中國基建港口有限公司*
CIG Yangtze Ports PLC

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8233)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

HIGHLIGHTS

During the year ended 31 December 2016, the Group acquired the Hannan Group (which consists of Zall Infrastructure Group Company Limited and its subsidiaries). Following the completion of the acquisition of the Hannan Group, each of the companies of the Hannan Group became a member of the Group with its financial results being consolidated into the results of the Group. Upon and as a result of the completion of the acquisition, the Group's consolidated statements of financial position as at 31 December 2015 and 1 January 2015, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 have been restated, taking into consideration the requirements under "Merger Accounting" for business combination involves entities under common control, to include the results of the operation of the Hannan Group as if the structure of the Group (with the results of the operation of the Hannan Group included) had been in existence since 1 January 2015.

For the year ended 31 December 2016

Financial Highlights

Comparing to the year ended 31 December 2015 (as restated):

- Revenue increased by 8.9% at HK$207.03 million (2015 restated: HK$190.11 million), mainly due to the increase in revenue of HK$22.98 million in port and warehouse leasing income of the property business from the Hannan Port, acquired by the Group in 2016 and container handling, storage & other service income of HK$2.51 million; which was partially offset by (i) the decrease in revenue of HK$1.89 million in the integrated logistics service business; and (ii) the decrease in revenue of HK$6.72 million in the terminal service business principally as a result of the decrease in container throughput caused by the continuing deployment of price cutting tactics by the neighbouring competing ports of WIT Port and the drop in overall tariff rates as the Group lowered its tariff rates to align them with that of neighbouring competing ports during the year to increase competitiveness.

- Overall container throughput decreased by 1.2% to 405,384 TEUs (2015: 410,308 TEUs) with gateway cargoes throughput increased by 1.3% to 270,228 TEUs (2015: 266,786 TEUs) and the trans-shipment cargoes throughput decreased by 5.8% to 135,156 TEUs (2015: 143,522 TEUs).

- Market share of container throughput for the whole of Wuhan dropped marginally to 37.4% (2015: 38.7%) as a result of price undercutting tactics deployed by neighbouring competing ports.

- Gross profit rose by 5.5% to HK$99.41 million (2015 restated: HK$94.25 million). Gross profit margin dropped slightly by 1.6 percentage point to 48.0% (2015 restated: 49.6%). These were mainly due to the offsetting effect of (i) drop in overall container tariff rates; and (ii) increase in port and warehouse leasing income of the property business from the Hannan Port, with relatively higher gross profit margin, which accounted for 12.0% of total revenue.

- EBTDA increased by 26.6% to HK$74.02 million (2015 restated: HK$58.49 million) as a result of higher gross profit generated and increase in government subsidies granted to the Group, which were partially offset by the increase in finance costs.

- Net profit attributable to owners of the Company increased by 30.9% to HK$68.91 million (2015 restated: HK$52.63 million). Increase in profitability was mainly attributable to (i) increase in port and warehouse leasing income of the property business from the Hannan Port; (ii) higher gross profit generated; (iii) increase in government subsidies granted to the Group; and (iv) the gain on bargain purchase arising from the acquisitions of the Shayang Port and Shipai Port during 2016.

- Earnings per share was HK4.00 cents (2015 restated: HK3.32 cents).

Other Highlights

- Successful placement of 140,000,000 new shares of the Company at HK$0.43 per share in January 2016 with net proceeds of HK$58.69 million being raised.

- Successful acquisition of the Hannan Group (which owns the Hannan Port), the Shayang Port and Zhongxiang City Port Development Co., Limited (which owns the Shipai Port) during 2016 and Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd. in January 2017.

REVIEW HIGHLIGHTS

	Year ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Revenue	**207,032**	190,110
Cost of services rendered	**(107,624)**	(95,860)
Gross profit	**99,408**	94,250
Other income	**29,797**	11,467
General, administrative and other operating expenses	**(34,172)**	(33,359)
Operating profit/EBITDA	**95,033**	72,358
Finance costs — net	**(21,015)**	(13,870)
EBTDA	**74,018**	58,488
Depreciation and amortisation	**(20,603)**	(16,883)
Change in fair value of investment properties	**23,651**	26,737
Gain on bargain purchase	**14,580**	—
Share of profit/(loss) of an associate	**838**	(412)
Profit before income tax	**92,484**	67,930
Income tax expense	**(16,019)**	(13,923)
Profit for the year from continuing operations	**76,465**	54,007
Profit for the year from discontinued operations	**—**	3,443
Non-controlling interests	**(7,552)**	(4,822)
Profit attributable to owners of the Company	**68,913**	52,628

REVIEW OF OPERATIONS

Overall business environment

The principal activities of CIG Yangtze Port PLC (the "**Company**") and its subsidiaries (collectively, the "**Group**") are investment in and development, operation and management of container and other ports, conducted through its various ports, including the WIT Port(武漢陽邏港), the Multi-Purpose Port(通用港口), the Hannan Port(漢南港); the Shayang Port(沙洋港)and the Shipai Port(石牌港), all located in Wuhan, Hubei, the PRC.

The WIT Port and the Multi-Purpose Port

The WIT Port is located along the Yangtze River in the Yangluo Economic Development Zone, Wuhan, Hubei, the PRC.

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

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

The Group has also developed port related services including agency and integrated logistics service businesses to expand its revenue sources, including bonded warehousing, customs clearance, break bulk and distribution at the WIT Port.

The Multi-Purpose Port, which is located adjacent to the WIT Port, extends the container handling capacity of the Group to beyond that of the WIT Port and supplements the terminal service business operation of the Group alongside the WIT Port.

The Hannan Port

In the second quarter of 2016, the Group successfully completed the acquisition of Zall Infrastructure Group Company Limited and its subsidiaries (the "**Hannan Group**"), a group which owns, amongst others the Hannan Port, for a consideration which was settled by way of allotment and issue of 408,010,509 new shares of the Company. The Hannan Port is located along the Yangtze River in Wuhan, adjacent to the Shanghai-Chengdu, Beijing Zhuhai Expressway and within 80 kilometers from the Beijing-Guangzhou Beijing-Kowloon rail link and is the principal contributor of port and warehouse leasing income to the new property business segment of the Group. The Group plans to develop the Hannan Port into a multi-purpose service platform in phases, providing terminal, warehousing and logistics services and such other services including RORO (Roll on Roll off), terminal, bulk cargo transportation and storage, automobile spare parts processing and logistics.

The Shayang Port

In the second quarter of 2016, the Group successfully acquired 60% equity interest in Shayang County Guoli Transportation Investment Co., Limited* (沙洋縣國利交通投資有限公司, "**Shayang Guoli**") for a consideration of RMB47,148,000. Shayang Guoli is principally engaged in (i) the investment, construction, development and management of transportation infrastructure; (ii) management and operation of the transportation-related advertising business; and (iii) land-related development through land reserve development centres; and owns the integrated port construction project in Phase 1 of the central port area in the Shayang Port.

The Shayang Port is one of the major port construction projects under the "12th Five-Year Plan" of Hubei Province of the PRC, which will serve as a water transportation hub connecting surrounding six provinces, an essential material distribution centre of Central Wuhan and also a superior port area for the middle reaches of the Han River. The investment was made as part of the Group's strategy to establish a synergistic connection between the Shayang Port and the WIT Port in the Yangtze River Basin. This serves to maximise the WIT Port's advantage as a logistics centre of the Yangtze River, which is in line with the development trend of "One Belt, One Road" policy in the PRC, and is beneficial to the Group implementing its strategic aims in the Yangtze River Basin.

