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)

2007 Annual Report

*For identification only

CONTENTS

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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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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, (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CORPORATE INFORMATION

DIRECTORS

Executive Director:

Mr. Chow Kwong Fai, Edward

Non-executive Directors:

Mr. Wong Yuet Leung, Frankie
Mr. Lee Jor Hung, Dannis
Mr. Goh Pek Yang, Michael

Independent Non-Executive Directors:

Mr. Lee Kang Bor, Thomas
Dr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund

AUDIT AND REMUNERATION COMMITTEE MEMBERS

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (Chairman)*
Dr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund
Mr. Wong Yuet Leung, Frankie

AUTHORIZED REPRESENTATIVES

Mr. Chow Kwong Fai, Edward
Mr. Wong Wai Keung, Frederick

COMPANY SECRETARY

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

QUALIFIED ACCOUNTANT

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

COMPLIANCE OFFICER

Mr. Chow Kwong Fai, Edward

COMPLIANCE ADVISER

Oriental Patron Asia Limited

AUDITORS

Grant Thornton

LEGAL ADVISERS

Richards Butler
Maples and Calder
Jingtian & Gongcheng
Dewell & Partners

PRINCIPAL BANKERS

Shanghai Pudong Development Bank
Wuhan Branch, PRC

Bank of Communications
Wuhan Branch, PRC

China Merchants Bank
Wuhan Branch, PRC

CITIC Ka Wah Bank Limited
Hong Kong

DBS Bank (Hong Kong) Limited
Hong Kong

HEAD OFFICE

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12 Harcourt Road
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Ltd.
P.O. Box 705
Butterfield House
68 Fort Street
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Hong Kong

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Grand Cayman
Cayman Islands

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www.cigyangtzeports.com

STOCK CODE

8233

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Fax: (852) 2868-0620
Email: cigyp@cigyangtzeports.com

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the third annual report of CIG Yangtze Ports PLC since the listing of its shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong on 16 September 2005.

REVIEW OF OPERATIONS

During 2007, the Group's 85% owned WIT Port in Wuhan handled a throughput of 136,357 containers (TEUs), a 27% increase on the 107,384 TEUs achieved in 2006. This, in terms of market share for the whole of Wuhan, saw the Group's share in 2007 increased from 31% in 2006 to 35% against an aggregate of 393,356 TEUs of marine containers handled by Wuhan for the year.

The 2007 year also saw significant growth in turnover of the Group's four revenue segments, namely container handling, general cargo, agency and integrated logistics with the latter two segments accounted for 39% of the Group's turnover for the year.

On the port construction and development front, having completed the Group's development of Phase I Stage 2 of the WIT Port with an annual designed handling capacity to beyond 250,000 TEUs in 2006, the Group focused on the development of logistics and warehousing facilities in 2007 to cater for the anticipated growth in the logistics business segment.

Further expansion of the port development saw the planning of Phase II of the WIT Port moving from the Heads of Agreement to the submission of application for project approval (立項) in 2007 and the signing of a Heads of Agreement with the Wuhan Xinzhou District Government for the development of the Heavy Item Port to provide heavy and large cargo handling services adjacent to the existing berths of the WIT Port.

FINANCIAL RESULTS

The Group recorded turnover of HK$33.5 million, net loss attributable to shareholders of HK$16.3 million and loss per share of HK3.88 cents per share. The loss is due to increased financing costs and depreciation and amortization charges as newly constructed assets are put into operation.

The Directors are confident in the Group achieving profitability in the near term as the Group's four revenue segments achieve further growth.

DIVIDEND

The Directors do not recommend the payment of a cash dividend for 2007. However, having considered the achievements of the Group in 2007 which have positioned the Group's future expansion, growth and prospects on track, the Directors wish to share this with shareholders of the Group hence and therefore propose for shareholders' approval a bonus issue of shares on the basis of one bonus share for every ten existing shares held.

CHAIRMAN'S STATEMENT

FORWARD LOOKING OBSERVATIONS

The Directors are optimistic about the future economic prospects of Wuhan and along the Yangtze River Region and believe that the Group will continue to benefit from its expanding revenue sources and future investments in the region.

GDP growth of Wuhan has continued to out-pace that of the whole of China with the latest government released data showing GDP growth of Wuhan for 2007 of 15.6% compared with 11.4% for the whole of China. Wuhan and the Central Government have also forecast the 2008 GDP growth at 13% and 8% respectively. Based on the studies conducted by the Group's traffic consultants, BMT Asia Pacific Pte Limited, there is a distinct correlation between GDP growth and port throughput growth in developing economies in the form of a 2.8 times multiplier.

Furthermore, the focus on developing the Central Region (中部崛起) as highlighted in China's, Hubei Province's and the Wuhan Municipal Government's 11th Five-year Plan and the Wuhan Municipal Government's plan to build up container handling capability to 1,500,000 TEUs by the year 2010 will facilitate future growth in this region and the Group's port and related businesses. The WIT Port remains the only container port in Wuhan with development and expansion potential due to space constraint at our competitor port.

As the Yangshan Port (洋山港) in Shanghai continues to expand its throughput and requires more cargo, WIT, as a transshipment and feeder port to service bigger river and ocean going ships capable of carrying more containers between Wuhan and Yangshan Port at lower cost and in shorter time, will continue to assume increasing importance.

Ground transportation cost for cargos to the port and the lack of government policy incentive to encourage cargo calling at our port have slowed down the growth of Wuhan sourced/destined cargo for our port. However, the opening of the Yanglou Bridge close to the WIT Port in December 2007 will enhance WIT's competitive advantage in amassing more cargo from the Wuchang district of Wuhan (in the south bank of the Yangtze River) and from other parts of China as this bridge will provide the much needed link of the Port to the southern part of outer ring-road of Wuhan which forms part of China's major east-west and north-south highway system.

To capitalize on the future development potential of Wuhan and Central China, the Group will continue with its marketing and business development initiatives to increase its market share of container throughput in the region, to pursue development plan for Phase I Stage 3 and Phase II at WIT and the Heavy Item Port and to continue to develop the logistics and agency/freight forwarding businesses to complement its existing port operations in Wuhan.

The Logistics Project, which the Group was granted the Right of First Refusal to invest or participate in (details of which are set out in the announcement of the Company to shareholders dated 7 June 2006) has progressed from the approval of the master plan by the Wuhan Xinzhou Government in 2006 to the commissioning of the feasibility study to facilitate the approval of the project by the Wuhan Municipal Government. Shareholders' approval to the project will be sought in accordance with the relevant GEM Listing Rules once the legal status of the project has been established.

MARKET CAPITALIZATION

I am pleased to note that the market capitalization of the Company has increased from HK$224 million at the time of IPO in September 2005 to HK$342 million at 31 December 2007.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to take this opportunity to thank all our staff for their dedication, hard work and loyalty. I wish also to express my gratitude to our shareholders, both founding and new shareholders, for their support of the Group and the implementation of its business strategy.

The directors, management and staff will continue to strive to serve the best interest of all shareholders and the value of their investments in the Company.

Chow Kwong Fai, Edward
Chairman

Hong Kong, 26 March 2008

VISION, MISSION, STRATEGY, CORE VALUE

VISION

- To become the first major container port in Central China providing modern and international standard port services.
- To become the biggest hub port in Central China with a total of 8 berths.
- To become a leading multi-function port and logistics services provider.

MISSION

- To increase volume and market share of container throughput, general cargo, agency and integrated logistics services and to achieve profitability within two years.
- To enhance the value of the Group and returns to shareholders.
- To play a key role as a container hub port and a feeder port in the transportation of container cargo to and from Wuhan and ports along the Yangtze River corridor.
- To play a key role in building up container handling capability in Wuhan to 1,500,000 TEUs per annum by 2012, which is also a mission of the Wuhan Municipal Government under the 11th 5-year Plan.

STRATEGY

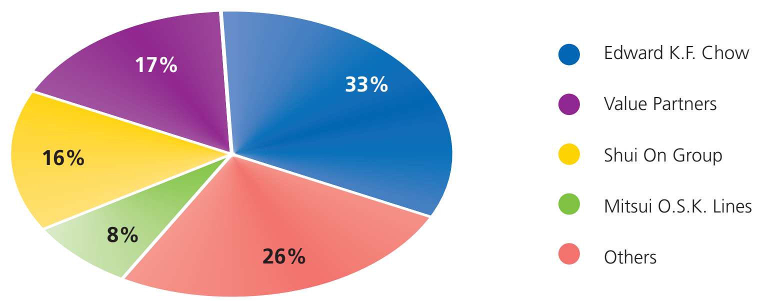
- To continue to develop the existing business of WIT.
- To continue to develop the integrated logistics and agency businesses in Wuhan.
- To develop Phase II of the WIT Port to bring the Group's annual designed handling capacity to 1,200,000 TEUs.
- To develop the Heavy Item Port capable of handling very large and heavy cargo weighing up to 600 tons per piece.

CORE VALUE

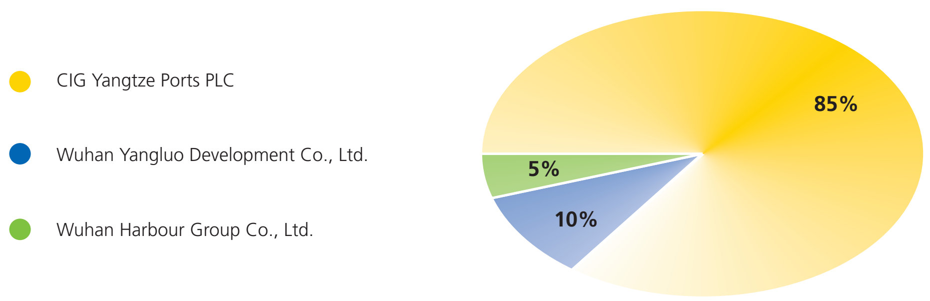
- Since 1996, founding shareholders and senior management have built up valuable relationships with government officials in Wuhan over the years.
- Experienced management in planning, construction and operation of international ports in the PRC.
- Strong and experienced Board:
  - in the ports and shipping business, both internationally and in the PRC.
  - advocating strong corporate governance practices of transparency, accountability and timely reporting.
- A business plan which mirrors the key themes of China's 11th 5-year Plan (中部崛起).

MANAGEMENT DISCUSSION AND ANALYSIS

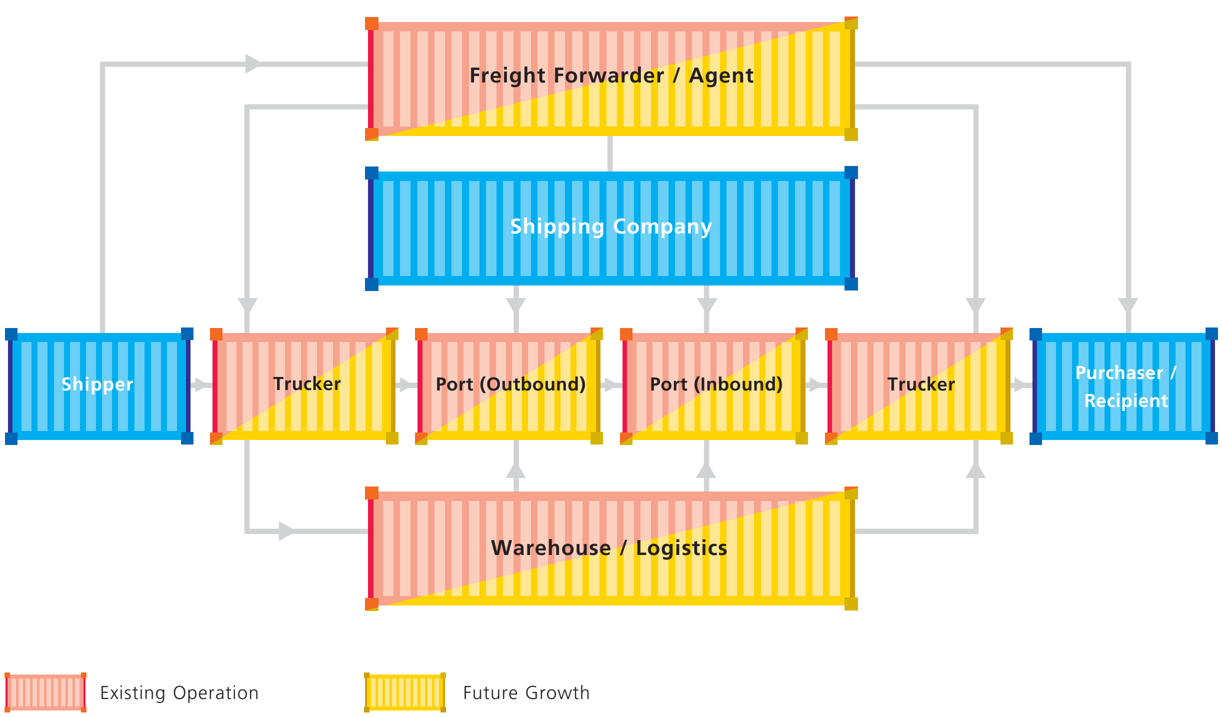
SHAREHOLDING IN CIG YANGTZE PORTS PLC



SHAREHOLDING IN WIT PORT



CIG's BUSINESS MODEL



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW HIGHLIGHTS

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Turnover	**33,521**	16,122
Cost of services rendered	**(18,075)**	(6,888)
Gross profit	**15,446**	9,234
Other income	**5,091**	556
General and administrative expenses	**(17,727)**	(15,050)
Operating Profit (Loss)/EBITDA	**2,810**	(5,260)
Finance costs	**(11,921)**	(5,140)
EBTDA	**(9,111)**	(10,400)
Depreciation and amortization	**(8,135)**	(5,628)
Loss for the year	**(17,246)**	(16,028)
Minority interest	**963**	1,043
Loss attributable to Shareholders	**(16,283)**	(14,985)

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

OVERALL BUSINESS ENVIRONMENT

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

This role is particularly important with the increase in container throughput brought about by the rapid economic growth in Central China region (中部崛起), a key theme of China's 11th 5-year Plan (2006-2010). The pivotal role which Wuhan and WIT Port plays is also a major feature of Wuhan Municipal Government's and the Hubei Provincial Government's 11th 5-year Plan. Under the Provincial and Municipal 5-year Plans, by 2012, Wuhan plans to build up container cargo handling capacity of 1.5 million TEUs. Under the 5-year Plan, Wuhan will also become one of the four major regional logistics hubs in the whole of China. Commencing 2006, the Group began developing port related agency and integrated logistics businesses to increase its revenue sources.

