tin Yau, Kelvin* (resigned on 12 October 2015)	**125**	**—**	**—**	**125**
Mr. Lee Kang Bor, Thomas	**200**	**—**	**—**	**200**
Mr. Wong Wai Keung, Frederick	**195**	**—**	**—**	**195**
Dr. Wang Tao** (appointed on 12 October 2015 and resigned on 1 January 2016)	**66**	**—**	**—**	**66**
	1,066	**878**	**—**	**1,944**

Name of director	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Retirement benefit scheme contribution *HK$'000*	Total *HK$'000*
2014				
Executive Directors				
Mr. Duan Yan***	240	—	—	240
Ms. Liu Qin	240	—	—	240
Mr. Xie Bing Mu**** (appointed on 7 March 2014)	—	687	—	687
Non-executive Directors				
Mr. Yan Zhi	—	—	—	—
Mr. Fang Yibing	—	—	—	—
Independent non-executive Directors				
Dr. Wong Tin Yau, Kelvin	160	—	—	160
Mr. Lee Kang Bor, Thomas	160	—	—	160
Mr. Fan Chun Wah, Andrew (resigned on 1 April 2014)	40	—	—	40
Mr. Wong Wai Keung, Frederick (appointed on 1 April 2014)	120	—	—	120
	960	687	—	1,647

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For the year ended 31 December 2015

9. Directors' and chief executive's remuneration *(Continued)*

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group as compensation for loss of office during the current year and the prior year.

There was no arrangement under which a director waived or agreed to waive any emoluments during the current and the prior year.

* Dr. Wong Tin Yau, Kelvin resigned as independent non-executive director with effect from 12 October 2015.

** Dr. Wang Tao was appointed as independent non-executive director with effect from 12 October 2015 and resigned as independent non-executive Director with effect from 1 January 2016.

*** Mr. Duan Yan resigned as chief executive officer with effect from 7 March 2014.

**** Mr. Xie Bing Mu was also appointed as director and chief executive officer with effect from 7 March 2014 and the emoluments disclosed above include those services rendered by him as director and chief executive officer of the Company.

Dr. Mao Zhenhua was appointed as independent non-executive director effect from 1 January 2016.

10. Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the four remaining (2014: four) highest paid individuals for the year were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and allowances	**2,862**	2,798
Retirement benefit scheme contributions	**44**	41
	2,906	2,839

The remuneration of each of the Directors and highest paid employees for the years ended 31 December 2015 and 2014 fell within the band of nil to HK$1,000,000.

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For the year ended 31 December 2015

11. Finance costs

	2015	2014
	HK$'000	*HK$'000*
Interests on bank loans wholly repayable within 5 years	**19,238**	18,572

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

12. Income tax expense

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
— Hong Kong profits tax	**—**	—
— PRC enterprise income tax	**6,828**	5,359
	6,828	5,359

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

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

In accordance with the relevant income tax laws applicable to sino-foreign joint ventures in the PRC engaging in port and dock construction which exceed 15 years and upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") and a 50% reduction for five years thereafter (the "5-Year 50% Tax Reduction Entitlement"). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, ended on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

Notes to the financial statements

For the year ended 31 December 2015

12. Income tax expense *(Continued)*

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

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

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

13. Earnings per share

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

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

14. Dividend

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

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15. Property, plant and equipment