The Shipai Port

In December 2016, the Group acquired 60% equity interest in Zhongxiang City Port Development Co., Limited* (鐘祥市中基港口發展有限公司, "**Zhongxiang City Port Co.**") for a consideration of RMB52,810,000. Zhongxiang City Port Co. is principally engaged in (i) the investment, development and management of transportation infrastructure, (ii) loading and unloading of cargoes, and (iii) shipping agency services. Zhongxiang City Port Co. is also involved in the development project of a port, logistics and industrial mixed-use port district with an area of approximately 25 square kilometers located in Shipai County, Zhongxiang City, Jingmen, Central Hubei (the "**Shipai Port**"). The port portion of Shipai

Port is to occupy an area of approximately 2.5 square kilometers with the planned construction of four (4) 1000-tonne class berths together with a logistical park covering approximately 2.5 square kilometers to be constructed next to the port area.

Zhongji Tongshang Construction

In January 2017, the Group acquired Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd.* (中基通商市政工程(武漢)有限公司 (formerly known as Hubei Haiwote Municipal Construction Engineering Co. Limited*, 湖北海沃特市政工程有限公司), ("**Zhongji Tongshang Construction**") for a total consideration of RMB43,600,000. Zhongji Tongshang Construction is principally engaged in undertaking municipal construction projects. The acquisition of Zhongji Tongshang Construction will act as the platform for the Group to diversify its business and explore new business opportunities in the construction industries.

GROUP'S PERFORMANCE

Operating results

	2016		2015		Increase/(Decrease)	
	HK$'000	**%**	*HK$'000* (Restated)	%	*HK$'000*	%
Terminal service	**82,505**	**39.9**	89,225	46.9	(6,720)	(7.5)
Integrated logistics service	**75,393**	**36.4**	77,284	40.7	(1,891)	(2.4)
Property business	**24,844**	**12.0**	1,865	1.0	22,979	1,232.1
Container handling, storage & other service	**22,932**	**11.0**	20,420	10.7	2,512	12.3
General and bulk cargoes handling service	**1,358**	**0.7**	1,316	0.7	42	3.2
	207,032	**100.0**	190,110	100.0	16,922	8.9

For the year ended 31 December 2016, the Group's revenue amounted to HK$207.03 million (2015 restated: HK$190.11 million), representing an increase of 8.9% as compared to 2015. The increase in revenue was mainly attributable to the increase in revenue of HK$22.98 million in port and warehouse leasing income of the property business from the Hannan Port, acquired by the Group in 2016 and container handling, storage & other service income HK$2.51 million; which was partially offset by (i) the decrease in revenue of HK$1.89 million in the integrated logistics service business; and (ii) the decrease in revenue of HK$6.72 million in the terminal service business principally as a result of the decrease in container throughput caused by the continuing deployment of price cutting tactics by the neighbouring competing ports of WIT Port and the drop in overall tariff rates as the Group lowered its tariff rates to align them with that of neighbouring competing ports during the year to increase competitiveness.

Container throughput

Container volume and throughput

	2016		2015		Increase/(Decrease)	
	TEUs	***%***	*TEUs*	*%*	*TEUs*	*%*
Gateway cargoes	**270,228**	**66.7**	266,786	65.0	3,442	1.3
Trans-shipment cargoes	**135,156**	**33.3**	143,522	35.0	(8,366)	(5.8)
	405,384	**100.0**	410,308	100.0	(4,924)	(1.2)

In terms of market share, for the year ended 31 December 2016, the WIT's market share dropped to approximately 37.4% (2015: 38.7%) based on the aggregate of 1,084,540 TEUs (2015: 1,061,400 TEUs) handled in 2016 and 2015 respectively for the whole of Wuhan. The drop in market share was mainly attributable to the deployment of tariff cutting tactics by its neighbouring competing ports to induce customers to use their ports.

Total throughput achieved by WIT for 2016 was 405,384 TEUs, which was a decrease of 4,924 TEUs or 1.2% of that of 410,308 TEUs for 2015. Of the 405,384 TEUs handled in 2016, 270,228 TEUs (2015: 266,786 TEUs) or 66.7% (2015: 65.0%) and 135,156 TEUs (2015: 143,522 TEUs) or 33.3% (2015: 35.0%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. The gateway cargoes throughput increased by 1.3% to 270,228 TEUs (2015: 266,786 TEUs) and the trans-shipment cargoes throughput decreased by 5.8% to 135,136 TEUs (2015: 143,522 TEUs).

The Group has been facing competition from neighbouring port operators of WIT capturing market shares from the Group through their deployment of tariff cutting tactics and the drop in throughput volume was a direct result of such tactics which drew business to these neighbouring ports.

Average tariff

Tariffs which were denominated 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 RMB224 (equivalent to approximately HK$262) per TEU (2015: RMB252 (equivalent to approximately HK$313) per TEU), representing a year-on-year decrease of 11.1%. The average tariff for trans-shipment cargoes was RMB45 (equivalent to approximately HK$53) per TEU (2015: RMB63 (equivalent to approximately HK$78) per TEU) which decreased by 28.6% from that of 2015. The decrease was principally due to the lowering of its tariff rates by the Group to align them with that of neighbouring competing ports during the year to increase competitiveness.

Integrated logistics service

Integrated logistics service business of the Group is rendering agency and logistics service, including provision of freight forwarding, customs clearance, transportation of containers. Revenue from this business segment decreased by 2.4% to HK$75.39 million (2015 restated: HK$77.28 million), which accounted for 36.4% (2015 restated: 40.7%) of the Group's total revenue for the year under review.

General and bulk cargoes

General and bulk cargoes decreased by 9.5% to 67,641 tons (2015: 74,749 tons) in 2016. However, the contribution of general and bulk cargoes was minimal and accounted for less than 1.0% of the Group's revenue for the year under review.

Property business

Income for the property business was generated from port and warehouse leasing business of the Hannan Port. Hannan Port owns investment properties of leasehold lands, berth, commercial buildings, car park and pontoon located in Wuhan, the PRC. The increase in revenue was mainly due to the commencement of leasing since late 2015 and the increase in business during the year of 2016.

Gross profit and gross profit margin

Gross profit for 2016 rose by 5.5% to HK$99.41 million (2015 restated: HK$94.25 million). Gross profit margin dropped slightly by 1.6 percentage point to 48.0% (2015 restated: 49.6%). These were mainly due to the offsetting effect of (i) drop in overall container tariff rates; and (ii) increase in port and warehouse leasing income of the property business from the Hannan Port, with relatively higher gross profit margin, which accounted for 12.0% of total revenue.

Other income

Other income for 2016 rose by 159.8% to HK$29.80 million (2015 restated: HK$11.47 million). The increase was mainly attributable to the increase in government subsidies granted to the Group of HK$17.68 million to HK$28.10 million (2015 restated: HK$10.42 million).

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. The increase mainly comprised of government subsidies of HK$14.03 million granted by the Wuhan Municipal government to support the development of the Shayang Port.

Increase in fair value of investment properties

The Group holds port and warehouse in the Hannan Group to develop for leasing income. The Group's investment properties are revaluated at the end of the reporting period on an open market value or existing use basis by an independent property valuer. Changes in fair value arising from such revaluations are accounted for as "change in fair value of investment properties" through the statement of profit or loss and other comprehensive income. For the year ended 31 December 2016, the Group recorded positive fair value gain in value of investment properties of HK$23.65 million (2015 restated: HK$26.74 million).

Gain on bargain purchase

During the year, the Group acquired 60% equity interest in Shayang Guoli and Zhongxiang City Port Co. and recognised gain on bargain purchase of HK$8.03 million and HK$6.55 million, respectively.