Wuhan and Hubei Province achieved GDP growth of 15.6% (14.8% in 2006) and 14.5% (12.1% in 2006) in 2007 respectively while that of the whole of China grew by 11.4% (10.7% in 2006). Under the 11th 5-year plan the expected annual GDP growth is 12% or above for 2006 to 2010.

The strong and well established industrial base of Wuhan featuring operators in major industries including vehicle and engine manufacturers such as Nissan, Honda, Citreon, Renault and Cummins and LCD and electronics manufacturers such as Foxconn and TPV as well as those in the construction materials and farm products businesses have been and will continue to be the principal providers of the Wuhan sourced container cargos to the WIT Port. As many of the manufacturing/assembly plants of these international companies are new, their planned production expansion will contribute to the growth in throughput at WIT.

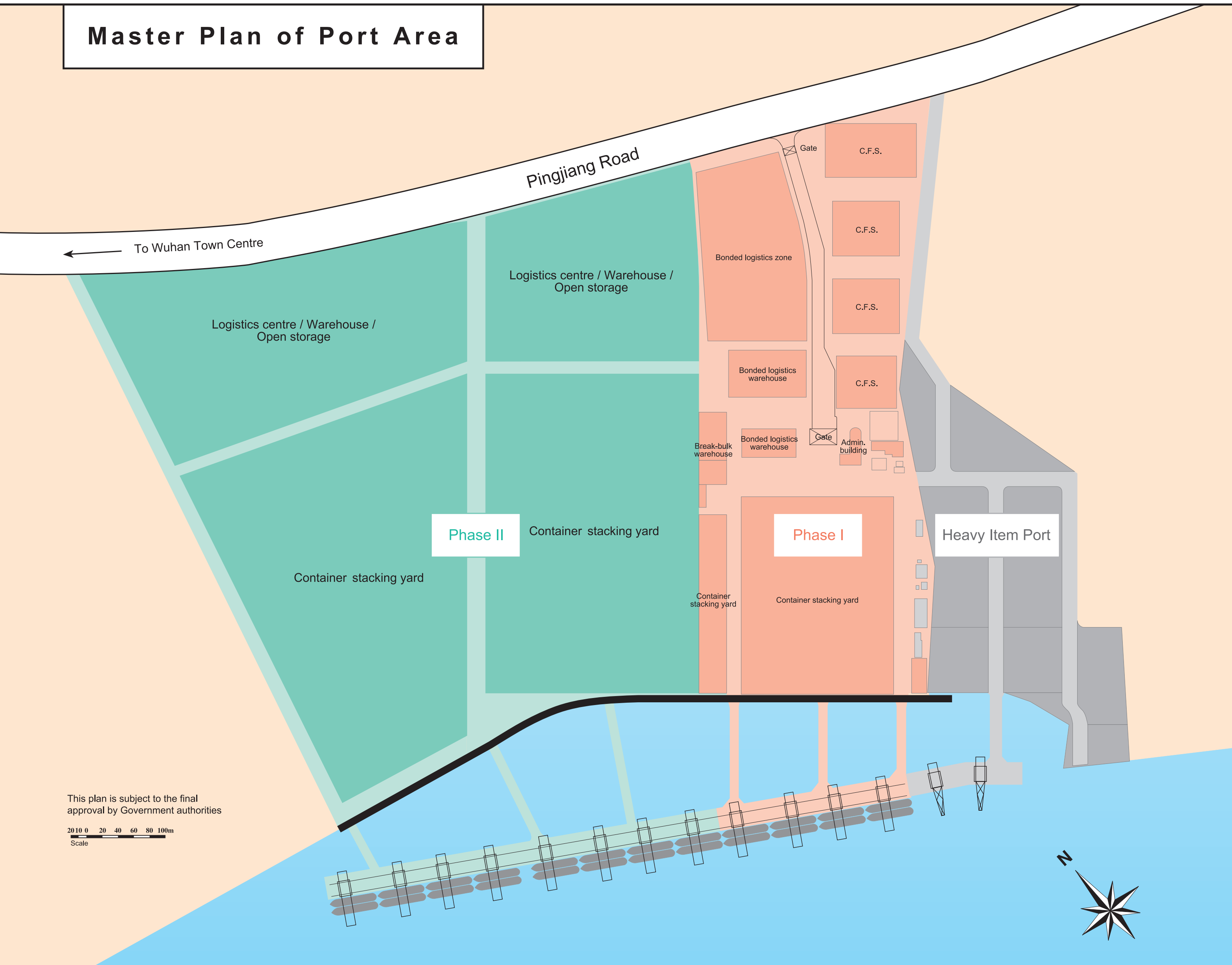
2007 also saw major companies like Wuhan Steel relocating part of their manufacturing facilities to the Yanglou District, where WIT Port is located, and power transmission equipment manufacturers such as Siemens and Areva establishing new manufacturing operations in Yanglou.

December 2007 also saw the opening of the Yanglou Bridge, which links the north and south banks of the Yangtze River near the WIT Port with two exits. This bridge forms part of the Beijing-Zhuhai and Shanghai-Chengdu Highways facilitating transshipment cargos calling at the WIT Port. Similarly, the Yanglou Bridge also links the Wuchang (武昌) District of Wuhan, substantially cutting transportation time and distance from the connected areas to the WIT Port.

The transshipment services provided by WIT provide a more economic alternative to surrounding areas of Wuhan to ship container cargos using bigger ships carrying more containers to and from Shanghai and overseas as the inherent water-depth limitations along the up-stream regions of the Yangtze River precludes bigger ships from navigating directly from those areas to and from Shanghai. Surrounding areas which are serviced by WIT include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces.

With the development and growth of the container business on track, the Group has been developing its agency and integrated logistics businesses to expand its revenue sources. In this respect, with the designation of the WIT Port area as the distribution centre for imported fertilizers, WIT had entered into co-operation agreements with fertilizer importers and distributors to provide logistics services including bonded warehousing, customs clearance, break-bulk and distribution at the WIT Port.

MANAGEMENT DISCUSSION AND ANALYSIS



		Phase I 2004 to 2008	Phase II 2009 to 2012	Heavy Item Port 2008 to 2009	Total
Designed Capacity :					
– Container Throughput (TEU)		400,000	800,000		1,200,000
– Heavy and Large Cargo (Tonnage each)				600	600
Number of Berths		2	4	2	8
Total Length of Berths (m)		270	540	160	970
Area of Stacking Yard (sq. m.)		76,000	100,000	70,000	246,000
Land (mou)		320	810	129	1,259
CFS/Warehouse/Logistics Centre		6	10		16
Major Equipment:					
Container Handling	– Quay Crane	3	6		9
	– Multi-purpose Gantry Crane	1			1
	– Rubber Tyred Gantry Crane	6	10		16
Heavy Item Handling	– 600 Tonne Crane			1	1
	– 600 Tonne Multi-axle Transporter			1	1
	– 150 Tonne Multi-axle Transporter			1	1

Total No. of Berths 2 + 4 + 2 = 8

MANAGEMENT DISCUSSION AND ANALYSIS

BELOW IS A MORE DETAILED DESCRIPTION OF THE GROUP'S REVENUE SEGMENTS:

Container Throughput

The total throughput achieved by WIT for 2007 was 136,357 TEUs, an increase of 28,973 TEUs or 27% over that of 107,384 TEUs for 2006. Of the 136,357 TEUs handled in 2007, 55,234 TEUs or 41% and 81,123 TEUs or 59% were Wuhan sourced and transshipment cargos respectively. Principal customers of the Group are major shipping companies.

General Cargo

Throughput of general cargo for 2007 was 51,593 tons, an increase of 95% over 2006.

Agency & Logistics

The continuing development of the agency business and the integrated logistics business has made significant contributions to the revenue of the Group in 2007. Revenue from these sources accounted for 39% of turnover (2006: 16%). With the WIT Port's new logistics facilities now in service, revenue from this source will achieve further growth.

Developing New Port & Logistics Facilities

Being a ports and logistics company operating in a high growth economy, the Group's strategy is twofold – expanding the volume of business on the operations side and constructing new facilities to cater for growth concurrently.

The implementation of this strategy, which will create enterprise and shareholder value in the long term, could only be achieved at the expense of short term accounting profit due to higher depreciation and interest charges. During the past months, the Group and WIT have pressed ahead to negotiate future port expansion concessions and construct new container storage, logistics and warehousing facilities at the WIT Port to increase capacity to cater for growth.

Management expects revenue to continue to come from container handling, general cargo, agency & integrated logistics services.

Construction of Phase I Stage 3 of WIT Port

Following the completion of the construction of Phase I Stage 2 in 2006 which increased WIT Port's annual container handling capacity to beyond 250,000 TEUs, the Phase I Stage 3 development works have commenced progressively to focus on the construction of additional break-bulk and bonded and other warehousing facilities to cater for the growing integrated logistics business requirements of the customers. Upon completion, aggregate annual container handling capacity of the WIT Port will increase to more than 400,000 TEUs and additional revenue from logistics and warehousing facilities are also expected to grow significantly.

MANAGEMENT DISCUSSION AND ANALYSIS

Post Phase I Developments

Phase II of WIT Port

The Group has, since the beginning of the WIT project, been granted the right of first refusal for the development of Phase II of the WIT Port by the PRC joint venture partners who are Wuhan government agencies. Pursuant to this and the importance given to the development of Wuhan into a major hub port and logistics base for the Central China region under the 11th 5-year Plan, the Group and its joint venture partners have been planning for the development of Phase II of WIT Port. Since the signing of a Heads of Agreement in 2005 a supplemental agreement was signed in April 2007 to commission a development plan which is currently awaiting final approval by the central government.

Under the Heads of Agreement, the Group will take a 44% equity interest in the Phase II development with the rest of the interest to be taken up by the two PRC Joint Venture partners of WIT. Preliminary estimated total cost of the Phase II development is RMB1,080 million. Such cost is expected to be incurred progressively over the planned five year development horizon after the project has been approved by the Central Government. In tandem with the 11th 5-year Plan, the Phase II development will increase designed handling capacity by 800,000 TEUs, taking the overall annual container designed handling capacity of the WIT Port to 1,200,000 TEUs. Shareholders' approval to the Phase II development will be sought once the related joint venture agreement and the articles of the Phase II joint venture company have been negotiated to an advance stage or signed subject to shareholders' approval.

Heavy Item Port

On 1 August 2007, the Group entered into a non-legally binding heads of agreement with the Wuhan Xinzhou District Government to construct and operate a heavy item port (重特大件碼頭) (the "Heavy Item Port" or the "Project") to handle large and heavy cargo (up to 600 tons in weight) shipments to cater for the transportation needs of some major European power generation, transmission and distribution equipment manufacturers which have chosen to establish manufacturing plants in the Yanglou District of Wuhan, where the WIT Port is situated. The provision of a Heavy Item Port facility is part of the Wuhan Government's commitment to these world class manufacturers to attract them to establish manufacturing facilities in Wuhan. Our agreement and cooperation to build and operate this port will attract favourable incentives from government. The Heavy Item Port facility will be located adjacent to the WIT Port and will be managed by the same management team to achieve economies of scale. Total estimated capital expenditure is estimated to be around RMB150 million.

The Group has Commissioned for the feasibility studies and preliminary designs to be included in the submission of the application for Government approval (立項) and had entered into a land procurement agreement with the government for the acquisition of the 129 mou of land for the port in February 2008. Shareholders' approval to the project will be sought in accordance with the relevant GEM Listing Rules once the legal status of the project has been established.