	Port facilities HK$'000	Terminal equipment HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 January 2014						
Cost	341,100	82,855	4,819	4,014	469	433,257
Accumulated depreciation	(57,970)	(33,310)	(3,750)	(3,605)	(353)	(98,988)
Net book amount	283,130	49,545	1,069	409	116	334,269
Year ended 31 December 2014						
Opening net book amount	283,130	49,545	1,069	409	116	334,269
Exchange differences on consolidation	(4,859)	(827)	(15)	(2)	—	(5,703)
Additions	2,225	1,334	345	—	—	3,904
Transferred from construction in progress *(note 17)*	1,538	—	—	—	—	1,538
Disposal	—	(75)	—	(35)	(54)	(164)
Depreciation	(9,965)	(5,421)	(494)	(70)	—	(15,950)
Closing net book amount	272,069	44,556	905	302	62	317,894
At 31 December 2014						
Cost	339,453	82,059	5,079	3,593	116	430,300
Accumulated depreciation	(67,384)	(37,503)	(4,174)	(3,291)	(54)	(112,406)
Net book amount	272,069	44,556	905	302	62	317,894
Year ended 31 December 2015						
Opening net book amount	**272,069**	**44,556**	**905**	**302**	**62**	**317,894**
Exchange differences on consolidation	**(13,030)**	**(2,410)**	**(39)**	**(49)**	**—**	**(15,528)**
Additions	**511**	**28,758**	**379**	**—**	**—**	**29,648**
Transferred from construction in progress *(note 17)*	**54,108**	**—**	**—**	**—**	**—**	**54,108**
Disposal	**—**	**(381)**	**(29)**	**(192)**	**(62)**	**(664)**
Depreciation	**(9,859)**	**(6,050)**	**(290)**	**(20)**	**—**	**(16,219)**
Closing net book amount	**303,799**	**64,473**	**926**	**41**	**—**	**369,239**
At 31 December 2015						
Cost	**377,600**	**105,158**	**4,971**	**2,253**	**109**	**490,091**
Accumulated depreciation	**(73,801)**	**(40,685)**	**(4,045)**	**(2,212)**	**(109)**	**(120,852)**
Net book amount	**303,799**	**64,473**	**926**	**41**	**—**	**369,239**

Certain of the Group's port facilities have been pledged to secure bank borrowings (note 24).

Notes to the financial statements

For the year ended 31 December 2015

16. Land use rights

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

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

Certain of the Group's land use rights have been pledged to secure bank borrowings (note 24). All the land use rights were outside Hong Kong and held on leases of between 10 and 50 years.

17. Construction in progress

	2015 *HK$'000*	2014 *HK$'000*
At cost		
At beginning of the year	**61,527**	27,130
Exchange differences on consolidation	**(3,422)**	(498)
Additions	**82,944**	36,433
Transferred to property, plant and equipment *(note 15)*	**(54,108)**	(1,538)
At end of the year	**86,941**	61,527

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18. Inventories

	2015	2014
	HK$'000	*HK$'000*
Consumables, at cost	**4,849**	4,626

19. Trade and bills receivables

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

The directors of the Group consider that the fair values of the trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The Group allows a credit period of 60 days to 150 days to its trade customers. The following is the ageing analysis of the trade and bills receivables based on the invoice dates:

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

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For the year ended 31 December 2015

19. Trade and bills receivables *(Continued)*

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

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

At 31 December 2015, trade and bills receivables of HK$49,960,000 (2014: HK$51,168,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

All of the Group's trade and bills receivables have been reviewed for indicators of impairment and no impairment loss has been recognised on trade and bills receivables for the year ended 31 December 2015 and 2014.

Trade and bills receivables that are past due but not impaired related to a number of independent customers that have good track records with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there have not been any significant changes in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

All bills receivables are denominated in Renminbi ("RMB") and are bills received from third parties for settlement of trade receivable balances. As at 31 December 2015 and 2014, all bills receivables are guaranteed by established banks in the PRC.

20. Government subsidy receivables

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

21. Restricted cash

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

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For the year ended 31 December 2015

22. Cash and cash equivalents

Cash and cash equivalents comprised of bank balances and cash of HK$19,270,000 (2014: HK$43,790,000). Bank balances earn interest at floating rates based on daily bank deposit rates.