Share of profit/(loss) of associates

This represented the share of profit of HK$838,000 (2015: loss of HK$412,000) of the associates, namely Wuhan Chang Sheng Gang Tong Automobile Logistics Company Limited* (武漢長盛港通汽車物流有限公司, "**Wuhan Chang Sheng Gang Tong**") and Wuhan Xin Sheng Fei Automobile Sales Services Company Limited* (武漢鑫盛飛汽車銷售服務有限公司, "**Wuhan Xin Sheng Fei**"), a subsidiary of Wuhan Chang Sheng Gang Tong. The principal activities of these associates are sales of motor vehicles and the provision of car parking services. The Hannan Group originally held 51% equity interest in Wuhan Chang Sheng Gang Tong and Wuhan Xin Sheng Fei. On 22 May 2015, 30.6% of the equity interest in Wuhan Chang Sheng Gang Tong was disposed to an independent third party. Upon which, both Wuhan Chang Sheng Gang Tong and Wuhan Xin Sheng Fei have been accounted for as associates under the Hannan Group upon the completion of the disposal.

Profit attributable to owners of the Company for the year

Profit attributable to owners of the Company amounted to HK$68.91 million (2015 restated: HK$52.63 million), representing an increase of 30.9%. Increase in profitability was mainly attributable to (i) increase in port and warehouse leasing income of the property business from the Hannan Port; (ii) increase in government subsidies granted to the Group of HK$14.04 million; and (iii) the gain on bargain purchase of HK$14.58 million upon completion of the acquisitions of Shayang Gouli and Zhongxiang City Port Co. during 2016.

Earnings per share was HK4.00 cents (2015 restated: HK3.32 cents), representing an increase of 20.5% as compared with 2015 (restated).

Forward looking observations

The Group continues to maintain an optimistic view towards the prospects of the port business in the PRC and expects a continued sustained freight volumes in the PRC. In particular, the Company remains confident in the development for inner ports along the "Yangtze River Economic Belt（長江經濟帶）". Moreover "One Belt, One Road（一帶一路）" strategy and the "Yangtze River Economic Belt (長江經濟帶") intersects in Wuhan, one of the key centres of development along the belt, as such other government policies are continuously expected to be implemented to support the continuing long term economic development of the city.

The Group continues to face competition from the neighbouring port operators in the Yangluo Port area capturing container handling market share from the Group in 2016, and expects such competition to continue in 2017. The Group believes that the recent completion of the acquisitions of the Hannan Port, the Shayang Port and the Shipai Port will provide a very solid platform for the Group to extend the geographic coverage of its port and related businesses to beyond the Yangluo Port area where the WIT Port and the Multi-Purpose Port in Wuhan are located and create synergy among the ports.

The recently setup supply chain management company in Wuhan, which serves as a supply chain service provider and trader for up-stream suppliers and down-stream customers, will spearhead the planned development of the Group's supply chain management business. With the establishment of deeper connections between both supply and demand sides of the supply chain, engage in various business aspects such as trading, logistics, storage, delivery and financing, enhance efficiency of integrated services, it is expected that this will enable the Group to achieve substantial growth in its supply chain management business.

Furthermore, the recent acquisition of Zhongji Tongshang Construction, a company which is principally engaged in contracting of municipal construction projects, would allow the Group to diversify its business outside of the port and related segment into the construction industries.

As at the date of this announcement, the first phase of the development of the Hannan Port has been completed and under operation. In addition, the Shayang Port and Shipai Port had commenced their trial operations in 2016 which included running-in and testing on the various infrastructures of the terminal. Based on this, it is expected that these two ports will commence commercial operations in the first half of 2017.

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 2016, the Group recorded a net cash outflow from operating activities of HK$2.03 million (2015 restated: net cash inflow from operating activities of HK$44.87 million).

As at 31 December 2016, the Group had total outstanding interest-bearing borrowings of HK$323.86 million (2015 restated: HK$281.93 million). The Group also had total cash and cash equivalents of HK$50.35 million as at 31 December 2016 (2015 restated: HK$22.87 million) and consolidated net assets of HK$603.79 million (2015 restated: HK$431.70 million).

As at 31 December 2016, the Group's net gearing ratio was 0.6 times (2015 restated: 0.7 times). The calculation of the net gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

As at 31 December 2016, the Group's net current liabilities was HK$222.35 million (2015 restated: HK$54.94 million), with current assets of HK$188.37 million (2015 restated: HK$185.34 million) and current liabilities of HK$410.72 million (2015 restated: HK$240.28 million), representing a current ratio of 0.5 times (2015 restated: 0.8 times).

The Group successfully completed the placement of 140,000,000 new shares of the Company at HK$0.43 per share and raised net proceeds of HK$58.69 million in January 2016.

Exchange rate risk

The Group mainly 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. As a foregoing, the Group did not use any financial instruments for hedging purpose, but will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Capital commitments

As at 31 December 2016, the Group had capital commitments in respect of the construction of port facilities contracted but not provided for amounting to HK$132.49 million (2015: HK$8.47 million). The significant increase of capital commitments for the year was mainly attributable to the capital commitment related to integrated port construction project in Phase 1 of the central port area in Shayang Port amounted to HK$101.75 million.

Contingent liabilities

The Group had are no material contingent liabilities as at 31 December 2016.

Pledge of assets

As at 31 December 2016, the Group has pledged port facilities and land use rights with net book amount of approximately HK$74.00 million (2015: HK$117.36 million) and HK$14.47 million (2015: HK$7.58 million), respectively, to secure bank and other borrowings granted to a subsidiary of the Company.

Significant investments and material acquisition and disposal

Save as disclosed herein this announcement, the Group did not have any significant investments, other material acquisition or disposal during the year ended 31 December 2016, and there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

Employees and remuneration policies

As at 31 December 2016, the Group had an aggregate of 450 full-time employees (2015: 338). The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors' service contracts, the reviewing of Directors' and senior management's emoluments and the awarding of discretionary bonuses of the Company to the remuneration committee of the Company. Total remuneration together with pension contributions incurred for the year ended 31 December 2016 amounted to HK$42.31 million (2015 restated: HK$39.36 million). The Directors received remuneration of HK$2.03 million (2015: HK$1.94 million) during the year ended 31 December 2016.

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$14.00 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 gross proceeds of HK$60.20 million and net proceeds, after the deduction of the placing commission and other related expenses, of approximately HK$58.69 million, representing net issue price of approximately HK$0.419 per Placing Share. The net proceeds has be applied in the following manner (i) approximately HK$20.0 million for the development of the Hannan Port; (ii) approximately HK$10.0 million as the Group's general working capital; and (iii) the balance of the net proceeds from the Placing has been applied for the acquisition of Shayang Guoli and Zhongxiang City Port Co.. As at the date of this announcement, all of the proceeds had been utilized as intended.

THE FINANCIAL STATEMENTS

Results

The Directors are pleased to announce the consolidated results (the "**Final Results**") of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015 (restated) which have been reviewed and approved by the Audit Committee, as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**207,032**	190,110
Cost of services rendered		**(107,624)**	(95,860)
Gross profit		**99,408**	94,250
Other income	*6*	**29,797**	11,467
Change in fair value of investment properties		**23,651**	26,737
Gain on bargain purchase	*18*	**14,580**	—
General and administrative expenses		**(36,044)**	(32,230)
Other operating expenses		**(18,731)**	(18,012)
Finance costs — net		**(21,015)**	(13,870)
Share of profit/(loss) of an associate		**838**	(412)
Profit before income tax		**92,484**	67,930
Income tax expense	*7*	**(16,019)**	(13,923)
Profit for the year from continuing operations		**76,465**	54,007
Discontinued operations			
Profit for the year from discontinued operations		**—**	3,443
Profit for the year		**76,465**	57,450
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		**(40,031)**	(23,517)
Exchange loss reclassified to profit or loss on disposal of subsidiaries		**—**	(832)
Other comprehensive expense for the year		**(40,031)**	(24,349)
Total comprehensive income for the year		**36,434**	33,101