OPERATING RESULTS

TURNOVER

For 2007, the Group's turnover amounted to HK$33.5 million, representing an increase of HK$17.4 million or 108% over that of HK$16.1 million for 2006. The increase in turnover was mainly attributable to additional revenue from additional containers handled and the continuing growth in the agency and integrated logistics businesses for the year under review.

The Group's strategy to diversify/expand its revenue segments is taking shape. In respect of revenue contributions for 2007, container handling services accounted for 58% (2006: 78%), agency income accounted for 21% (2006: 6%), integrated logistics services accounted for 18% (2006: 10%) and general and bulk cargo handling service accounted for 3% (2006: 6%) of total turnover.

CONTAINER VOLUME AND THROUGHPUT

The TEUs achieved for 2007 was 136,357 TEUs, an increase of 28,973 TEUs or 27% over that of 107,384 TEUs for 2006. These achievements reflected the combined achievements in marketing and business development of the management team of WIT and WIT's ability to handle transshipment cargo from neighbouring and upstream provinces of Wuhan. In terms of market share, the 2007 year saw the Group's share increased to 35% from 31% against an aggregate of 393,356 TEUs handled in 2007 for the whole of Wuhan.

TARIFF

Tariff for 2007 was at the same scale as that for the 2006 year which was below the recommended rates of the Ministry of Communication (MOC) and rates charged by other major ports in the PRC. The average tariff per TEU achieved in 2007 was RMB143 compared with RMB117 achieved in 2006. The increase in 2007 average tariff was attributable to a higher percentage of Wuhan sourced containers, which attract higher tariff rates than transshipment containers and a lower percentage of domestic cargo handled to export containers.

TURNOVER AND REVENUE

	2007		2006		Increase	
	HK$'000	**%**	HK$'000	%	HK$'000	%
Container handling	**19,480**	**58**	12,563	78	6,917	55
General and bulk cargo	**1,035**	**3**	977	6	58	6
Agency	**6,939**	**21**	1,041	6	5,898	567
Integrated logistics services	**6,067**	**18**	1,541	10	4,526	294
	33,521	**100**	16,122	100	17,399	

	2007	2006	Increase	
	TEUs	TEUs	TEUs	%
Container throughput	**136,357**	107,384	28,973	27

	Tons	Tons	Tons	%
General and bulk cargo	**51,593**	26,407	25,186	95

GROSS PROFIT

Gross profit for 2007 was HK$15.4 million, a significant improvement on the gross profit of HK$9.2 million in 2006. These reflected the increased volume of containers handled and the growth in agency and integrated logistics services income.

MANAGEMENT DISCUSSION AND ANALYSIS

LOSS FOR THE YEAR

Loss for the year amounted to HK$17.2 million, representing an increase of HK$1.2 million or 8% over that of HK$16.0 million for the 2006 year. Loss attributable to shareholders amounted to HK$16.3 million, representing an increase of HK$1.3 million or 9% over that of HK$15.0 million for the 2006 year. These were attributable to the increase in gross profit contributions and government subsidies received which were offset by (i) the increase in general and administrative expenses as a result of the additional marketing and business development efforts to promote the WIT Port; (ii) the increase in depreciation and amortization charges; and (ii) the increase in finance costs principally as a result of the increase in bank loans taken out to partially finance the cost of development of Phase I Stage 2 of the WIT Port.

Loss per share was HK cents 3.88 compared with HK cents 3.94 for 2006.

EMPLOYEE INFORMATION

Number of Employees

A breakdown of the number of employees of the Group by function and by geographical location as at 31 December 2007 and 2006 is set out below:

	As at 31 December 2007			As at 31 December 2006		
	H.K.	**Wuhan**	**Total**	H.K.	Wuhan	Total
Operation	**–**	**100**	**100**	–	83	83
Project Planning and management	**2**	**6**	**8**	2	6	8
Corporate and business development	**–**	**13**	**13**	–	12	12
Finance	**2**	**8**	**10**	2	8	10
Engineering	**–**	**30**	**30**	–	22	22
Administration and Personnel	**4**	**16**	**20**	4	14	18
	8	**173**	**181**	8	145	153

Remuneration of Employees and Policies

The Group has maintained good relationships 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 and share options of the Company to the Audit and Remuneration Committee.

Total remuneration together with pension contributions incurred for the year ended 31 December 2007 amounted to HK$12.4 million (2006: HK$10.6 million). The Directors received remuneration of HK$2.7 million during the year ended 31 December 2007 (2006: HK$2.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

The Group finances its operations and capital expenditure with internal financial resources, long-term and short-term bank borrowings. To enlarge its shareholder base, the Company made a placement of new shares in June 2007 which raised HK$44.7 million in funds.

As at 31 December 2007, the Group had total outstanding bank borrowings of HK$192.6 million (RMB180 million) (2006: HK$150 million) against total facilities available of HK$224.7 million (RMB210 million) (2006: HK$150 million), which are provided by three PRC banks.

Except for the bank borrowings disclosed above, as at 31 December 2007, the Group did not have any other committed borrowing facilities.

The Group had total cash and cash equivalents of HK$42.8 million as at 31 December 2007 (2006: HK$0.9 million) and consolidated net assets of HK$126.2 million (2006: HK$89.8 million).

GEARING RATIO

As at 31 December 2007, the Group had a gearing ratio of approximately 57% (2006: 66%). The calculation of the gearing ratio was based on the net bank borrowings (total bank borrowings net of cash and cash equivalents) over total shareholders' equity plus net bank borrowings as at 31 December 2007 and 2006 respectively. The lower gearing in 2007 reflected the new funds from the placement of shares during the year.

EXCHANGE RATE RISKS

The Group's reporting currency is the Hong Kong dollar. Hence, the Group's exposure to foreign currency exchange rates relates primarily to the Group's operations in Wuhan which are conducted in Renminbi.

For the year ended 31 December 2007, the Group generated revenue solely in Renminbi, its loans are in Renminbi and incurred costs mainly in Renminbi and Hong Kong dollars. The Directors consider that the impact on foreign exchange exposure of the Group to be minimal.

SIGNIFICANT INVESTMENTS

Save as those disclosed elsewhere in this Report, the Group did not hold any significant investment as at 31 December 2007.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as those disclosed elsewhere in this Report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during 31 December 2007.

CAPITAL COMMITMENTS

As at 31 December 2007, the Group had capital commitment in respect of the development of the WIT Port facilities contracted for but not provided for amounting to approximately HK$824,000 (2006: HK$3,799,000).

CONTINGENT LIABILITIES

As of the date of this announcement and as at 31 December 2007, the Board is not aware of any material contingent liabilities.

PLEDGE OF ASSETS

The Group has pledged port facilities, land use rights and bank deposits owned by WIT with a net book value of approximately HK$148,137,000 (2006: HK$123,662,000), HK$8,424,000 (2006: HK$3,276,000) and HK$3,896,000 (2006: HK$Nil) respectively to secure bank loans granted to WIT.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this Report, the Group does not plan to have any other material investments or acquisition of material capital assets.

MARKET CAPITALIZATION

Based on the closing price of HK$0.75 per share on 31 December 2007, the market capitalization of the Company as at 31 December 2007 was HK$341.93 million.

MANAGEMENT DISCUSSION AND ANALYSIS

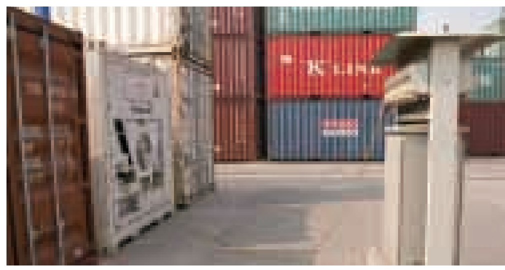
Quay Crane

Rubber Tyred Gantry Crane

Front Loader

Empty Container Stacker

General Cargo Handled



Refrigerated Container Handling Facilities

Computer Terminal Management System (CTMS)

Quarantine Inspection Training

Lecture On Fire Safety

MANAGEMENT DISCUSSION AND ANALYSIS

Signing ceremony of the Heavy Item Port Heads of Agreement

Port visit by Wuhan Xinzhou government officials

Customs Officials Resident at the Port

Port visit by MOL Asia representative

Port visit by HP and Foxconn representatives

Chairman and members of the Board met with Mr. Tian Cheng Zhong, Governor of Hubei Province

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

DIRECTORS

The Company has one executive Director, three non-executive Directors and three independent non-executive Directors. Their details are set out below:

EXECUTIVE DIRECTOR

Mr. Chow Kwong Fai, Edward (周光暉), *BA, FCA, FCPA, FHKIoD*, aged 55, is the founder of the Group, the chairman of the Company and a chartered accountant. Mr. Chow has extensive knowledge and experience in infrastructure development in China and Thailand and the planning and managing of a mass transit system project in Thailand. He is a past president of the Hong Kong Institute of Certified Public Accountants, a deputy chairman of the Hong Kong Institute of Directors and a vice chairman of the Business and Professionals Federation of Hong Kong. He is also a member of The Ninth Chinese People's Political Consultative Conference of Zhejiang Province. He is an independent director and chairman of the audit committee and remuneration committee of COSCO Pacific Limited, a Hang Seng Index company listed on the main board of the Stock Exchange and an independent director of China Merchants Bank Co., Ltd., a company listed on the stock exchanges of Hong Kong and Shanghai. Mr. Chow was recently appointed as an expert adviser of the Accounting Standards Committee of the Ministry of Finance, Peoples Republic of China.

NON-EXECUTIVE DIRECTORS

Mr. Wong Yuet Leung, Frankie (黃月良), aged 59, joined the Group and took office as a Director in November 2003. Mr. Wong is the chief executive officer of Shui On Construction and Materials Limited ("Shui On Construction"), a company which shares listed on the Stock Exchange. He graduated with a Bachelor of Science (Economics) degree and a Master of Arts degree from the London School of Economics and Political Science, the University of London and the University of Lancaster respectively.

Mr. Lee Jor Hung Dannis (李佐雄), *BBS*, aged 53, is the Chairman of DL Brokerage Limited with over 25 years of experience in the securities and investment industry and took office as a Director in September 2005. Mr. Lee holds a Bachelor degree in Business Administration and Commerce and a Master Degree in Business Administration, and is a fellow member of the Hong Kong Institute of Directors and Hong Kong Securities Institute. Mr. Lee is a former independent non-executive director of Hong Kong Exchanges and Clearing Limited (2000 to 2006), a director of the Hong Kong Securities Institute, a member of the Process Review Panel of the Securities and Futures Commission, a member of the Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants, a member of the Barristers Disciplinary Tribural Panel and also the Permanent Honourable President and a former Chairman of the Hong Kong Stockbrokers Association. Mr. Lee is also a former member of the Advisory Committee to the Securities and Futures Commission and the Council of The Stock Exchange of Hong Kong Limited (1991 to 1997 and Vice Chairman 1994/1995) and a former director of Hong Kong Securities Clearing Company Limited (1992 to 1997 and Vice Chairman 1995 to 1997).

Board of Directors meeting in session

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

Mr. Goh Pek Yang, Michael (吳伯炎), aged 58, joined the Group as a Director in November 2005 and is the Managing Director of MOL (Asia) Limited, which serves as the Asia/Oceania Regional Headquarter for Mitsui O.S.K. Lines of Japan. Mr. Goh's responsibilities include trade management, operations, business development and administration for some 30 countries in the Asia/Oceania region. Mr. Goh is a member of the Executive Committee of the Liner Division of Mitsui O.S.K. Lines and the Vice-President and a member of the Board of Directors of MOL (China) Ltd. Mr. Goh has more than 30 years of extensive knowledge and experience in global shipping and transportation business. He began his career in the shipping industry in 1969 and has held key positions in the U.S., Singapore and Hong Kong. Prior to joining MOL in 2002 as Chief Operating Officer, Mr. Goh was CEO of Transpacific Lines Ltd in Hong Kong, an Executive Director of FHTK Holdings in Singapore and an Executive Vice President of Worldwide Logistics at American President Lines Ltd, a company owned by Neptune Orient Lines Ltd in Singapore. Mr. Goh earned a Master of Science Degree in Management from the Graduate School of Business at Stanford University in California, USA.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Tin Yau, Kelvin (黃天祐博士), aged 47, took office as an independent non-executive Director in September 2005. He is an executive director and deputy managing director and the chairman of the corporate governance committee and member of the executive committee of COSCO Pacific Limited ("COSCO"), a company listed on the Stock Exchange. Dr. Wong is a deputy chairman, chairman of the corporate governance committee and fellow member of The Hong Kong Institute of Directors, chairman and council member of the Hong Kong Chinese Orchestra Limited, a member of the China Trade Advisory Committee of the Hong Kong Trade Development Council, a member of the Auditing and Assurance Standards Committee of the Hong Kong Institute of Certified Public Accountants, a member of the OECD/World Bank Asian Corporate Governance Roundtable, a member of Main Board and GEM Listing Committee of the Stock Exchange and a member of The Board of Review (Inland Revenue Ordinance). He obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business of Administration from The Hong Kong Polytechnic University in 2007. He is an associate member of the Chartered Institute of Bankers, a member of the Hong Kong Securities Institute, a member of the Chartered Institute of Marketing and a member of the National Investor Relations Institute in the USA. He has more than 23 years of working experience in management, banking and securities industries. Currently, Dr. Wong is an independent non-executive director and chairman of the audit committee of China Metal International Holdings Inc., an independent non-executive director and chairman of the Audit Committee of Tradelink Electronic Commerce Limited and an independent non-executive director of I.T Limited, all of these companies are listed on the Stock Exchange. Dr. Wong held various senior positions in several listed companies in Hong Kong before he joined COSCO in July 1996. He is responsible for the overall management, strategic planning, financial management, and investor relations of COSCO.