Included in bank and cash balances of the Group is HK$18,514,000 (2014: HK$37,161,000) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

23. Trade and other payables

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

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For the year ended 31 December 2015

23. Trade and other payables *(Continued)*

The average credit period granted by the suppliers is 90 days. The following is the ageing analysis of the Group's trade payables based on the invoice dates:

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

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.

24. Bank borrowings

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

Notes to the financial statements

For the year ended 31 December 2015

24. Bank borrowings *(Continued)*

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

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

As at 31 December 2015, the Group has pledged port facilities and land use rights with net book amounts of approximately HK$117,358,000 (2014: HK$246,962,000) and HK$7,578,000 (2014: HK$8,226,000) respectively to secure bank borrowings granted to a subsidiary.

As at 31 December 2014, HK$6,300,000 was pledged to secure the bank loan. As at 31 December 2015, no cash was pledged as the bank loan was repaid during the year.

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

As at 31 December 2015, the amount of the Group's unutilised banking facilities was HK$15,547,000 (2014: HK$19,341,000), which will be expired within one year.

25. Amount due to a shareholder

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

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For the year ended 31 December 2015

26. Share capital

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

27. Statement of financial position of the company

	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	**50,897**	50,897
Current assets		
Prepayments, deposits and other receivables	**1,805**	—
Amounts due from subsidiaries	**107,516**	109,718
	109,321	109,718
Current liabilities		
Trade and other payables	**3,275**	1,065
Net current assets	**106,046**	108,653
Net assets	**156,943**	159,550
EQUITY		
Share capital	**117,706**	117,706
Reserves *(Note)*	**39,237**	41,844
Total equity	**156,943**	159,550

Yan Zhi
Director

Xie Bing Mu
Director

Notes to the financial statements

For the year ended 31 December 2015

27. Statement of financial position of the company *(Continued)*

Note: The movement of the Company's reserves are as follows.

	Share capital HK$'000 (note 26)	Share premium HK$'000 (note 28a)	Accumulated losses HK$'000 (note 28c)	Total HK$'000
Balance at 1 January 2014	117,706	63,018	(19,101)	161,623
Loss and total comprehensive expense for the year	—	—	(2,073)	(2,073)
Balance at 31 December 2014 and 1 January 2015	117,706	63,018	(21,174)	159,550
Loss and total comprehensive expense for the year	—	—	(2,607)	(2,607)
Balance at 31 December 2015	**117,706**	**63,018**	**(23,781)**	**156,943**

28. Reserves

(a) Share premium

The application of share premium account is governed by the Companies Law of the Cayman Islands. Share premium of the Company is distributable to shareholders subject to the provision of the Company's Memorandum and Articles of Association.

(b) Foreign exchange reserves

The exchange reserves comprise all foreign exchange differences arising from the translation of foreign operations. These reserves are dealt with in accordance with the policies set out in note 3.4 to the financial statements.

(c) Distributable earnings

The statutory financial statements of the Company's principal subsidiary in the PRC, WIT, are prepared under generally accepted accounting principles in the PRC which differ from IFRSs. Any dividends paid by WIT will be based on profits as reported in its statutory financial statements. Accordingly, distributable retained earnings would be limited to the amounts of available retained earnings as recorded in the statutory financial statements of WIT.

At 31 December 2015, in the opinion of the directors of the Company, the aggregate amount of reserves available for distribution to shareholders of the Company was HK$39,237,000 (2014: HK$41,844,000).

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29. Investments in subsidiaries

Particulars of the principal subsidiaries at 31 December 2015 and 2014 are as follows:

Name of company	Place/country of incorporation and operation	Type of legal entity	Particulars of issued and paid-up shares/ registered capital	Percentage of issued capital held by the Company		Principal activities
				Direct	Indirect	
CIG Port Holdings Limited	The British Virgin Islands ("BVI")	Limited liability company	12,000 ordinary shares of US$1 each	100%	—	Investment holding
Wuhan Investment Holdings Limited	BVI	Limited liability company	100 ordinary shares of US$1 each	100%	—	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong	Limited liability company	100 ordinary shares	100%	—	Provision of treasury, general and administrative services to group companies
WIT	The PRC	Sino-foreign equity joint-venture enterprise	RMB130,000,000	—	85%	Port construction and operations
CIG Wuhan Multipurpose Port Limited*	The PRC	Wholly-owned foreign enterprise	RMB16,000,000	—	100%	Port construction and operations
Wuhan Yangluo Logistic Company Limited*	The PRC	Private limited company	RMB5,000,000	—	85%	Provision of customs clearance and logistic services

* *For identification purpose only*

Notes to the financial statements

For the year ended 31 December 2015

29. Investments in subsidiaries *(Continued)*

The following table lists out the information relating to WIT and Wuhan Yangluo Logistic Company Limited ("Yangluo") which the Company has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

WIT:

	2015 ***HK$'000***	2014 *HK$'000*
NCI percentage	**15%**	15%
Current assets	**231,563**	181,569
Non-current assets	**287,258**	311,256
Current liabilities	**(149,620)**	(104,889)
Non-current liabilities	**(138,428)**	(185,565)
Net assets	**230,773**	202,371
Carrying amount of NCI	**34,616**	30,356
Revenue	**118,787**	117,459
Profit for the year	**39,927**	40,339
Profit allocated to NCI	**5,989**	6,051
Total comprehensive income	**28,202**	37,596
Total comprehensive income allocated to NCI	**4,230**	5,639
Dividend paid to NCI	**—**	—
Cash flows from operating activities	**68,157**	15,653
Cash flow used in investing activities	**(92,517)**	(1,562)
Cash flow from(used in) financing activities	**4,007**	(11,277)

Yangluo:

	2015 ***HK$'000***	2014 *HK$'000*
NCI percentage	**15%**	15%
Current assets	**74,241**	73,982
Non-current assets	**1,311**	2,174
Current liabilities	**(67,470)**	(69,485)
Non-current liabilities	**—**	—
Net assets	**8,082**	6,671
Carrying amount of NCI	**1,212**	1,000
Revenue	**75,731**	74,608
Profit for the year	**1,815**	430
Profit allocated to NCI	**272**	64
Total comprehensive income	**1,411**	325
Total comprehensive income allocated to NCI	**212**	49
Dividend paid to NCI	**—**	—
Cash flow from (used in) operating activities	**14,382**	(17,801)
Cash flow used in investing activities	**(7,307)**	(717)
Cash flow (used in) from financing activities	**(7,693)**	17,325

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30. Financial risk management and fair value measurements

The Group is exposed to financial risks through the use of its financial instruments in the ordinary course of operation.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

30.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities.

	2015	2014
	HK$'000	*HK$'000*
Loans and receivables		
— Trade and bills receivables	85,732	74,675
— Other receivables	10,328	37,087
— Government subsidy receivables	6,488	6,178
Restricted cash	—	6,300
Cash and cash equivalents	19,270	43,790
	121,818	168,030
Financial liabilities at amortised cost		
Trade and other payables	68,269	29,830
Amount due to a shareholder	33,700	29,700
Bank borrowings	281,928	307,623
	383,897	367,153

30.2 Interest rate risk

The Group's interest rate risk arises from its interest-bearing borrowings subject to adjustments in line with movements in the applicable lending rates of the PRC. The Group has not hedged against such a risk as it does not see the benefit in so doing.

Based on the balance of its interest-bearing borrowings as at 31 December 2015, it is estimated that should there be a general increase/decrease of 50 basis points in lending rates of the People's Bank of China with all other variables being held constant, this would have the effect of decreasing/increasing the Group's profit for the year ended 31 December 2015 and accumulated losses as at 31 December 2015 by approximately HK$1,225,000 (2014: HK$1,538,000).

The changes in interests rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowings as at 31 December 2015 and 2014 existed throughout the whole respective financial year.