	Notes	**2016** **HK$'000**	2015 *HK$'000* (Restated)
Profit for the year attributable to:			
Owners of the Company		**68,913**	52,628
Non-controlling interests		**7,552**	4,822
		76,465	57,450
Profit for the year attributable to owners of the Company arises from:			
Continuing operations		**68,913**	48,793
Discontinued operations		**—**	3,835
		68,913	52,628
Total comprehensive income attributable to:			
Owners of the Company		**31,311**	30,036
Non-controlling interests		**5,123**	3,065
		36,434	33,101
Total comprehensive income attributable to owners of the Company arises from:			
Continuing operations		**31,311**	43,115
Discontinued operations		**—**	(13,079)
		31,311	30,036
Earnings per share from continuing and discontinued operations attributable to owners of the Company	*8*		
Basic and diluted earnings per share:			
From continuing operations		**HK4.00 cents**	HK3.08 cents
From discontinued operations		**—**	HK0.24 cents
		HK4.00 cents	HK3.32 cents

Consolidated statement of financial position at 31 December 2016

	Notes	31 December 2016 HK$'000	31 December 2015 HK$'000 (Restated)	1 January 2015 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	10	**323,533**	317,356	328,942
Property, plant and equipment	11	**427,200**	369,310	318,150
Construction in progress	12	**224,626**	86,941	61,527
Land use rights		**42,499**	23,418	25,278
Intangible assets	13	**16,690**	—	—
Interest in an associate		**8,895**	8,057	—
Loan to a related company		**—**	—	171,337
		1,043,443	805,082	905,234
Current assets				
Inventories		**4,842**	4,849	4,626
Trade and bills receivables	14	**84,739**	86,318	74,747
Prepayments, deposits and other receivables		**38,499**	20,340	41,884
Amounts due from related companies		**34**	43,323	90,700
Amount due from an associate		**—**	1,145	—
Government subsidy receivables	15	**9,908**	6,488	6,178
Income tax recoverable		**—**	—	18
Restricted cash		**—**	—	6,300
Cash and cash equivalents		**50,353**	22,872	46,454
		188,375	185,335	270,907
Current liabilities				
Trade and other payables	16	**140,704**	90,460	77,964
Amounts due to related companies		**45,923**	—	227,532
Amount due to an associate		**22**	—	—
Amount due to a shareholder		**62,397**	—	—
Amount due to ultimate holding company		**1,300**	—	—
Bank borrowings		**142,192**	144,459	123,165
Other borrowing		**8,490**	—	—
Income tax payable		**9,694**	5,357	6,802
		410,722	240,276	435,463
Net current liabilities		**(222,347)**	(54,941)	(164,556)
Total assets less current liabilities		**821,096**	750,141	740,678

	Notes	**31 December 2016** *HK$'000*	31 December 2015 *HK$'000* (Restated)	1 January 2015 *HK$'000* (Restated)
Non-current liabilities				
Other payables		**4,104**	4,547	4,887
Amount due to a related company		**—**	109,255	—
Amount due to a shareholder		**—**	33,700	29,700
Amount due to ultimate holding company		**—**	1,300	—
Bank borrowings		**159,180**	137,469	260,100
Other borrowing		**13,997**	—	—
Deferred tax liabilities		**40,023**	32,172	30,595
		217,304	318,443	325,282
Net assets		**603,792**	431,698	415,396
EQUITY				
Share capital	*17*	**172,507**	117,706	117,706
Reserves		**313,396**	278,195	248,159
Equity attributable to owners of the Company		**485,903**	395,901	365,865
Non-controlling interests		**117,889**	35,797	49,531
Total equity		**603,792**	431,698	415,396

Notes to the consolidated financial statements

For the year ended 31 December 2016

1. General information

CIG Yangtze Ports PLC (the "Company") 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, Cayman Islands. The principal place of business of the Company is Suite 2101, 21/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 ("Zall Holdings"), a company incorporated in the British Virgin Islands and is wholly owned and controlled by Mr. Yan Zhi ("Mr. Yan").

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in port construction and operation, port and warehouse leasing and the provision of logistics services. The Group's operations are based in Hong Kong and the People's Republic of China ("PRC").

2. Summary of significant accounting policies

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The financial statements have been prepared on the historical cost basis except for investment properties which are stated in fair values.

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of its net current liabilities of HK$222,347,000 as at 31 December 2016. This indicates a condition which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company had made an assessment and concluded that the Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the end of the reporting period, having regard to the following:

(i) after assessing the Group's current and forecasted cash positions, the Group expects to generate positive cash flows for the next twelve months from the end of the reporting period;

(ii) the Group has obtained confirmation from its substantial shareholder, Mr. Yan, that he does not intend to demand for repayment of the amount due to him of approximately HK$62,397,000 as at 31 December 2016, until such time when any repayment of the amount will not affect the Group's ability to repay other creditors in the normal course of business; and

(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. As at 31 December 2016, the Group has unutilised banking facilities of approximately HK$227,076,000. Subsequent to the end of the reporting period, the Group has further obtained new banking facilities and as of 17 March 2017, the Group has unutilised banking facilities of approximately HK$230,537,000. The Group will further negotiate 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.

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 effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 Common control combination

On 28 November 2015, CIG Yangtze Corporate and Project Finance Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") to acquire the entire equity interest in Zall Infrastructure Group Company Limited ("Zall Infrastructure BVI") (the "Hannan Acquisition") from Zall Holdings, the Company's ultimate holding company and in which Mr. Yan is the substantial shareholder. Pursuant to the Agreement and as supplemented by the Supplemental Agreement (collectively, the "Agreements"), the consideration of the Hannan Acquisition was HK$175,445,000, which was satisfied by the allotment and issue of 408,010,509 new shares of the Company (the "Consideration Shares") to Zall Holdings.

Zall Infrastructure BVI is an investment holding company and its subsidiaries (together, the "Hannan Group") are principally engaged in berth, pontoon and building leasing and the provision of logistic services. Pursuant to a group reorganisation (the "Reorganisation") in preparation of the Hannan Acquisition, Zall Infrastructure BVI became the holding company of the subsidiaries now comprising the Hannan Group on 25 June 2015, the details of which are set out in the circular of the Company dated 26 May 2016 (the "Circular").

Pursuant to the Agreements, Zall Holdings has indemnified the Group that the aggregate net profit (excluding non-recurring profits and gain or loss on property valuation and including, among others, interest income earned and interest expense due to connected person) (the "Aggregate Profit") of Hannan Group for the two years ending 31 December 2016 and 2017 will not be lower than HK$20 million ("Profit Guarantee"). Zall Holdings will pay the Group the difference between HK$20 million and the Aggregate Profit in cash, and Mr. Yan, the controlling shareholder of Zall Holdings, is jointly and severally liable to this indemnity. No amount has been recognised with respect to the Profit Guarantee as at 31 December 2016.

Details of the Hannan Acquisition are set out in the Circular. The Hannan Acquisition was approved by an ordinary resolution passed by the shareholders of the Company by way of poll in an extraordinary general meeting held on 15 June 2016. The Hannan Acquisition was completed on 27 June 2016 and the Consideration Shares were issued in 2016. The closing price of the shares of the Company was HK$1.30 per share at the date of acquisition.

In preparation of the consolidated financial statements of the Company for the year ended 31 December 2016, it was determined that the Group and Hannan Group were ultimately controlled by Mr. Yan and Zall Holdings, before and after the Hannan Acquisition, and that control is not transitory. The Group and Hannan Group were regarded as continuing entities as at the date of business combination and hence the Hannan Acquisition was accounted for as a business combination of entities under common control by applying the principles of merger accounting as if the Hannan Acquisition had occurred on the date when the combining entities first came under the control of the substantial shareholder.