Mr. Lee Kang Bor, Thomas (李鏡波), aged 54, took office as an independent non-executive Director in September 2005. He graduated from 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 degree of an Utter Barrister of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee was president of the Council of the Taxation Institute of Hong Kong from 1999 to 2002. Mr. Lee is the managing director of Thomas Lee & Partners Limited, International Tax, Trust and Business Advisors. Mr. Lee is also an independent non-executive director and chairman of the audit committee of the board of directors of Man Sang International Limited, a company which shares are listed on the Stock Exchange.

Mr. Leung Kwong Ho, Edmund (梁廣灝), *OBE, JP, BSc (Eng), CEng, R.P.E., FHKIE, FIMechE, FCIBSE, FIEAust, FHKEng, FHKIoD*, aged 61, took office as an independent non-executive Director in September 2005. He graduated from the University of Hong Kong with a degree of Bachelor of Science in Engineering in 1967. Mr. Leung had worked as the general manager of HUD Engineering Limited, which provides engineering and contracting services, including installation and maintenance of container terminal equipment. Mr. Leung has been involved in various landmark infrastructure projects in Hong Kong such as design of the electrical and mechanical systems for Junk Bay Tunnel and Tate's Cairn Tunnel. Mr. Leung had also been a chairman of Hyder Consulting Limited, during such period he had a major role in the design and construction of KCRC's West Rail Contract DD 400 and of the project management of the extension for the Hong Kong Convention and Exhibition Centre in time for the change of sovereignty ceremony on 30 June 1997. Mr. Leung was the President of the Hong Kong Institution of Engineers in 1995/1996. He is a member of the Board of the Airport Authority Hong Kong, member of the Town Planning Board and Chairman of the Energy Advisory Committee. He is also an independent non-executive director of Hsin Chong Construction Group Limited and an advisor to Parsons Brinckerhoff (Asia) Limited.

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

AUDIT AND REMUNERATION COMMITTEE

The Audit and Remuneration Committee comprises the following four Directors, majority of whom are independent non- executive Directors and all of whom are non-executive Directors:

Mr. Lee Kang Bor, Thomas *(Chairman)*
Dr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund
Mr. Wong Yuet Leung, Frankie

SENIOR MANAGEMENT

HEAD OFFICE

Mr. Wong Wai Keung, Frederick (黃煒強), is the chief financial officer of the Group since January 2001, a qualified accountant and the company secretary of the Company overseeing the corporate and finance division of the Group. He is a fellow member of both the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and holds a master degree in electronic commerce. Mr. Wong is has over 25 years of accounting, finance, tax, corporate finance and company secretarial experience.

Mr. Shen Guang Ping (沈光平), is the Group's project director in the PRC and is responsible for the negotiation, planning and project management of the Group's development and new projects. Mr. Shen is a civil engineer by profession and holds a MBA degree. Mr. Shen worked in the Shaoxing Municipal Government for 30 years, including holding positions of Director of the Construction Bureau, Director of the Tourism Bureau and as Chairman of the Shaoxing Tourism Group. Mr. Shen has extensive experience in the planning and construction of industrial parks and urban, infrastructure and tourism facilities.

Mr. Ng Wai Kin, Simon (吳煒堅), is vice president of the business development division of the Group. He holds a degree of bachelor of Business major in accounting. He joined the Group in October 1996 and has been responsible for business development and project co-ordination of the Group.

Mr. Chan Yiu Fai, Louis (陳耀輝), is Finance Manager of the Group. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and holds a degree of Bachelor of Arts (Hons) in Accountancy. He joined the Group in January 2008 and is responsible for the accounting, finance and taxation matters of the Group. He has over 10 years of experience in the areas of accounting, auditing and taxation (including over six years of experience in the areas of accounting, taxation and office administration in the PRC).

Audit and Remuneration Committee meeting in session

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

WIT

Mr. Xie Bing Mu (謝炳木), has been the general manager of WIT since November 2003 and a director of WIT since January 2004. He completed the professional studies in 工企管 (business administration) at 福建廣播電視大學 (Fujian Broadcasting University) in 1986 and is a qualified accountant in the PRC. Mr. Xie joined the Group in March 2001. Prior to joining the Group, Mr. Xie had worked at an international port company and container terminal company in the PRC.

Mr. Liu Shou Liang (劉守樑), is a deputy general manager of WIT since April 1998 and is in charge of the engineering department of WIT. He is a senior engineer and graduated from 武漢建築材料工業學院 (Wuhan Industrial Institute of Building Materials) and holds a bachelor degree in engineering. Mr. Liu has over 20 years of experience in the development and management of ports in the PRC.

Mr. Li Zhong Jie (李中杰), is the chief controller in the commercial department of WIT and has been a director of WIT since November 2003. He completed high secondary motor vehicle professional studies (高中汽車專業班) at 廈門市交通職業中學 (Xiamen Transportation Technical Secondary School). Mr. Li joined the Group in March 1999 and is responsible for the logistics operations of WIT. He has over 8 years of experience in international container port and terminal port and logistics operations in the PRC.

Mr. Zhang Chun Hui (張春暉), is an assistant to the general manager of WIT since joining the Group in June 2005. Mr. Zhang is responsible for the overseeing of the operations of the WIT Port. He completed special course (專業課程) in mechanical manufacture technique and equipment (機械制造工藝與設備) at the Lujiang Vocational University (鷺江職業大學) in 1993. Prior to joining the Group, Mr. Zhang had worked in different senior positions with an international port and container terminal companies in the PRC and has over 10 years of experience in machinery maintenance and container terminal operations in the PRC.

Mr. Huang Jing (黃競), is the deputy general manager of WIT since May 2003, the company secretary of WIT since December 2005 and is in charge of all office administrative and human resources matters of WIT. He graduated from 中南財經大學 (Zhongnan University of Finance and Economy) and holds a bachelor degree in economics. Mr. Huang joined the Group in February 1998 and has 7 years experience in financial management and office administration in the PRC.

Mr. Cai Xi Ming (蔡曦明), is the chief accountant of WIT and in charge of all finance and accounting matters of WIT. He obtained a MBA degree (工商管理碩士學位) from the Zhongnan University of Economics and Law (中南財經政法大學) in the PRC and is a qualified accountant in the PRC. Mr. Cai joined the Group in July 2000. Mr. Cai has extensive experience in finance, accounting and enterprise management.

Head Office and WIT Management meeting in session

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board has always believed in the importance 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 Board takes 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

Throughout the year ended 31 December 2007 (the "2007 Year"), except for Mr. Chow Kwong Fai, Edward who had served as both the chairman of the Board and the chief executive officer of the Company, the Company has complied with the code of provisions in the Code of Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules (see section on chairman and chief executive officer). The Board and the senior management of the Group have seriously appraised the Code and reviewed the practices of the Group to ensure full compliance of the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Company's specific enquiry, each Director had confirmed that during the year ended 31 December 2007, the required standard of dealings had been fully complied with and there was no incident of non-compliance.

THE BOARD OF DIRECTORS

The Board, which currently comprises seven Directors, is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, 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 with clear directions.

The Board comprises an executive Director and chairman, namely Mr. Chow Kwong Fai, Edward; three non-executive Directors, namely Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis and Mr. Goh Pek Yang, Michael and three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund. Non-executive Directors currently represent six-sevenths of the Board. Independent non-executive Directors currently represent three-sevenths of the Board.

CORPORATE GOVERNANCE REPORT

During the 2007 Year, there were in total seven Board meetings held and the attendance record of the directors is set out below:

Members of the Board	Number of meetings Held	Attended	Attendance percentage
CHAIRMAN AND EXECUTIVE DIRECTOR			
Mr. Chow Kwong Fai, Edward	7	7	100%
NON-EXECUTIVE DIRECTOR			
Mr. Wong Yuet Leung, Frankie	7	5	71%
Mr. Lee Jor Hung, Dannis	7	7	100%
Mr. Zhao Cong, Richard (Resigned on 1 January 2007)	0	0	N/A
Mr. Goh Pek Yang, Michael	7	6	86%
INDEPENDENT NON-EXECUTIVE DIRECTOR			
Mr. Lee Kang Bor, Thomas	7	7	100%
Dr. Wong Tin Yau, Kelvin	7	6	86%
Mr. Leung Kwong Ho, Edmund	7	7	100%

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 Group has received from each independent non-executive Director an annual confirmation of his independence, and the Group considers such directors to be independent in accordance with each and every guideline set out in rule 5.09 of the GEM Listing Rules.

Mr. Chow Kwong Fai, Edward and Dr. Wong Tin Yau, Kelvin are respectively an independent non-executive Director and deputy managing director of COSCO Pacific Limited, a company which shares are listed on the Stock Exchange. Mr. Wong Yuet Leung, Frankie is the chief executive officer of Shui On Construction and Materials Limited ("Shui On"), a company which shares are listed on the Stock Exchange. Mr. Zhao Cong, Richard (resigned on 1 January 2007) is the General Manager of The Yangtze Ventures Management Limited, the management company managing the funds of Yangtze Ventures II Limited, a substantial shareholder of the Company and an investment fund majority held by Shui On, a company of which Mr. Wong Yuet Leung, Frankie is the chief executive officer. Save for the above, there is no other financial, business, family or other material relationship among the members of the Board.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the 2007 Year, Mr. Chow Kwong Fai, Edward served as both the chairman of the Board and the chief executive officer of the Company. While the Board is aware that it is a recommended best practice to split the role of the Chairman and the chief executive, in view of the small size of the Group and the fact that the Group's core business is straight forward and is carried out singularly by its subsidiary, WIT, and the fact that the general manager (de facto chief executive) of WIT is a separate person, there is no necessity to appoint a chief executive at the Company level or at the Group level. Save for the above deviation, the Company was in full compliance with the Code during the 2007 Year.

NON-EXECUTIVE DIRECTORS AND RE-ELECTION

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.

THE AUDIT AND REMUNERATION COMMITTEE

The Directors are aware that it is good practice for listed companies to establish an audit committee and a remuneration committee in accordance with the Code. However, having taken into account of the small size of the Company and the fact that members for both committees would most likely be the same, the Board considers it more efficient to have these two committees combined into one committee (the "Audit and Remuneration Committee"). The Audit and Remuneration Committee comprises Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin, Mr. Leung Kwong Ho, Edmund and Mr. Wong Yuet Leung, Frankie, the majority of whom are independent non-executive Directors of the Company. The primary duties of Audit and Remuneration Committee include the following:

1. THE FUNCTIONS OF AN AUDIT COMMITTEE

The primary duties of the "audit committee function" of the Audit and Remuneration Committee include the review of financial statements, financial reporting process and the internal control and risk management systems of the Group as well as the appointment of auditors. During the 2007 Year, the Audit and Remuneration Committee has reviewed the first-quarterly, the half-yearly, third-quarterly and the annual results as well as the effectiveness of the systems of internal control (the "Systems of Internal Control") of the Group which covers financial, operational and compliance controls and risk management functions. The Audit and Remuneration Committee has liaised with the Directors, senior management and the qualified accountant 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. The Committee also made an on-site visit to the Group's operating subsidiary, Wuhan International Container Transshipment Company Limited ("WIT") in Wuhan and carried out on-site inspections and held discussions with management and Wuhan government officials.

During the 2007 Year, 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. The findings of this review which is in the form of an "Internal Audit Report" was reviewed by the Committee. Further details of these are set out in the section headed "Internal Control" contained in this report.

2. THE FUNCTIONS OF A REMUNERATION COMMITTEE

The primary duties of the "remuneration committee function" of the Audit and Remuneration Committee include the review and determination of directors' service contracts, the salaries of the directors and the award of discretionary bonus and share options of the Company.

The Company has adopted full disclosure of remunerations of Directors with disclosure by name, amount and type in note 8 to the Financial Statements on pages 60 and 61 of the annual report.

The Company has a share option scheme (Refer to note 30 of the annual report for more details). No options have been granted under the Share Option Scheme.