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For the year ended 31 December 2015

30. Financial risk management and fair value measurements *(Continued)*

30.3 Liquidity risk

Liquidity risk refers to the risk in which the Group is unable to meet its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycles and short term obligations are refinanced as necessary. The Groups' operations are financed mainly through equity, operating cash flows and interest-bearing borrowing.

The Group has net current liabilities of approximately HK$79,698,000 as at 31 December 2015. As explained in note 3.2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. Therefore, the directors of the Company are of the opinion that the Group has sufficient borrowing facilities for its working capital purpose and to enable it to continue to meet its obligation as they fall due.

An analysis of financial liabilities of the Group based on undiscounted contractual maturity is as follows:

	Weighted-average effective interest rate	Within 1 year	Between 1 and 2 years	Between 2 to 5 years	Over 5 years	Total	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015							
Trade and other payables	—	**68,269**	—	—	—	**68,269**	**68,269**
Amount due to a shareholder	—	—	**33,700**	—	—	**33,700**	**33,700**
Bank borrowings	**6.17**	**153,372**	**116,738**	**41,885**	—	**311,995**	**281,928**
		221,641	**150,438**	**41,885**	—	**413,964**	**383,897**
At 31 December 2014							
Trade and other payables	—	29,830	—	—	—	29,830	29,830
Amount due to a shareholder	—	—	29,700	—	—	29,700	29,700
Bank borrowings	6.44	136,566	148,078	51,044	—	335,688	307,623
		166,396	177,778	51,044	—	395,218	367,153

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For the year ended 31 December 2015

30. Financial risk management and fair value measurements *(Continued)*

30.4 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. 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.

30.5 Credit risk

The Group's credit risk arises from the risk that its customers may default on their obligations to pay the amounts due to the Group, resulting in a loss to the Group.

The Group's maximum exposure to credit risk on recognised financial assets is limited to their carrying amounts.

The Group allows a credit period of 60 days to 150 days to its customers. As at 31 December 2015, the Group had no concentration of credit risk on the trade and bills receivables. In extending credit terms to customers, the Group will carefully assess creditworthiness and financial standing of each individual customer. Management will also closely monitor all outstanding debts and review their collectability periodically. Details of customers with transactions exceeding 10% of the Group's revenue are set out in note 6 to the consolidated financial statements.

30.6 Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2015 and 2014.

31. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital structure on the basis of gearing ratio. The calculation of the gearing ratio was based on total bank borrowings over equity attributable to owners of the Company. In order to maintain or adjust the capital structure, the Group may issue new shares, quasi-equity or other equity related instruments or sell assets to reduce debt. The gearing ratios of the Group as at 31 December 2015 and 2014 were as follows:

Notes to the financial statements

For the year ended 31 December 2015

31. Capital management *(Continued)*

At 31 December 2015, the Group has a gross gearing ratio of approximately 1.5 times (2014: 1.8 times) and a net gearing ratio of approximately 1.4 times (2014: 1.5 times). The calculation of the gross gearing ratio was based on total bank borrowings over equity attributable to owners of the Company as at 31 December 2015 and 2014 respectively. The calculation of net gearing ratio is the same as that of gross gearing ratio except that total bank borrowings are net of cash and cash equivalents held by the Group as at 31 December 2015 and 2014 respectively.

	2015 ***HK$'000***	2014 *HK$'000*
Total bank borrowings	**281,928**	307,623
Less: cash and cash equivalents	**(19,270)**	(43,790)
	262,658	263,833
Equity attributable to owners of the Company	**188,387**	174,932
Gross gearing ratio	**1.5**	1.8
Net gearing ratio	**1.4**	1.5

32. Operating lease arrangement

(a) As lessee

At the reporting date, the total future minimum lease payments payable under non-cancellable operating leases of land and buildings are as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**172**	413
In the second to fifth year inclusive	**—**	172
	172	585

The Group leases a number of properties under operating leases. The leases run for an initial period of two to three years. None of the leases include contingent rentals.