Accordingly, the assets and liabilities acquired in the common control combinations are stated at their carrying amounts as if they had been held or incurred by the Group from the later of the date on which the combining entities first came under the control of the substantial shareholder or the relevant transactions giving rise to the assets or liabilities arose.

The comparative amounts of the consolidated financial statements of the Company have been restated to include the financial statement items of Hannan Group. The effect of the common control combination of Hannan Group on the comparative consolidated financial statements are summarised as follows:

(a) Effect on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015

	As previously reported *HK$'000*	**Hannan Group** *HK$'000*	**As restated** *HK$'000*
Continuing operations			
Revenue	186,692	3,418	190,110
Cost of services rendered	(95,860)	—	(95,860)
Gross profit	90,832	3,418	94,250
Other income	11,467	—	11,467
Change in fair value of investment properties	—	26,737	26,737
General and administrative expenses	(28,901)	(3,329)	(32,230)
Other operating expenses	(16,777)	(1,235)	(18,012)
Finance cost — net	(18,955)	5,085	(13,870)
Share of loss of an associate	—	(412)	(412)
Profit before income tax	37,666	30,264	67,930
Income tax expense	(6,828)	(7,095)	(13,923)
Profit for the year from continuing operations	30,838	23,169	54,007
Discontinued operations			
Profit for the year from discontinued operations	—	3,443	3,443
Profit for the year	30,838	26,612	57,450
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations	(12,942)	(10,575)	(23,517)
Exchange loss reclassified to profit or loss on disposal of subsidiaries	—	(832)	(832)
Other comprehensive expense for the year	(12,942)	(11,407)	(24,349)
Total comprehensive income for the year	17,896	15,205	33,101
Profit for the year attributable to:			
Owners of the Company	24,578	28,050	52,628
Non-controlling interests	6,260	(1,438)	4,822
	30,838	26,612	57,450
Total comprehensive income attributable to:			
Owners of the Company	13,455	16,581	30,036
Non-controlling interests	4,441	(1,376)	3,065
	17,896	15,205	33,101

(b) Effect on the consolidated statement of financial position as at 31 December 2015

	As previously reported *HK$'000*	Hannan Group *HK$'000*	As restated *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	—	317,356	317,356
Property, plant and equipment	369,239	71	369,310
Construction in progress	86,941	—	86,941
Land use rights	23,418	—	23,418
Interest in an associate	—	8,057	8,057
	479,598	325,484	805,082
Current assets			
Inventories	4,849	—	4,849
Trade and bills receivables	85,732	586	86,318
Prepayments, deposits and other receivables	19,505	835	20,340
Amounts due from related companies	—	43,323	43,323
Amount due from an associate	—	1,145	1,145
Government subsidy receivables	6,488	—	6,488
Cash and cash equivalents	19,270	3,602	22,872
	135,844	49,491	185,335
Current liabilities			
Trade and other payables	68,360	22,100	90,460
Bank borrowings	144,459	—	144,459
Income tax payable	2,723	2,634	5,357
	215,542	24,734	240,276
Net current (liabilities)/assets	(79,698)	24,757	(54,941)
Total assets less current liabilities	399,900	350,241	750,141
Non-current liabilities			
Other payables	4,547	—	4,547
Amount due to a related company	—	109,255	109,255
Amount due to a shareholder	33,700	—	33,700
Amount due to ultimate holding company	—	1,300	1,300
Bank borrowings	137,469	—	137,469
Deferred tax liabilities	—	32,172	32,172
	175,716	142,727	318,443
Net assets	224,184	207,514	431,698
EQUITY			
Share capital	117,706	—	117,706
Reserves	70,681	207,514	278,195
Equity attributable to owners of the Company	188,387	207,514	395,901
Non-controlling interests	35,797	—	35,797
Total equity	224,184	207,514	431,698

(c) Effect on the consolidated statement of financial position as at 1 January 2015

	As previously reported HK$'000	Hannan Group HK$'000	As restated HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	—	328,942	328,942
Property, plant and equipment	317,894	256	318,150
Construction in progress	61,527	—	61,527
Land use rights	25,278	—	25,278
Loan to a related company	—	171,337	171,337
	404,699	500,535	905,234
Current assets			
Inventories	4,626	—	4,626
Trade and bills receivables	74,675	72	74,747
Prepayments, deposits and other receivables	41,832	52	41,884
Amounts due from related companies	—	90,700	90,700
Government subsidy receivables	6,178	—	6,178
Income tax recoverable	—	18	18
Restricted cash	6,300	—	6,300
Cash and cash equivalents	43,790	2,664	46,454
	177,401	93,506	270,907
Current liabilities			
Trade and other payables	29,926	48,038	77,964
Amounts due to related companies	3,676	223,856	227,532
Bank borrowings	123,165	—	123,165
Income tax payable	—	6,802	6,802
	156,767	278,696	435,463
Net current assets/(liabilities)	20,634	(185,190)	(164,556)
Total assets less current liabilities	425,333	315,345	740,678
Non-current liabilities			
Other payables	4,887	—	4,887
Amount due to a shareholder	29,700	—	29,700
Bank borrowings	184,458	75,642	260,100
Deferred tax liabilities	—	30,595	30,595
	219,045	106,237	325,282
Net assets	206,288	209,108	415,396
EQUITY			
Share capital	117,706	—	117,706
Reserves	57,226	190,933	248,159
Equity attributable to owners of the Company	174,932	190,933	365,865
Non-controlling interests	31,356	18,175	49,531
Total equity	206,288	209,108	415,396

3. Adoption of new and amended IFRSs

New and amended IFRSs that are effective for annual periods beginning or after 1 January 2016

In the current year, the Group has applied for the first time the following new and amended IFRSs issued by IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2016:

Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 cycle
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to IAS 27 (2011)	Equity Method in Separate Financial Statements

The adoption of these new and amended standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective IFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the Group's financial statements.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and financial liabilities, impairment requirements for financial assets and general hedge accounting.

The directors have started assessing the impact of IFRS 9 but are not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

- an expected credit loss-based impairment (either on a twelve-month basis or a lifetime basis) will need to be recognised on the Group's trade receivables, unless classified as at fair value through profit or loss in accordance with the new criteria.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract(s) with customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. For more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The directors have started to assess the impact of IFRS 15 and do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting period.

IFRS 16 "Leases"

IFRS 16 "Leases" will replace IAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. IFRS 16 is effective from periods beginning on or after 1 January 2019. The directors are yet to fully assess the impact of IFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition.

- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices.

- assessing their current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets.

- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions.

- assessing the additional disclosures that will be required.

4. Revenue

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

5. Segment information

The Group has presented into three (2015: three) reportable segments as follows:

Property business:	Port and warehouse leasing.
Terminal & related business:	Provision of terminal service, container handling, storage and other service, general and bulk cargoes handling service.
Integrated logistics business:	Rendering agency and logistic services, including provision of freight forwarding, customs clearance, transportation of containers and logistics management.

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

During the year ended 31 December 2016, the property business segment has been added upon the completion of the common control combination of Hannan Group (note 2.2) and the comparatives have been restated to conform with current year's presentation.

During the year ended 31 December 2015, two operations (being sales of automobiles and leasing of car park and automobile logistic business) under the Hannan Group were discontinued. The segment information below does not include any amounts for these discontinued operations.

The accounting policies of the reporting segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of corporate income and expenses, directors' emoluments, share of profit or loss of an associate, fair value changes on investment properties and gain on bargain purchase. 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, deferred tax liabilities 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 2016 and 2015 were sourced from external customers located in the PRC. In addition, over 99% (2015: 99%) of the non-current assets of the Group as at the reporting dates were physically located in the PRC. No geographic information is presented.