3. AUDITORS' REMUNERATION

Remuneration in respect of audit services provided by the auditors to the Group for the 2007 Year is HK$399,000. The auditors did not provide any other services to the Group in 2007.

The Audit and Remuneration Committee held in total five meetings during the 2007 Year and up to the date of this annual report to review the financial results, systems of internal control and risk management and remuneration policy and levels of the Group. The attendance record of members of the Audit and Remuneration Committee is summarized as below:

	Number of meetings		Attendance
Members of the Audit and Remuneration Committee	**Held**	**Attended**	**percentage**
Mr. Lee Kang Bor, Thomas *(Chairman)*	5	5	100%
Dr. Wong Tin Yau, Kelvin	5	4	80%
Mr. Leung Kwong Ho, Edmund	5	5	100%
Mr. Wong Yuet Leung, Frankie	5	4	80%

NOMINATION OF DIRECTORS

For the purpose of nomination of directors, as the Company finds it not necessary to establish a separate nomination committee, therefore the task of nomination of directors is vested with the Board of the Company. The Board reviews (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.

CORPORATE GOVERNANCE REPORT

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 of internal control. The Systems of Internal Control, which include a well-established organizational structure with clearly defined lines of responsibility and authority, are designed to manage, rather than eliminate, risks of failure in achieving the Group's business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

For the 2007 Year, the Board has, through the Audit and Remuneration Committee with the assistance of head office management, conducted a risk-and-control-based approach review of the Group's Systems of Internal Control, including without limitations, financial controls, operational controls, compliance controls and risk management functions. Summaries of head office management's review findings and control weaknesses identified, if any, and recommendations for improvement, where applicable, are reviewed by the Audit and Remuneration Committee. The head office management monitors the follow-up actions agreed upon in response to its recommendations and report back to the Audit and Remuneration Committee.

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 Systems of Internal Control.

SHAREHOLDER VALUE

The Board and senior management recognize their responsibility to represent the interests of all shareholders and to maximize 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.

SHAREHOLDER RIGHTS AND RELATIONS

The Company believes that shareholders' rights should be well respected and protected. The Company endeavors to maintain good communications with shareholders on its performance through quarterly results announcements, interim and annual reports and AGMs, 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.

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

Telephone no.:	(852) 2868-0212
Fax no.:	(852) 2868-0620
By post:	2909A, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Email:	cigyp@cigyangtzeports.com

REVIEW OF BUSINESS PLAN

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparative summary of the actual business progress against the business objectives for the year ended 31 December 2007 (the "Comparison Period") as set out in the "Future Plans" of the Group on pages 123 to 125 of the Prospectus. To attain its long-term business goals, the Group reviews its business objectives and strategies in an ongoing basis and makes appropriate adjustments as necessary.

BUSINESS OBJECTIVES FOR THE COMPARISON PERIOD AS SET OUT IN THE PROSPECTUS

1 January 2007 to 30 June 2007

Business Development and Throughput

To continue to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters. Target throughput for the period is:

•	Container	68,000 TEUs
•	General Cargo	46,000 Tonnes

ACTUAL BUSINESS PROGRESS FOR THE COMPARISON PERIOD

The Group has continued to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters as planned. Based on the actual achievements of 2006, the Group had revised its original targets at the beginning of the period and they are as follows:

•	Container	71,810 TEUs
•	General Cargo	64,200 Tonnes

REVIEW OF BUSINESS PLAN

BUSINESS OBJECTIVES FOR THE COMPARISON PERIOD AS SET OUT IN THE PROSPECTUS	ACTUAL BUSINESS PROGRESS FOR THE COMPARISON PERIOD
	Actual throughputs achieved for the period is: • Container 71,874 TEUs • General Cargo 25,713 Tonnes Container throughput achieved was in line with that of the revised plan while the actual demand for general cargo services, which is irregular and ad hoc in nature, was below that of the revised plan.
To commence feasibility study on the establishment of logistics services center and bulk liquid cargo port.	The Group has been providing logistics services since the warehouse of the WIT Port became a "Bonded Warehouse" in 2005. The demand for integrated logistics services have since increased with the handling (break-bulk, packaging and storage) of imported fertilizers resulting in a need to construct an additional warehouse and related facilities which was put into operation in the third quarter of 2007. As to the bulk liquid cargo port concept, this had not been pursued by the Group as the demand for such services is not entirely ascertainable at present.
Financing	
• Through internal resources and	• The Group continued to finance its operations by way of internal resources, loan facilities from SPDB and a new RMB30 million loan granted by another PRC bank to WIT.
• Through utilization of loan facilities from SPDB	• Through the issuance of new shares under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the shareholders held on 7 May 2007, the Group had raised additional new equity of approximately HK$44.7 million for the purposes of financing the continuing expanding operations of WIT and general working capital for the Group. Details of this placement of new shares are set out in the announcements to the shareholders of the Company dated 12 June 2007 and 25 June 2007.

BUSINESS OBJECTIVES FOR THE COMPARISON PERIOD AS SET OUT IN THE PROSPECTUS

Human Resources

	HK	Wuhan	Total
Operation	–	140	**140**
Project Planning and Management	2	7	**9**
Corporate and Business Development	–	9	**9**
Finance	2	10	**12**
Engineering	–	25	**25**
Administration and Personnel	4	19	**23**
Total	**8**	**210**	**218**

ACTUAL BUSINESS PROGRESS FOR THE COMPARISON PERIOD

	HK	Wuhan	Total
Operation	–	102	**102**
Project Planning and Management	2	6	**8**
Corporate and Business Development	–	17	**17**
Finance	2	8	**10**
Engineering	–	27	**27**
Administration and Personnel	4	16	**20**
Total	**8**	**176**	**184**

The actual operating and supporting personnel at WIT was kept at 145 in line with the level of business activities in 2006. For the six months ended 30 June 2007, actual number was increased from 145 to 176 as more operating staff was required to be deployed for the operation of the second berth and the growing integrated logistics business.

1 July 2007 to 31 December 2007

Business Development and Throughput

To continue to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters. Target throughput for the period is:

- Container 102,000 TEUs
- General Cargo 54,000 Tonnes

The Group has continued to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters as planned. Based on the actual achievements of 2006 and first half of 2007, the Group had revised its original targets at the beginning of the period as follows:

- Container 90,316 TEUs
- General Cargo 56,160 Tonnes

REVIEW OF BUSINESS PLAN

BUSINESS OBJECTIVES FOR THE COMPARISON PERIOD AS SET OUT IN THE PROSPECTUS	ACTUAL BUSINESS PROGRESS FOR THE COMPARISON PERIOD
	Actual throughputs achieved for the period is: • Container 64,483 TEUs • General Cargo 25,875 Tonnes Container throughput achieved was below that of the revised plan as the anticipated opening of new transshipment routes from up-stream Yangtze River did not materialize as planned while the actual demand for general cargo services, which is irregular and ad hoc in nature, was below that of the revised plan.
Design and Construction	
• To commence the development of stage 3 of Phase I of the WIT Port which includes the construction of additional CFS building/warehouse, the new administrative building, 3 RTGs and a quay crane	• The development of an additional warehouse to serve the imported fertilizer business was constructed and put into service during this period. The development of the remainder of the stage 3 of Phase I of the WIT Port has not commenced as it will be developed progressively to match with existing and projected future utilization requirements.
• To commence and complete the design of the new CFS building/warehouse	• See comments above
• To commence and complete the selection of tenders for the construction of the new CFS building	• See comments above
• To commence and complete the design of the new administrative building	• See comments above
• To commence and complete the selection of tenders for the construction of the new administrative building	• See comments above
• To commence the tendering for the manufacturing of the 3 RTGs and the quay crane	• See comments above
• Awarding and the signing of contracts for and the commencement of the manufacturing and delivery of 3 RTGs and the quay crane	• See comments above

REVIEW OF BUSINESS PLAN

BUSINESS OBJECTIVES FOR THE COMPARISON PERIOD AS SET OUT IN THE PROSPECTUS

Financing

- Through internal resources

Human Resources

	HK	Wuhan	Total
Operation	–	140	**140**
Project Planning and Management	2	7	**9**
Corporate and Business Development	–	9	**9**
Finance	2	10	**12**
Engineering	–	25	**25**
Administration and Personnel	4	19	**23**
Total	**8**	**210**	**218**

ACTUAL BUSINESS PROGRESS FOR THE COMPARISON PERIOD

- The Group continued to finance its operations by way of internal resources, loan facilities from SPDB and a new RMB30 million loan granted by another PRC bank to WIT.

	HK	Wuhan	Total
Operation	–	100	**100**
Project Planning and Management	2	6	**8**
Corporate and Business Development	–	13	**13**
Finance	2	8	**10**
Engineering	–	30	**30**
Administration and Personnel	4	16	**20**
Total	**8**	**173**	**181**

The actual operating and supporting personnel at WIT as at 30 June 2007 was kept at 176 in line with the level of business activities in 2007. For the six months ended 31 December 2007, actual number decreased to 173 due to natural wastages.

REPORT OF THE BOARD OF DIRECTORS

The board (the "Board") of directors (the "Directors") submits herewith the report of the Board together with the audited financial statements of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was investment holding and those of the subsidiaries are set out in note 26 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2007 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on page 44.

DIVIDEND, APPROPRIATIONS AND RESERVES

The Directors do not recommend the payment of a dividend for 2007.

Details of movements in reserves of the Company and of the Group during the year are set out in Statement of Changes in Equity.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, services provided to the Group's five largest customers accounted for 63% of total turnover of the Group with services provided to the largest customer included therein accounted for 25% of total turnover of the Group. Purchases from the Group's five largest suppliers accounted for 57% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 22% of total purchases of the Group for the year.

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 beneficial interest in the Group's five largest customers and suppliers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the Companies Law (Revised) of the Cayman Islands.

REMUNERATION POLICY

The remuneration policy of the employees of the Group is set out on the basis of their merit, qualifications and experience. The remuneration of the Directors are decided, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in note 30 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 24 to the financial statements.

DIRECTORS

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

EXECUTIVE DIRECTOR:

Mr. Chow Kwong Fai, Edward

NON-EXECUTIVE DIRECTORS:

Mr. Wong Yuet Leung, Frankie
Mr. Lee Jor Hung, Dannis
Mr. Zhao Cong, Richard (resigned on 1 January 2007)
Mr. Goh Pek Yang, Michael

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lee Kang Bor, Thomas
Dr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund

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 a retiring director shall be eligible for re-election.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' SERVICE CONTRACTS

The executive Director, Mr. Chow Kwong Fai, Edward has entered into a service contract with the Company for a fixed term of two years commencing from 16 September 2005, the date of listing and can be renewed for successive terms of one year. The service contract can be terminated either by the Company or Mr. Chow giving each other notice of not less than six months.

Each of the non-executive Directors and independent non-executive Directors has entered into a service contract with the Company for a period commencing from 7 May 2007 until the Company's annual general meeting in 2008.

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.

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Company considers the independent non-executive Directors to be independent.

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 21 of this report.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in note 28 to the financial statements, no contracts 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.

CONNECTED TRANSACTIONS

Details of the connected transactions under the GEM Listing Rules during the year are set out in note 28 to the financial statements.

REMUNERATION OF DIRECTORS AND THE HIGHEST PAID EMPLOYEES

Details of the remuneration of Directors and the highest paid employees of the Group are set out in notes 8 and 9 to the financial statements.

DIRECTORS AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES OF THE COMPANY

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 V 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 the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules, are as follows:

LONG POSITIONS IN SHARES

		As at 31 December 2007	
Name of Director	**Capacity**	**No. of Shares** *(note 1)*	**Approximate percentage of holding**
Chow Kwong Fai, Edward	Interest by attribution *(note 2)*	152,915,266 (L)	33.54%
		67,079,374 (S)	14.71%
Lee Jor Hung, Dannis	Interest by attribution *(note 3)*	4,568,232 (L)	1.00%

Notes:

1 The letter "L" denotes a long position whilst the letter "S" denotes a short position.

2 The 152,915,266 (L) Shares are held as to 101,787,450 Shares by Unbeatable Holdings Limited, 32,463,816 Shares by Chow Holdings Limited and 18,664,000 Shares by CIG China Holdings Limited, each being a company in respect of which Mr. Chow Kwong Fai, Edward is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company. The 67,079,374 (S) Shares are held as to 65,610,231 Shares by Unbeatable Holdings Limited and 1,469,143 Shares held by Chow Holdings Limited.

3. These Shares are registered in the name of Ramwealth Company Limited, a company in respect of which Mr. Lee Jor Hung, Dannis is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company.

REPORT OF THE BOARD OF DIRECTORS

SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for the granting of a maximum of 34,537,974 Shares ("Share Options"), representing 10% of the total number of Shares in issue of 345,379,747 as of the Listing Date exists. Save as disclosed above, no share option has been granted under the Share Option Scheme during the year ended 31 December 2007.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended and as at 31 December 2007, none of the Directors was granted options to subscribe for the Shares.