Notes to the financial statements

For the year ended 31 December 2015

32. Operating lease arrangement *(Continued)*

(b) As lessor

At the reporting date, the total future minimum lease income receivables under non-cancellable operating leases of land and buildings with its tenants are as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**—**	134

The Group leases a number of properties under operating leases to the tenants. The leases run for an initial period of one to two years. None of the leases include contingent rentals.

33. Capital commitments

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for:		
— Construction of port facilities	**8,472**	72,541

34. Connected and related party transactions

In addition to the transactions/information disclosed elsewhere in the financial statements, during the year, the Group have transactions with connected and related parties as follows:

(a) Transactions

	2015	2014
	HK$'000	*HK$'000*
Rental and building management fee paid to a related company controlled by a director of the Company *(Note)*	**447**	413

Note:

The transaction fell under the definition of continuing connected transactions (as defined in the GEM Listing Rules), details of which are disclosed in the Report of the board of directors.

Notes to the financial statements

For the year ended 31 December 2015

34. Connected and related party transactions *(Continued)*

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,847**	4,071
Pension contributions	**18**	49
	2,865	4,120

35. Events after the reporting date

On 28 November 2015, the Company and Asian Capital (Corporate Finance) Limited (the "Placing Agent") entered into a 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. On 4 January 2016, the abovementioned placing was completed with the net proceeds of approximately HK$58,690,000.

Financial Summary

	For the year ended 31 December				
	2011 *HK$'000*	2012 *HK$'000*	2013 *HK$'000*	2014 *HK$'000*	**2015** ***HK$'000***
Revenue	98,086	115,626	151,007	186,482	**186,692**
Cost of services rendered	(48,042)	(56,301)	(83,326)	(99,628)	**(95,860)**
Gross profit	50,044	59,325	67,681	86,854	**90,832**
Other income	5,793	1,743	4,633	11,230	**11,750**
General and administrative expenses	(26,668)	(26,119)	(29,858)	(25,895)	**(28,886)**
EBITDA	29,169	34,949	42,456	72,189	**73,696**
Finance costs	(13,924)	(15,719)	(18,846)	(18,572)	**(19,238)**
EBTDA	15,245	19,230	23,610	53,617	**54,458**
Depreciation and amortisation	(12,256)	(14,823)	(16,084)	(16,553)	**(16,792)**
Income tax paid	—	(161)	(32)	(5,359)	**(6,828)**
Profit for the year	2,989	4,246	7,494	31,705	**30,838**
Attributable to:					
Owners of the Company	923	2,111	4,738	25,590	**24,578**
Non-controlling interests	2,066	2,135	2,756	6,115	**6,260**
	2,989	4,246	7,494	31,705	**30,838**

	At 31 December				
	2011 *HK$'000*	2012 *HK$'000*	2013 *HK$'000*	2014 *HK$'000*	**2015** ***HK$'000***
ASSETS AND LIABILITIES					
Non-current assets	336,571	355,812	387,717	404,699	**479,598**
Current assets	81,880	86,272	143,397	177,401	**135,844**
Current liabilities	(38,367)	(92,356)	(59,736)	(156,767)	**(215,542)**
Net current assets (liabilities)	43,513	(6,084)	83,661	20,634	**(79,698)**
Non-current liabilities	(221,990)	(184,614)	(293,595)	(219,045)	**(175,716)**
Total equity	158,094	165,114	177,783	206,288	**224,184**

Notes:

(1) The Company was incorporated in the Cayman Islands on 17 January 2003 and became the holding company of the Group with effect from 16 June 2004.

(2) The results of the Group for the five years ended 31 December 2015, 2014, 2013, 2012 and 2011 and its assets and liabilities as at 31 December 2015, 2014, 2013, 2012 and 2011 are set out in the respective year's annual reports.