During the year ended 31 December 2016, there was one customer (2015: two) with whom transactions have exceeded 10% of the Group's revenue. The revenue generated from this customer from terminal and related business amounted to HK$29,434,000 (2015: each of these two single customers from terminal and related business amounted to HK$29,275,000 and HK$20,080,000).

2016

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Property business *HK$'000*	**Terminal & related business** *HK$'000*	**Integrated logistics business** *HK$'000*	**Elimination** *HK$'000*	**Unallocated corporate income/ (expense)** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**24,844**	**106,795**	**75,393**	**—**	**—**	**207,032**
Inter-segment revenue	**—**	**4,368**	**2,171**	**(6,539)**	**—**	**—**
Reportable segment revenue	**24,844**	**111,163**	**77,564**	**(6,539)**	**—**	**207,032**
Reportable segment results	**19,809**	**56,014**	**(2,251)**	**—**	**—**	**73,572**
Fair value changes on investment properties	**23,651**	**—**	**—**	**—**	**—**	**23,651**
Gain on bargain purchase	**—**	**14,580**	**—**	**—**	**—**	**14,580**
Interest income	**10**	**126**	**28**	**—**	**1**	**165**
Finance costs	**—**	**(20,265)**	**(915)**	**—**	**—**	**(21,180)**
Share of profit of an associate	**—**	**—**	**838**	**—**	**—**	**838**
Corporate and other unallocated income	**—**	**—**	**—**	**—**	**858**	**858**
Profit/(Loss) before income tax	**43,470**	**50,455**	**(2,300)**	**—**	**859**	**92,484**
Income tax expense	**(8,490)**	**(5,442)**	**(34)**	**—**	**(2,053)**	**(16,019)**
Profit/(Loss) for the year	**34,980**	**45,013**	**(2,334)**	**—**	**(1,194)**	**76,465**

Consolidated statement of financial position
At 31 December 2016

	Property business HK$'000	Terminal & related business HK$'000	Integrated logistics business HK$'000	Unallocated corporate assets/ (liabilities) HK$'000	Total HK$'000
Segment assets	348,850	736,321	51,749	35,650	1,172,570
Interest in an associate	8,895	—	—	—	8,895
Cash and cash equivalents	63	36,141	8,245	5,904	50,353
Total assets	357,808	772,462	59,994	41,554	1,231,818
Segment liabilities	(40,134)	(184,654)	(14,398)	(37,751)	(276,937)
Bank borrowings	—	(279,044)	(22,328)	—	(301,372)
Deferred tax liabilities	(35,725)	—	—	(4,298)	(40,023)
Income tax payable	(4,923)	(2,212)	(2,559)	—	(9,694)
Total liabilities	(80,782)	(465,910)	(39,285)	(42,049)	(628,026)
Net assets	277,026	306,552	20,709	(495)	603,792

For the year ended 31 December 2016

	Property business HK$'000	Terminal & related business HK$'000	Integrated logistics business HK$'000	Unallocated HK$'000	Total HK$'000
Capital additions *(note)*	4,452	260,207	22,358	7,775	294,792
Depreciation and amortisation	1,376	17,508	647	1,072	20,603

Note: Capital additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year and include those arising from the acquisition of subsidiaries.

2015 (restated)

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Property business *HK$'000*	Terminal & related business *HK$'000*	Integrated logistics business *HK$'000*	Elimination *HK$'000*	Unallocated corporate expenses *HK$'000*	Total *HK$'000*
Revenue from external customers	1,865	110,961	77,284	—	—	190,110
Inter-segment revenue	—	8,528	—	(8,528)	—	—
Reportable segment revenue	1,865	119,489	77,284	(8,528)	—	190,110
Reportable segment results	(260)	60,428	308	—	—	60,476
Fair value changes on investment properties	26,737	—	—	—	—	26,737
Interest income	7,181	65	218	—	—	7,464
Finance costs	(2,096)	(18,074)	(1,164)	—	—	(21,334)
Share of loss of an associate	—	—	(412)	—	—	(412)
Corporate and other unallocated expense	—	—	—	—	(5,001)	(5,001)
Profit/(Loss) before income tax	31,562	42,419	(1,050)	—	(5,001)	67,930
Income tax expense	(7,095)	(6,128)	(700)	—	—	(13,923)
Profit/(Loss) for the year	24,467	36,291	(1,750)	—	(5,001)	54,007

Consolidated statement of financial position
At 31 December 2015

	Property business *HK$'000*	Terminal & related business *HK$'000*	Integrated logistics business *HK$'000*	Unallocated corporate assets/ (liabilities) *HK$'000*	Total *HK$'000*
Segment assets	362,629	556,417	37,697	2,745	959,488
Interest in an associate	8,057	—	—	—	8,057
Cash and cash equivalents	2,372	15,902	3,290	1,308	22,872
Total assets	373,058	572,319	40,987	4,053	990,417
Segment liabilities	(132,584)	(49,254)	(19,785)	(37,639)	(239,262)
Bank borrowings	—	(269,967)	(11,961)	—	(281,928)
Deferred tax liabilities	(32,172)	—	—	—	(32,172)
Income tax payable	(2,634)	(2,024)	(699)	—	(5,357)
Total liabilities	(167,390)	(321,245)	(32,445)	(37,639)	(558,719)
Net assets	205,668	251,074	8,542	(33,586)	431,698

For the year ended 31 December 2015

	Property business *HK$'000*	Terminal & related business *HK$'000*	Integrated logistic business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Capital additions *(note)*	17,966	112,361	231	6	130,564
Depreciation and amortisation	—	16,040	766	77	16,883

Note: Capital additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year.

6. Other income

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Rental income	**507**	449
Sundry income	**326**	82
Exchange gain	**519**	—
Sales of scrap materials	**348**	512
Government subsidies	**28,097**	10,424
	29,797	11,467

Note: Government subsidies mainly relates to the subsidies granted by the government in respect of operating and development activities and to provide financial support to the Group's subsidiaries which are either unconditional grants or grants with conditions having been satisfied.

7. Income tax expense (relating to continuing operations)

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Current tax		
— Hong Kong profits tax	**—**	—
— PRC enterprise income tax	**10,106**	7,239
	10,106	7,239
Deferred tax		
Origination and reversal of temporary difference	**5,913**	6,684
	16,019	13,923

No provision for Hong Kong profits tax has been provided during the year (2015: nil) as the Company and its subsidiaries which are subject to Hong Kong profits tax incurred a loss for taxation purpose.

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (2015: 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, Wuhan International Container Company Limited ("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%.

8. Earnings per share

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit for the year attributable to owners of the Company		
Basic earnings attributable to continuing operations	**68,913**	48,793
Basic earnings attributable to discontinued operations	**—**	3,835
Basic earnings attributable to continuing and discontinued operations	**68,913**	52,628

	2016	2015
		(Restated)
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share *(note)*	**1,723,916,004**	1,585,066,689

	2016	2015
		(Restated)
Basic earnings per share		
From continuing operations	**HK4.00 cents**	HK3.08 cents
From discontinued operations	**—**	HK0.24 cents
From continuing and discontinued operations	**HK4.00 cents**	HK3.32 cents

Note: In determining the weighted average number of ordinary shares deemed to be issued during the years ended 31 December 2016 and 2015, the 408,010,509 ordinary shares with par value of HK$0.1 each issued during the year ended 31 December 2016 as the consideration of the common control combination of the Hannan Group as mentioned in note 2.2 above have been regarded as if these shares were in issue since 1 January 2015.

(b) Diluted earnings per share

There are no dilutive potential ordinary shares in issue for the years ended 31 December 2016 and 2015. The basic earnings per share are equal to the diluted earnings per share.

9. Dividend

The directors do not recommend the payment of a dividend for the year (2015: nil).