SUBSTANTIAL SHAREHOLDER AND OTHER PERSONS

So far as was known to the Directors, as at 31 December 2007, the persons (not being Directors or chief executives of the Company) whose interests in shares of the Company 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 POSITIONS IN SHARES

Substantial shareholders

Name	Capacity	Number of Shares	Approximate percentage of holding
Unbeatable Holdings Limited *(note 2)*	Beneficial owner	101,787,450 (L) 65,610,231 (S)	22.33% 14.39%
Harbour Master Limited *(note 3)*	Beneficial owner	133,141,985 (L)	29.20%
The Yangtze Ventures II Limited *(note 3)*	Interest by attribution	133,141,985 (L)	29.20%
Goldcrest Development Limited *(note 4)*	Interest by attribution	133,141,985 (L)	29.20%
Shui On Construction and Materials Limited *(note 5)*	Interest by attribution	133,141,985 (L)	29.20%
Shui On Company Limited *(note 6)*	Interest by attribution	133,141,985 (L)	29.20%

LONG POSITIONS IN SHARES *(Continued)*

Substantial shareholders

Name	Capacity	Number of Shares	Approximate percentage of holding
Bosrich Holdings Inc. *(note 7)*	Interest by attribution	133,141,985 (L)	29.20%
HSBC International Trustee Limited *(note 8)*	Interest by attribution	133,141,985 (L)	29.20%
Lo Hong Sui, Vincent *(note 9)*	Interest by attribution	133,141,985 (L)	29.20%
Mitsui O.S.K. Lines, Ltd. *(note 10)*	Interest by attribution	37,620,000 (L)	8.25%
MOL (Asia) Limited *(note 10)*	Beneficial owner	37,620,000 (L)	8.25%
Chow Holdings Limited *(note 2)*	Beneficial owner	32,463,816 (L) 1,469,143 (S)	7.12% 0.32%
Spinnaker Capital Limited *(note 11)*	Investment manager	109,207,765 (L)	23.95%
Spinnaker Asset Management – SAM Limited *(note 11)*	Investment manager	109,207,765 (L)	23.95%
Spinnaker Global Emerging Markets Fund Limited *(note 11)*	Beneficial owner/Security interest/Others	93,676,278 (L)	20.54%
CIG China Holdings Limited *(note 2)*	Beneficial owner	18,664,000 (L)	4.09%
Value Partners China Hedge Fund Master Fund Limited *(note 12)*	Beneficial owner	28,368,000 (L)	6.22%
Value Partners Asia Fund, LLC *(note 12)*	Beneficial owner	29,899,543 (L)	6.55%
Value Partners Limited *(note 12)*	Investment manager	75,983,543 (L)	16.66%
Value Partners Group Limited *(note 13)*	Interest by attribution	75,983,543 (L)	16.66%
Cheah Capital Management Limited *(note 14)*	Interest by attribution	75,983,543 (L)	16.66%
Cheah Company Limited *(note 15)*	Interest by attribution	75,983,543 (L)	16.66%

REPORT OF THE BOARD OF DIRECTORS

LONG POSITIONS IN SHARES *(Continued)*

Substantial shareholders

Name	Capacity	Number of Shares	Approximate percentage of holding
Hang Seng Bank Trustee International Limited *(note 16)*	Interest by attribution	75,983,543 (L)	16.66%
Cheah Cheng Hye *(note 16)*	Interest by attribution	75,983,543 (L)	16.66%
To Hau Yin *(note 16)*	Interest by attribution	75,983,543 (L)	16.66%

Notes:

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.

2. Mr. Chow Kwong Fai, Edward is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of each of Unbeatable Holdings Limited, Chow Holdings Limited and CIG China Holdings Limited.

3. The Yangtze Ventures II Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Harbour Master Limited.

4. Goldcrest Development Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of The Yangtze Ventures II Limited.

5. Shui On Construction and Materials Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Goldcrest Development Limited.

6. Shui On Company Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Shui On Construction and Materials Limited.

7. Bosrich Holdings Inc. is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Shui On Company Limited.

8. HSBC International Trustee Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Bosrich Holdings Inc.

9. Mr. Lo Hong Sui, Vincent is interested in the shares of Bosrich Holdings Inc. held by HSBC International Trustee Limited.

10. Mitsui O.S.K. Lines, Ltd. is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of MOL (Asia) Ltd.

LONG POSITIONS IN SHARES *(Continued)*

Substantial shareholders

11. Spinnaker Capital Limited and Spinnaker Asset Management – SAM Limited are investment managers and each of them is deemed to be interested in the Shares held by Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited, which holds 20.54%, 2.11% and 1.3% of the share capital of the Company respectively.

12. Value Partners Limited is an investment manager and it is deemed to be interested in the Shares held by Value Partners Asia Fund, LLC, Value Partners China Hedge Master Fund Limited and Value Partners China Greenchip Fund Limited, which respectively holds 6.55%, 6.22% and 3.89% of the share capital of the Company.

13. Value Partners Group Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Value Partners Limited.

14. Cheah Capital Management Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Value Partners Group Limited.

15. Cheah Company Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Cheah Capital Management Limited.

16. Hang Seng Bank Trustee International Limited, as trustee for a discretionary trust, the discretionary objects of which include Mr. Cheah Cheng Hye and certain members of his family, is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Cheah Company Limited. For the purpose of the SFO, Mr. Cheah Cheng Hye and Ms. To Hau Yin are respectively interested in the Shares by virtue of Mr. Cheah being the founder of the trust and Ms. To being the spouse of Mr. Cheah.

COMPETING INTERESTS

During the year ended and as at 31 December 2007, save as disclosed in the 2006 half year results announcement of the Company of Mr. Chow Kwong Fai, Edward's interest in the Logistics Project, none of the other 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 a business which competes or may compete with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

The Company has been advised by Oriental Patron Asia Limited ("Oriental Patron"), the Compliance Adviser of the Company, that through its fellow subsidiary, Pacific Top Holding Limited, it had an interest in 16,799,771 Shares (31 December 2006: 16,879,771 Shares): of the Company as at 31 December 2007.

Save as disclosed above, none of Oriental Patron, its directors, employees or associates had any interests in the securities of the Company or any member of the Group or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

REPORT OF THE BOARD OF DIRECTORS

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 capitalization of the Company, whichever is the lower. As at 31 December 2007, no advances had been made to any entity which exceeded 8% of the Group's consolidated total assets or market capitalization of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2007, the Company had adopted a code of conduct regarding securities transactions by directors ("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 ("Required Standard of Dealings"). The Company has also made specific enquiry of all Directors and is not aware of any non-compliance with the Required Standard of Dealings and the Code of Conduct.

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.

AUDIT AND REMUNERATION COMMITTEE

The Company has established an audit and remuneration committee (the "Audit and Remuneration Committee") with written terms of reference modeled on the Guide to the Establishment of an Audit Committee published by the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) and in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit and Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin, Mr. Leung Kwong Ho, Edmund and one non-executive Director, Mr. Wong Yuet Leung, Frankie. The primary duties of the Audit and Remuneration Committee include reviewing the financial reporting process, the system of internal control and risk management of the Group, the appointment of auditors and the determination of executive Director's service contract, the review of Directors' and senior management's emoluments and the award of discretionary bonuses and share options of the Company.

The Audit and Remuneration Committee has reviewed the results of the Group for the year ended 31 December 2007 and its members visited the WIT Port in Wuhan to review the operations and meet with the management of WIT during the year.

REPORT OF THE BOARD OF DIRECTORS

AUDITORS

A resolution to re-appoint the retiring auditors, Grant Thornton, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chow Kwong Fai, Edward
Chairman

Hong Kong, 26 March 2008

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of CIG Yangtze Ports PLC ("the Company") set out on pages 44 to 78, which comprise the consolidated and the company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 as to whether the financial statements are free from material misstatement.

Grant Thornton
均富

AUDITORS' RESPONSIBILITY *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
Hong Kong, 26 March 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	5	**33,521**	16,122
Cost of services rendered		**(18,075)**	(6,888)
Gross profit		**15,446**	9,234
Other income	6	**5,091**	556
Other operating expenses		**(4,808)**	(4,473)
General and administrative expenses		**(21,054)**	(16,205)
Finance costs	10	**(11,921)**	(5,140)
Loss before taxation	7	**(17,246)**	(16,028)
Taxation	11	**–**	–
Loss for the year		**(17,246)**	(16,028)
Attributable to:			
Shareholders of the Company	12	**(16,283)**	(14,985)
Minority interest		**(963)**	(1,043)
		(17,246)	(16,028)
Loss per share – Basic	13	**HK3.88 cents**	HK3.94 cents
Dividend	14	**–**	–

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**263,581**	249,465
Land use rights	16	**8,424**	8,065
Construction in progress	17	**7,271**	1,046
		279,276	258,576
Current assets			
Inventories	18	**779**	586
Account receivables	19	**7,393**	5,328
Prepayments, deposits and other receivables		**2,438**	1,252
Cash and cash equivalents	20	**42,795**	886
		53,405	8,052
Current liabilities			
Accrued expenses and other payables	21	**13,711**	24,750
Advances from a shareholder	22	**–**	1,636
Due to a related company	27	**–**	200
Current portion of interest-bearing borrowings	23	**107,066**	66
		120,777	26,652
Net current liabilities		**(67,372)**	(18,600)
Total assets less current liabilities		**211,904**	239,976
Non-current liabilities			
Long-term interest-bearing borrowings	23	**(85,694)**	(150,160)
NET ASSETS		**126,210**	89,816
Capital and reserves			
Share capital	24	**45,590**	37,992
Reserves	25	**65,972**	40,240
Equity attributable to shareholders of the Company		**111,562**	78,232
Minority interest		**14,648**	11,584
TOTAL EQUITY		**126,210**	89,816

Approved and authorised for issue by the Board of Directors on 26 March 2008

Director

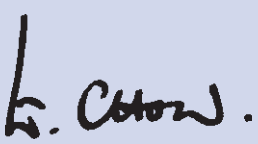
Director

BALANCE SHEET

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	26	**145,073**	100,382
Current assets			
Prepayments, deposits and other receivables		**150**	100
Current liabilities			
Accrued expenses and other payables		**255**	636
Due to a related company	27	**–**	200
Due to a subsidiary	27	**4,099**	599
		4,354	1,435
Net current liabilities		**(4,204)**	(1,335)
NET ASSETS		**140,869**	99,047
Capital and reserves			
Share capital	24	**45,590**	37,992
Reserves	25	**95,279**	61,055
TOTAL EQUITY		**140,869**	99,047

Approved and authorised for issue by the Board of Directors on 26 March 2008



Director

Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Loss before taxation		**(17,246)**	(16,028)
Adjustment for:			
Depreciation and amortisation		**8,135**	5,628
Loss on disposal of financial assets at fair value through profit or loss		**878**	–
Loss on disposal of property, plant and equipment		**20**	89
Interest income		**(436)**	(157)
Interest expenses		**11,921**	5,140
Dividend income		**(418)**	(82)
Operating profit before working capital changes		**2,854**	(5,410)
Account receivables		**(1,692)**	(3,297)
Prepayments, deposits and other receivables		**(1,138)**	(114)
Inventories		**(152)**	(69)
Accrued expenses and other payables		**(12,664)**	998
Due to related companies		**(200)**	200
Cash used in operation		**(12,992)**	(7,692)
Interest paid		**(11,921)**	(8,419)
Net cash used in operating activities		**(24,913)**	(16,111)
Cash flows from investing activities			
Interest received		**436**	157
Dividend received		**418**	82
Purchase of property, plant and equipment		**(5,245)**	(1,836)
Purchase of financial assets at fair value through profit or loss		**(22,561)**	–
Payment for construction in progress		**(6,784)**	(38,820)
Proceeds from disposal of property, plant and equipment		**185**	555
Proceeds from disposal of financial assets at fair value through profit or loss		**21,683**	–
Net cash used in investing activities		**(11,868)**	(39,862)
Cash flows from financing activities			
(Repayment to) advances from a shareholder		**(1,636)**	1,636
Net proceeds from issue of shares		**44,830**	–
Payment of share issuing expenses		**(144)**	(112)
Inception of obligations under finance lease		**–**	265
Repayment of obligations under finance lease		**(66)**	(39)
Bank loan drawdown		**32,100**	30,000
Capital contribution from minority interest of non-wholly owned subsidiary		**3,158**	–
Net cash from financing activities		**78,242**	31,750
Net increase (decrease) in cash and cash equivalents		**41,461**	(24,223)
Exchange differences		**448**	673
Cash and cash equivalents at beginning of year		**886**	24,436
Cash and cash equivalents at end of year	*20*	**42,795**	886