10. Investment properties

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Completed investment properties	**323,533**	317,356

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Carrying amount at 1 January	**317,356**	328,942
Capitalised subsequent expenditure	**4,447**	17,966
Change in fair value of investment properties recognised in profit or loss	**23,651**	26,737
Disposal of subsidiaries	**—**	(37,077)
Exchange differences	**(21,921)**	(19,212)
Carrying amount at 31 December	**323,533**	317,356

11. PROPERTY, PLANT AND EQUIPMENT

	Port facilities HK$'000	Terminal equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 January 2015 (as restated)						
Cost	339,453	82,059	5,916	3,721	116	431,265
Accumulated depreciation	(67,384)	(37,503)	(4,770)	(3,404)	(54)	(113,115)
Net book amount	272,069	44,556	1,146	317	62	318,150
Year ended 31 December 2015 (as restated)						
Opening net book amount	272,069	44,556	1,146	317	62	318,150
Exchange differences	(13,030)	(2,410)	(42)	(51)	—	(15,533)
Additions	511	28,758	385	—	—	29,654
Transferred from construction in progress *(note 12)*	54,108	—	—	—	—	54,108
Disposals	—	(381)	(29)	(192)	(62)	(664)
Disposal of subsidiaries	—	—	(85)	(10)	—	(95)
Depreciation	(9,859)	(6,050)	(381)	(20)	—	(16,310)
Closing net book amount	303,799	64,473	994	44	—	369,310
At 31 December 2015 and 1 January 2016 (as restated)						
Cost	377,600	105,158	5,397	2,328	109	490,592
Accumulated depreciation	(73,801)	(40,685)	(4,403)	(2,284)	(109)	(121,282)
Net book amount	303,799	64,473	994	44	—	369,310
Year ended 31 December 2016						
Opening net book amount	**303,799**	**64,473**	**994**	**44**	**—**	**369,310**
Exchange differences	**(22,620)**	**(4,479)**	**(376)**	**(31)**	**—**	**(27,506)**
Additions	**799**	**4,606**	**771**	**917**	**—**	**7,093**
Acquisition of a subsidiary *(note 18)*	**—**	**10,471**	**123**	**—**	**—**	**10,594**
Transferred from construction in progress *(note 12)*	**85,885**	**1,751**	**—**	**—**	**—**	**87,636**
Disposals	**—**	**(98)**	**(48)**	**—**	**—**	**(146)**
Depreciation	**(11,688)**	**(7,268)**	**(552)**	**(273)**	**—**	**(19,781)**
Closing net book amount	**356,175**	**69,456**	**912**	**657**	**—**	**427,200**
At 31 December 2016						
Cost	**436,283**	**113,418**	**5,474**	**3,049**	**101**	**558,325**
Accumulated depreciation	**(80,108)**	**(43,962)**	**(4,562)**	**(2,392)**	**(101)**	**(131,125)**
Net book amount	**356,175**	**69,456**	**912**	**657**	**—**	**427,200**

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

12. CONSTRUCTION IN PROGRESS

	2016	2015
	HK$'000	*HK$'000*
At cost		
At beginning of year	**86,941**	61,527
Exchange differences	**(7,795)**	(3,422)
Additions *(note)*	**34,543**	82,944
Acquisition of subsidiaries *(note 18)*	**198,573**	—
Transferred to property, plant and equipment upon completion *(note 11)*	**(87,636)**	(54,108)
At end of year	**224,626**	86,941

Note: During the year, the Group has capitalised borrowing costs amounting to HK$1,350,000 (2015: nil) in qualifying assets. Borrowing cost were capitalised at the weighted average rate of its general borrowing of 5.73% (2015: nil).

13. INTANGIBLE ASSETS

	Port operating rights
	HK$'000
At 1 January 2015, 31 December 2015 and 1 January 2016	
Cost	—
Accumulated amortisation	—
Net book amount	—
Year ended 31 December 2016	
Opening net book amount	**—**
Exchange differences	**(414)**
Acquisition of subsidiaries *(note 18)*	**17,198**
Amortisation	**(94)**
Closing net book amount	**16,690**
At 31 December 2016	
Cost	**16,780**
Accumulated amortisation	**(90)**
Net book amount	**16,690**

14. Trade and bills receivables

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Trade receivables due from third parties	**82,625**	78,558
Bills receivables	**2,114**	7,760
	84,739	86,318

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:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
0 — 30 days	**47,168**	27,767
31 — 60 days	**11,292**	13,668
61 — 90 days	**7,514**	10,248
Over 90 days	**18,765**	34,635
	84,739	86,318

15. Government subsidy receivables

The amounts represent subsidies granted by the Wuhan Municipal government to Wuhan International Container Company Limited ("WIT") and Shayang County Guoli Transportation Investment Co., Limited (沙洋縣國利交通投資有限公司, "Shayang Guoli") during the years ended 31 December 2016 and 2015.

16. Trade and other payables

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**14,469**	20,022
Other payables		
— Payables to subcontractors	**9,499**	34,377
— Deferred government subsidies	**4,190**	4,638
— Accruals and sundry payables *(note)*	**23,537**	35,970
— Payable for the acquisition of subsidiaries	**93,113**	—
	130,339	74,985
	144,808	95,007
Less: Deferred government subsidies included in non-current other payables	**(4,104)**	(4,547)
	140,704	90,460

Note: Included in accruals and sundry payables of the Group is HK$925,000 (2015 restated: HK$1,621,000) of accrued directors' fees.

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:

	2016	2015
	HK$'000	*HK$'000*
0 — 30 days	**6,688**	7,835
31 — 60 days	**2,061**	3,677
61 — 90 days	**1,937**	5,920
Over 90 days	**3,783**	2,590
	14,469	20,022

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.

17. SHARE CAPITAL

	2016 Number of shares	2016 HK$'000	2015 Number of shares	2015 HK$'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:				
At 1 January	**1,177,056,180**	**117,706**	1,177,056,180	117,706
Issue of shares upon placement of shares *(note (a))*	**140,000,000**	**14,000**	—	—
Issue of shares as consideration for common control combination *(note (b))*	**408,010,509**	**40,801**	—	—
At 31 December	**1,725,066,689**	**172,507**	1,177,056,180	117,706

Notes:

(a) On 28 November 2015, the Company entered into a placing agreement with the placing agent in respect of the placing of up to 140,000,000 new shares at an issue price of HK$0.43 per share. On 4 January 2016, the placing was completed and 140,000,000 new shares were placed by the placing agent to not less than six placees at an issue price of HK$0.43 per share resulting in raising proceeds, before expenses, of HK$60,200,000. The related transaction costs amounting to HK$1,509,000 have been recorded in the share premium account. The net proceeds of this placing of approximately HK$58,691,000 were used for development of the ports and general working capital of the Group.

(b) As part of the consideration of the Hannan Acquisition pursuant to the Agreements, 408,010,509 Consideration Shares were issued in 2016. The closing price of the shares of the Company was HK$1.30 per share at the date of acquisition (note 2.2).

18. Acquisition of subsidiaries in 2016

18.1 Acquisition of Shayang Guoli

On 30 June 2016, the Group acquired 60% equity interest of Shayang Guoli, a company established in the PRC which limited liability, from a third party at a cash consideration of approximately RMB47,148,000 (equivalent to approximately HK$54,442,000).

Shayang Guoli is principally engaged in (i) the investment, construction, development and management of transportation infrastructure, (ii) management and operation of the transportation-related advertising business, and (iii) land-related development through land reserve development centres. Shayang Guoli owns an integrated port construction project in Phase 1 of the central port area in Shayang Port（沙洋港中心港區一期）, located in Shayang County of Hubei Province of the PRC (the "Shayang Port"). The acquisition of this subsidiary was made as part of the Group's strategy to establish a synergistic connection between the Shayang Port and the Company's Wuhan Yangluo Port in the Yangtze River Basin and has been accounted for using acquisition method. Acquisition related cost is insignificant.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition:

	Fair value of net identifiable assets and liabilities acquired
	HK$'000
Property, plant and equipment *(note 11)*	**10,594**
Construction in progress *(note 12)*	**100,311**
Intangible assets *(note 13)*	**9,436**
Bank balances and cash	**3,491**
Prepayment and other receivables	**649**
Other payables	**(23,357)**
Deferred tax liabilities	**(2,358)**
Total identifiable net assets acquired	**98,766**

Gain on bargain purchase

Gain on bargain purchase arising from the acquisition has been recognised as follows:

		2016
	Notes	***HK$'000***
Total consideration	*(i)*	**54,442**
Non-controlling interests at acquisition date fair value	*(ii)*	**36,294**
Fair value of identifiable net assets		**(98,766)**
Gain on bargain purchase		**(8,030)**

(i) As at 31 December 2016, approximately HK$16,518,000 has been paid in cash. The residual amount of the consideration included in other payables will be payable before 30 June 2017.

(ii) The non-controlling interests in Shayang Guoli recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK$36,294,000. This fair value was estimated by reference to the consideration paid by the Group and adjusted for the lack of control and lack of marketability that market participants would consider as at the acquisition date.

Net cash outflow on acquisition of a subsidiary

	2016
	HK$'000
Consideration paid in cash	**16,518**
Less: Bank balances and cash acquired	**(3,491)**
Net outflow of cash and cash equivalents included in the cash flows from investing activities	**13,027**

Impact of acquisition on the results of the Group

The revenue and profit included in the consolidated statement of profit or loss and other comprehensive income since 30 June 2016 contributed by Shayang Guoli was HK$3,971,000 and HK$2,624,000, respectively.

If the acquisition had occurred on 1 January 2016, the Group's revenue and profit from continuing operations for the year ended 31 December 2016 would have been HK$207,032,000 and HK$76,389,000, respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor are they intended to be a projection of future results.

18.2 *Acquisition of Zhongxiang City Port Development Co., Limited (鐘祥市中基港口發展有限公司, "Zhongxiang City Port Co.")*

On 28 December 2016, the Group acquired 60% equity interest of Zhongxiang City Port Co., a company established in the PRC which limited liability, from a third party at a cash consideration of approximately RMB52,810,000 (equivalent to approximately HK$58,137,000).

Zhongxiang City Port Co. is principally engaged in (i) the investment, development and management of Transportation infrastructure, (ii) loading and unloading of cargo, and (iii) shipping agency services. Zhongxiang City Port Co. currently develops the port project, which is located in Shipai County, Zhongxiang City of the PRC. The acquisition of this subsidiary was made as part of the Group's strategy to expand its geographical coverage and create synergy among its ports and has been accounted for using acquisition method. Acquisition related cost is insignificant.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition:

	Fair value of net identifiable assets and liabilities acquired
	HK$'000
Construction in progress *(note 12)*	**98,262**
Intangible assets *(note 13)*	**7,762**
Deferred tax liabilities	**(1,940)**
Total identifiable net assets acquired	**104,084**

Gain on bargain purchase

Gain on bargain purchase arising from the acquisition has been recognised as follows.

		2016
	Notes	***HK$'000***
Total consideration	*(i)*	**58,137**
Non-controlling interests at acquisition date fair value	*(ii)*	**39,397**
Fair value of identifiable net assets		**(104,084)**
Gain on bargain purchase		**(6,550)**

(i) As at 31 December 2016, approximately HK$3,088,000 has been paid in cash. The residual amount of the consideration was included in other payables, of which, RMB13,202,000 (equivalent to approximately HK$14,739,000) was subsequently settled in February 2017 and the remaining amount will be settled in 2017. The Group obtained control of Zhongxiang City Port Co. on 28 December 2016 upon the completion of the registration with the relevant PRC authorities.

(ii) The non-controlling interests in Zhongxiang City Port Co. recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK$39,397,000. This fair value was estimated by reference to the consideration paid by the Group and adjusted for the lack of control and lack of marketability that market participants would consider as at the acquisition date.

Net cash outflow on acquisition of a subsidiary

	2016
	HK$'000
Consideration paid in cash	**3,088**
Less: Bank balances and cash acquired	**—**
Net outflow of cash and cash equivalents included in the cash flows from investing activities	**3,088**

Impact of acquisition on the results of the Group

Zhongxiang City Port Co. did not make any contributions on revenue and profit or loss of the Group since the acquisition date and 31 December 2016.

If the acquisition had occurred on 1 January 2016, the Group's revenue and profit from continuing operations for the year ended 31 December 2016 would remain as HK$207,032,000 and HK$76,465,000, respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor are they intended to be a projection of future results.

19. EVENTS AFTER THE REPORTING DATE

On 13 January 2017, Zhongji Tongshang Construction (Wuhan) Co., Limited ("Zhongji Tongshang") entered into an equity transfer agreement with Mr. Li Dengpan ("Vendor 1") and Mr. Chen Shengyu ("Vendor 2", and together with Vendor 1, the "Vendors") pursuant to which Zhongji Tongshang agreed to acquire the entire equity interests in Zhongji Tongshang Municipal Construction Engineering (Wuhan) Co., Ltd (中基通商市政工程(武漢)有限公司, "Zhongji Tongshang Construction"), formerly known as Hubei Haiwote Municipal Construction Engineering Co., Ltd (湖北海沃特市政工程有限公司, "Hubei Haiwote"), from the Vendors for an aggregate consideration of RMB43,600,000 (equivalent to approximately HK$50,981,000). Upon completion of this acquisition, Zhongji Tongshang Construction will become a wholly-owned subsidiary of the Company. Details of the acquisition has been set out in the Company's announcement dated 13 January 2017.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: nil).

Purchase, redemption or sale of the listed securities

On 4 January 2016, an aggregate of 140,000,000 Placing Shares have been successfully placed to not less than six placees at a placing price of HK$0.43 per Share. The 140,000,000 Placing Shares represent approximately 10.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

In the second quarter of 2016, the Group successfully completed the acquisition of the Hannan Group for a consideration which was settled by way of allotment and issue of 408,010,509 new shares of the Company, which was allotted on 11 July 2016.

Save as disclosed above, during the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate governance practices

The Company has, throughout the financial year ended 31 December 2016, complied with the code provisions as set out in the Corporate Governance Code in Appendix 15 of the GEM Listing Rules.

Code of conduct regarding securities transactions by Directors

The Company adopted a code of conduct regarding securities transactions by directors (the "**Code of Conduct**") on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). The Company has also made specific enquiry to all Directors, who have confirmed that, during the year ended 31 December 2016, each of them in compliance with the Code of Conduct and the Required Standard of Dealings.

Competing interests

For the year ended 31 December 2016, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders of the Company as defined in the GEM Listing Rules had any interest in business which compete with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

Confirmation of independence by independent non-executive Directors

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

Review by the Audit Committee

The Group's final results for the year ended 31 December 2016 have been reviewed by the audit committee of the Company.

Scope of work of Grant Thornton Hong Kong Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been compared by the Company's auditor, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Grant Thornton in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by Grant Thornton on this announcement.

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

Wuhan, the PRC, 27 March 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xie Bingmu, Mr. Zhang Jiwei and Ms. Liu Qin, two non-executive Directors namely Mr. Yan Zhi and Mr. Xia Yu and three independent non-executive Directors namely Mr. Lee Kang Bor, Thomas, Dr. Mao Zhenhua and Mr. Wong Wai Keung, Frederick.

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

* *For identification purpose only*