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2007

The Group

	Attributable to shareholders of the Company						
	Share capital	Share premium	Foreign exchange reserve	Accumulated losses	Total	Minority interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	34,538	69,667	2,124	(15,752)	90,577	12,142	102,719
Net income recognised directly to equity							
– Exchange difference on consolidation	–	–	2,752	–	2,752	485	3,237
Loss for the year	–	–	–	(14,985)	(14,985)	(1,043)	(16,028)
Total recognised income (expenses) for the year	–	–	2,752	(14,985)	(12,233)	(558)	(12,791)
Bonus issue of share	3,454	(3,454)	–	–	–	–	–
Share issuing expenses	–	(112)	–	–	(112)	–	(112)
	3,454	(3,566)	–	–	(112)	–	(112)
At 31 December 2006 and 1 January 2007	37,992	66,101	4,876	(30,737)	78,232	11,584	89,816
Net income recognised directly to equity							
– Exchange difference on consolidation	–	–	4,927	–	4,927	869	5,796
Loss for the year	–	–	–	(16,283)	(16,283)	(963)	(17,246)
Total recognised income (expenses) for the year	–	–	4,927	(16,283)	(11,356)	(94)	(11,450)
Capital contribution from minority interest of non-wholly owned subsidiary	–	–	–	–	–	3,158	3,158
Issue of shares	7,598	37,232	–	–	44,830	–	44,830
Share issuing expenses	–	(144)	–	–	(144)	–	(144)
	7,598	37,088	–	–	44,686	3,158	47,844
At 31 December 2007	**45,590**	**103,189**	**9,803**	**(47,020)**	**111,562**	**14,648**	**126,210**

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2007

The Company

	Share capital	Share premium	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	34,538	69,667	(2,359)	101,846
Bonus issue of shares	3,454	(3,454)	–	–
Share issuing expenses	–	(112)	–	(112)
Loss for the year	–	–	(2,687)	(2,687)
At 31 December 2006 and 1 January 2007	37,992	66,101	(5,046)	99,047
Issue of shares	7,598	37,232	–	44,830
Share issuing expenses	–	(144)	–	(144)
Loss for the year	–	–	(2,864)	(2,864)
At 31 December 2007	**45,590**	**103,189**	**(7,910)**	**140,869**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

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 Ugland House, South Church Street, George Town, Grand Cayman, the Cayman Islands. The principal place of business of the Company is 2909A, Bank of America Tower, 12 Harcourt Road, 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 principal activity of the Company is investment holding and the principal activities of Wuhan International Container Transshipment Co., Ltd ("WIT"), the major operating subsidiary, are port construction and operation.

2. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current financial year, the Group has adopted all the new and revised IFRS and Interpretations that are relevant to its operations and effective for annual periods beginning on 1 January 2007. The adoption of these new/revised IFRS and Interpretations does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years. However, as a result of the adoption of IFRS 7 "Financial Instruments: Disclosures" and the amendments to IAS 1 "Presentation of Financial Statements: Capital Disclosures", there have been some additional disclosures provided as follows:

As a result of the adoption of IFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by IAS 32 "Financial Instruments: Disclosure and Presentation". These disclosures are provided throughout these financial statements, in particular in note 31 to the financial statements.

The amendment to IAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 31 to the financial statements.

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not early adopted the Standards or Interpretations that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these IFRS but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

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

3.2 BASIS OF PREPARATION

As at 31 December 2007, the Group had net current liabilities of HK$67,372,000 as a result of certain bank loans becoming due in 2008 hence reclassified as current liabilities. The financial statements have been prepared in conformity with the principles applicable to going concern as after the balance sheet date, management has successfully extended the repayment schedules of these loans and secured additional facilities, details of which are disclosed in note 23 to the financial statements.

3.3 BASIS OF MEASUREMENT

The measurement basis used in the preparation of these financial statements is historical cost.

3.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries make up to 31 December, each year. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, until the date such control ceases.

All intercompany transactions and balances within the Group are eliminated on consolidation.

3.5 MINORITY INTEREST

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.6 SUBSIDIARIES

A company is a subsidiary of the Company if the Company, directly or indirectly, holds more than 50% of the issued voting capital of the investee company, or if the Company is in a position to appoint the majority of the members of the board of directors and/or is able to govern the financial and operating policies of the investee company under a statute or agreement among the shareholders or equity holders.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3.7 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. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation of property, plant and equipment is provided to on the following bases to write off the cost of each asset over the following estimated useful lives:

Building	50 years, straight line method
Port facilities – foundation work	Over the remaining joint venture period, straight line method
– other	Units of production method
Terminal equipments	5-20 years, straight line method
Furniture and equipments	1-5 years, straight line method
Motor vehicles	5 years, straight line method
Leasehold improvements	Shorter of unexpired lease or useful lives

When assets are sold or retired, their costs and accumulated depreciation and impairment are eliminated from the balance sheet and any gain or loss resulting from their disposals, being the difference between the net disposal proceeds and the carrying amount, is dealt with in the income statement.

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.8 CONSTRUCTION IN PROGRESS

Construction in progress represents port facilities and terminal equipment under construction and is stated at cost less accumulated impairment losses. Cost includes cost of construction, plant and equipment and other direct costs (such as borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance the port project during the construction year, to the extent these are regarded as an adjustment to interest charges).

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into operational use at which time they will be transferred to property, plant and equipment.

3.9 LAND USE RIGHTS

Land use rights represent amounts paid for the acquisition of the rights to use land located in the PRC for periods of 50 years. Land use rights are recognised as prepayments for operating leases and amortised to income statement over the lease terms.

3.10 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

Loans and receivables

Loans and receivables including trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.10 FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and other borrowings and obligations under finance leases. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method.

3.11 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

3.12 SHARE CAPITAL

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

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

3.13 REVENUE RECOGNITION

Revenue is recognised when 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 bases.

Cargo handling and related service fees are recognised when services are rendered.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

3.14 GOVERNMENT SUBSIDIES

Subsidies from the government 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 relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.15 FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Hong Kong Dollars, which is also the functional currency of the Company.

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 balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

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 and are reported as part of the fair value gain or loss. 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 balance sheet 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 dealt with separately in the foreign exchange reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3.16 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 weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sales.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment, land use rights, construction in progress and investment in subsidiaries are reviewed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

3.18 BORROWING COSTS

Borrowing costs are expensed as incurred except when they are directly attributable to the construction or acquisition of qualifying assets that necessarily take a substantial period of time to prepare for its intended use. Such borrowing costs are capitalised as part of the cost of that property or equipment until the asset is ready for its intended use.

3.19 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.20 EMPLOYEE BENEFITS

Retirement benefits scheme

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Payments made to state-managed retirement benefit schemes are dealt in the same manner as payments to defined contribution plans, as the Group's obligations under the schemes are similar to those arising in a defined contribution retirement benefit plan, and are charged as expenses as they fall due.

3.21 TAXATION

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

3.22 RELATED PARTIES

A party is related to the Group if

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the accounts receivable. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

Impairment of assets

Port facilities, terminal equipments 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 may be changed, the throughput capacity of the WIT Port, etc. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan.

4. SEGMENTAL INFORMATION

All of the Group's turnover and contribution to loss from operating activities were derived from its principal activities of port operations in the People's Republic of China ("PRC"). Hence, no segmental information is presented.

5. TURNOVER AND REVENUE

	2007	2006
	HK$'000	*HK$'000*
Container handling service	**19,480**	12,563
General and bulk cargo handling service	**1,035**	977
Agency income	**6,939**	1,041
Integrated logistics services	**6,067**	1,541
	33,521	16,122

6. OTHER INCOME

	2007 HK$'000	2006 HK$'000
Bank interest income	**436**	157
Dividend income	**418**	82
Net (loss) gain on financial assets at fair value through profit or loss	**(878)**	88
Sundry income	**150**	229
Government subsidies	**4,965**	–
	5,091	556

Government subsidies received was in respect of the subsidies granted by the Hubei Provincial and Wuhan Municipal governments to WIT to compensate for the losses sustained by WIT.

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting) the following:

	2007 HK$'000	2006 HK$'000
Employee benefit expenses (including directors' remuneration)	**11,986**	10,274
Pension contributions	**417**	350
	12,403	10,624
Cost of services rendered	**18,075**	6,888
Auditors' remuneration	**399**	386
Depreciation		
– owned assets	**7,871**	5,397
– leased assets	**59**	39
Amortisation of prepaid lease payment for land use rights	**205**	192
Loss on disposal of property, plant and equipment	**20**	89
Operating lease rental in respect of land and buildings	**695**	648
Net loss (gain) on financial assets at fair value through profit or loss	**878**	(88)
Net foreign exchange loss	**223**	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Number of directors	
	2007	2006
Executive Directors	**1**	1
Non-executive Directors	**4**	5
Independent non-executive Directors	**3**	3
	8	9

Details of directors' emoluments for the year ended 31 December 2007 are:

Name of director	Title	Fee	Salaries, allowances and benefits in kind	Pension contribution	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chow Kwong Fai, Edward	Executive director	123	1,800	12	1,935
Zhao Cong, Richard	Non-executive director	–	–	–	–
Wong Yuet Leung, Frankie	Non-executive director	120	–	–	120
Lee Jor Hung, Dannis	Non-executive director	120	–	–	120
Goh Pek Yang, Michael	Non-executive director	120	–	–	120
Wong Tin Yau, Kelvin	Independent non-executive director	120	–	–	120
Lee Kang Bor, Thomas	Independent non-executive director	120	–	–	120
Leung Kwong Ho, Edmund	Independent non-executive director	120	–	–	120
		843	1,800	12	2,655

8. DIRECTORS' REMUNERATION *(Continued)*

Details of directors' emoluments for the year ended 31 December 2006 are:

Name of director	Title	Fee *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Pension contribution *HK$'000*	Total *HK$'000*
Chow Kwong Fai, Edward	Executive director	155	1,526	12	1,693
Zhao Cong, Richard	Non-executive director	120	1	–	121
Wong Ying Wai, Wilfred	Non-executive director	43	–	–	43
Wong Yuet Leung, Frankie	Non-executive director	120	1	–	121
Lee Jor Hung, Dannis	Non-executive director	120	–	–	120
Goh Pek Yang, Michael	Non-executive director	120	–	–	120
Wong Tin Yau, Kelvin	Independent non-executive director	120	–	–	120
Lee Kang Bor, Thomas	Independent non-executive director	120	–	–	120
Leung Kwong Ho, Edmund	Independent non-executive director	120	–	–	120
		1,038	1,528	12	2,578

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

9. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one director (2006: one director) whose emoluments are reflected in the analysis presented in Note 8 above. The emoluments payable to the remaining four (2006: four) individuals during the year are as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Salaries, allowances and benefits in kind	**2,083**	2,114
Pension contributions	**36**	32
	2,119	2,146

The remuneration of each of the non-director, highest paid employees for the years ended 31 December 2007 and 2006 fell within the band of Nil to HK$1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

10. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interests on bank loans wholly repayable within 5 years	**11,792**	8,385
Interests on advances from a shareholder	**116**	27
Finance charges on obligations under finance lease	**13**	7
Total borrowing costs	**11,921**	8,419
Less: Borrowing costs capitalised as construction in progress	**–**	(3,279)
	11,921	5,140

11. TAXATION

Prior to 1 January 2008, in accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction with operating year which exceeds 15 years, upon approval by the tax bureau, WIT would be subject to a reduced PRC enterprise income tax of 15% and exempted from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") starting from its first profit-making year, after offsetting losses brought forward from the previous five years, if any, and followed by a 50% reduction (7.5%) for the next five years (the "5-Year 50% Tax Reduction Entitlement").

With the amendments to the relevant income tax laws which became effective on 1 January 2008, WIT's 5-Year Exemption Entitlement will commence on 1 January 2008 and end on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement will commence from 1 January 2013 to 31 December 2017 and taxable profits will be charged at 12.5%.

In accordance with the same tax laws and regulations, WIT is also exempted from PRC local income tax of 3% for 5 years.

During the year, WIT did not have any profit which was subject to taxation.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose for the year.

11. TAXATION *(Continued)*

Reconciliation between tax expense and accounting loss at applicable tax rate:

	2007 **HK$'000**	2006 *HK$'000*
Loss before taxation	**(17,246)**	(16,028)
Income tax at applicable tax rate of 15% (2006: 15%)	**(2,587)**	(2,404)
Non-deductible expenses	**207**	1,564
Tax exempt revenue	**(414)**	(42)
Unrecognised tax losses	**3,299**	1,233
Unrecognised temporary differences	**(171)**	(160)
Difference in tax rate	**(334)**	(114)
Others	**–**	(77)
Tax expense for the year	**–**	–

The Group has not recognised deferred tax assets in respect of tax losses of HK$60,085,000 (2006: HK$40,319,000). Under the current tax legislation, tax losses of HK$38,577,000 (2006: HK$30,057,000) can be carried forward for five years since the year the loss is incurred, tax losses of HK$21,508,000 (2006: HK$10,262,000) do not expire under the current tax legislation. All tax losses are subject to the agreement from the relevant tax bureau.

12. LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The loss for the year ended 31 December 2007 attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$2,864,000 (2006: HK$2,687,000).

13. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the loss for the year attributable to shareholders of the Company of HK$16,283,000 (2006: HK$14,985,000), and the weighted average number of 419,470,794 (2006: 379,917,717) ordinary shares in issue during the year.

No diluted loss per share has been presented because no dilutive events existed during the year and as at balance sheet date.

14. DIVIDEND

The Directors do not recommend the payment of a cash dividend for 2007 (2006: Nil). However, having considered the achievements of the Group in 2007 which have positioned the Group's future expansion, growth and prospects on track, the Directors wish to share this with shareholders of the Group hence and therefore propose for shareholders' approval a bonus issue of shares on the basis of one bonus share for every ten existing shares held.

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for the year ended 31 December 2007

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Port facilities	Terminal equipments	Furniture and equipments	Motor vehicle	Leasehold improvement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value at 1 January 2007	–	212,709	34,030	1,547	1,179	–	249,465
Exchange differences on consolidation	–	13,823	2,382	104	65	–	16,374
Additions	–	3,389	1,420	272	74	90	5,245
Transferred from construction in progress	–	230	402	–	–	–	632
Disposals	–	–	(199)	(6)	–	–	(205)
Depreciation	–	(4,357)	(2,674)	(493)	(403)	(3)	(7,930)
Net book value at 31 December 2007	**–**	**225,794**	**35,361**	**1,424**	**915**	**87**	**263,581**
At 31 December 2007							
Cost	–	235,660	44,551	3,389	2,053	90	285,743
Accumulated depreciation	–	(9,866)	(9,190)	(1,965)	(1,138)	(3)	(22,162)
Net book value	**–**	**225,794**	**35,361**	**1,424**	**915**	**87**	**263,581**

Property, plant and equipment of WIT with an aggregate net book value at the balance sheet date of HK$148,137,000 (2006: HK$123,662,000) were pledged to secure bank loans granted to WIT.

Motor vehicle with net book value of HK$195,000 (2006: HK$254,000) is held under finance lease.

	Buildings	Port facilities	Terminal equipments	Furniture and equipments	Motor vehicle	Leasehold improvement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value at 1 January 2006	228	121,293	33,401	1,675	900	–	157,497
Exchange differences on consolidation	9	4,233	1,336	65	36	–	5,679
Additions	–	–	816	261	759	–	1,836
Transferred from construction in progress	–	89,584	695	–	–	–	90,279
Disposals	(235)	–	(3)	(5)	(147)	–	(390)
Depreciation	(2)	(2,401)	(2,215)	(449)	(369)	–	(5,436)
Net book value at 31 December 2006	–	212,709	34,030	1,547	1,179	–	249,465
At 31 December 2006							
Cost	–	217,887	40,143	2,966	1,868	–	262,864
Accumulated depreciation	–	(5,178)	(6,113)	(1,419)	(689)	–	(13,399)
Net book value	–	212,709	34,030	1,547	1,179	–	249,465

16. LAND USE RIGHTS

	2007 **HK$'000**	2006 HK$'000
Net book value at beginning of year	**8,065**	8,184
Exchange differences on consolidation	**564**	327
Disposals	**–**	(254)
Amortisation	**(205)**	(192)
Net book value at end of year	**8,424**	8,065
At balance sheet date		
Cost	**9,143**	8,545
Accumulated amortisation	**(719)**	(480)
Net book value	**8,424**	8,065

Land use rights of WIT with an aggregate net book value at the balance sheet date of HK$8,424,000 (2006: HK$3,276,000) were pledged to secure bank loans granted to WIT.

17. CONSTRUCTION IN PROGRESS

	2007 **HK$'000**	2006 HK$'000
At cost		
At beginning of year	**1,046**	47,352
Exchange differences on consolidation	**73**	1,894
Additions	**6,784**	42,079
Transferred to property, plant and equipment	**(632)**	(90,279)
At balance sheet date	**7,271**	1,046

18. INVENTORIES

	2007 **HK$'000**	2006 HK$'000
Consumables, at cost	**779**	586

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for the year ended 31 December 2007

19. ACCOUNT RECEIVABLES

An aging analysis of account receivables at the balance sheet date, based on invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**2,726**	2,720
31 – 60 days	**2,110**	1,337
61 – 90 days	**1,517**	1,088
Over 90 days	**1,040**	183
	7,393	5,328

The Group allows a credit period of 60 days to 90 days to its trade customers. All of the Group's account receivables have been reviewed for indicators of impairment and no impairment has been recognised on account receivables for the two years ended 31 December 2007 and 2006.

The aging of account receivables that are neither individually nor collectively considered to be impaired are as follows:

	2007	2006
	HK$'000	*HK$'000*
Not past due	**5,450**	4,440
1 to 90 days past due	**1,668**	875
Over 90 days past due	**275**	13
	7,393	5,328

Account receivables that are not pass due related to a wide range of customers for whom there was no recent history of default.

Account 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 experience, management believes that no impairment is necessary in respect of these receivables as there have not been any significant changes in credit qualities of or any recent history of default from these customers, hence considered these receivables to be recoverable. The Group does not hold any collateral over these balances.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of bank balances and cash of HK$26,415,000 (2006: HK$886,000), pledged deposit of HK$3,896,000 (2006: HK$Nil), time deposits of HK$6,170,000 (2006: HK$Nil) and proceeds from disposal of financial assets of HK$6,314,000 (2006: HK$Nil). Bank balances and cash earn interest at floating rates based on the daily bank deposit rates.

21. ACCRUED EXPENSES AND OTHER PAYABLES

	2007	2006
	HK$'000	*HK$'000*
Payables to contractors and equipment suppliers	**8,052**	21,124
Accrued expenses and other payables	**5,659**	3,626
	13,711	24,750

An aging analysis of accrued expenses and other payables as at the balance sheet date, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**5,106**	17,598
31 – 60 days	**1,253**	504
61 – 90 days	**508**	222
91 – 180 days	**436**	1,775
Over 180 days	**6,408**	4,651
	13,711	24,750

Included in the over 180 days balance of HK$6.4 million is an amount of HK$6.0 million relating to retentions on the construction of Phase I of the WIT Port.

22. ADVANCES FROM A SHAREHOLDER

The advances from a shareholder which were unsecured, interest bearing at the prevailing Hong Kong Dollar prime rate, were repaid in full during 2007.

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for the year ended 31 December 2007

23. INTEREST-BEARING BORROWINGS

	Note	2007 HK$'000	2006 HK$'000
Bank loans			
Unsecured	23(a)	**64,200**	60,000
Secured	23(b)	**128,400**	90,000
		192,600	150,000
Obligations under finance lease		**160**	226
		192,760	150,226
Current portion		**107,066**	66
Non-current portion		**85,694**	150,160
		192,760	150,226

(a) On 23 June 2003, WIT entered into an agreement with a PRC bank for a loan facility of HK$64,200,000 (RMB60,000,000) to finance Phase I Stage 1 of the WIT Port. The loan was fully drawn down and is interest-bearing at 5.58% to 6.48% per annum, repayable on 30 June 2008 and guaranteed by a former holding company of the Company.

Subsequent to the year end, the PRC bank agreed to extend the repayment date of the loan for a period of three years commencing from the date the relevant loan documents have been executed to the satisfaction of the bank. Such loan is to bear interest at a rate equivalent to 10% above the PRC bank lending rate for 3 year loans of 7.74% bringing the effective interest rate to 8.51% per annum and is subject to a corporate guarantee for a maximum sum of HK$70,620,000 (RMB66,000,000) to be provided by the Company to the bank. The loan agreement was entered into with the bank by WIT on 15 February 2008 and the agreement for the corporate guarantee was entered into by the Company on 18 February 2008.

(b) (i) On 30 May 2005, WIT entered into an agreement with another PRC bank for a loan facility of HK$96,300,000 (RMB90,000,000) to finance the construction of Phase I Stage 2 of the WIT Port. The loan was fully drawdown and is interest-bearing at the rate ranged from 5.85% to 6.93% per annum, repayable as to HK$10,700,000 (RMB10,000,000) on 21 December 2008, HK$26,750,000 (RMB25,000,000) on 21 December 2009 and HK$58,850,000 (RMB55,000,000) on 30 May 2010 and is secured by certain of WIT's port facilities and land use rights.

23. INTEREST-BEARING BORROWINGS *(Continued)*

(b) (i) *(Continued)*

In October 2007, the bank offered a further HK$32,100,000 (RMB30,000,000) facility to WIT and the total loan facility of HK$128,400,000 (RMB120,000,000) is to be repayable over a period of six years as to HK$21,400,000 (RMB20,000,000) repayable each year commencing from 2009 to 2014. The further approved loan facilities of HK$32,100,000 (RMB30,000,000) will only available for drawdown provided that WIT's registered capital shall be increased and fully paid up by an additional HK$42,800,000 (RMB40,000,000). Such offer was approved by the board of directors of WIT in November 2007.

(ii) On 30 April 2007, WIT entered into an agreement with another PRC bank for a loan facility of HK$32,100,000 (RMB30,000,000) as working capital to WIT. The loan was fully drawdown and is interest-bearing at the rate of 6.75% per annum, repayable in full on 29 April 2008, and is secured by certain of WIT's port facilities and land use rights.

Subsequent to the year end, the bank agreed to reschedule the loan with RMB20 million as a three year fixed term loan and the remaining RMB10 million as a one year working capital loan.

OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable :				
Within one year	**79**	79	**66**	66
In the second to fifth years inclusive	**111**	190	**94**	160
	190	269	**160**	226
Future finance changes	**(30)**	(43)	**–**	–
Present value of lease obligations	**160**	226	**160**	226

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for the year ended 31 December 2007

24. SHARE CAPITAL

	2007		2006	
	Number of shares	***HK$'000***	Number of shares	*HK$'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 beginning of year	**379,917,717**	**37,992**	345,379,747	34,538
Issue of shares	**75,983,543**	**7,598**	–	
Bonus issue of shares	**–**	**–**	34,537,970	3,454
At balance sheet date	**455,901,260**	**45,590**	379,917,717	37,992

Pursuant to a subscription agreement dated 12 June 2007 (the "Subscription Agreement") entered into between the Company and Value Partners Limited ("Value Partners"), the Company agreed to issue and Value Partners agreed to procure the subscription of 75,983,543 new shares of the Company (the "Subscription Shares"), representing approximately 20% of the then existing issued capital of the Company and 16.67% of the enlarged share capital of the Company, at a price of HK$0.59 per share.

The Subscription Shares, the issuance of which was subject to the granting of the listing approval ("Listing Approval") by the Stock Exchange, were issued under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the shareholders of the Company held on 7 May 2007.

Following the granting of the Listing Approval by the Stock Exchange, the Subscription Shares, which were fully subscribed, were issued and allotted on 25 June 2007 taking the total number of shares of the Company in issue from 379,917,717 shares to 455,901,260 shares. Net proceeds from the issuance of the Subscription Shares of HK$44,686,000 are to be applied for the financing of the Group's on-going capital expenditure in expanding its container port and logistics facilities as well as for working capital of the Group. The Subscription Shares rank pari passu with the existing shares in all respects. Details of the above were set out in the announcements dated 12 June 2007 and 25 June 2007 to the shareholders of the Company.

25. RESERVES

Details of movements in reserves of the Group and the Company for the current and the last year are disclosed in the statement of changes in equity on page 48 to 49.

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.

EXCHANGE RESERVES

The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations. These reserves are dealt with in accordance with the policies set out in note 3.15 to the financial statements.

DISTRIBUTABLE RESERVES

The statutory financial statements of the Company's subsidiary in the PRC, WIT is prepared under generally accepted accounting principles in the PRC which differ from International Financial Reporting Standards. 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 2007, WIT did not have any distributable earnings.

At 31 December 2007, in the opinion of the directors, the aggregate amount of reserves available for distribution to the equity shareholders of the Company was HK$95,279,000 (2006: HK$61,055,000).

OTHER RESERVES

In accordance with the relevant laws and regulations for Sino-foreign equity joint venture enterprises, WIT, being a joint venture established in the PRC, must maintain statutory reserves for specific purposes, which include a general reserve fund, an enterprise expansion fund and a staff welfare and incentive bonus fund. The board of directors of WIT will determine on an annual basis the amount of the annual appropriations to statutory reserves.

During the year, WIT did not generate any profits for appropriations to these statutory reserves.

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26. INTEREST IN SUBSIDIARIES

	2007	2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	**50,897**	50,897
Due from a subsidiary	**94,176**	49,485
	145,073	100,382

Details of the Company's subsidiaries are set out below:

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered capital	Percentage of nominal value of issued/ registered capital attributable to the Company		Principal activities
			Direct	Indirect	
CIG Port Holdings Limited	The British Virgin Islands ("BVI")	US$12,000 Ordinary	100%	–	Investment holding
Wuhan Investment Holdings Limited	BVI	US$100 Ordinary	100%	–	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong	HK$100 Ordinary	100%	–	Provision of treasury, general and administrative services to Group companies
Wuhan International Container Transshipment Co. Ltd.	The PRC	RMB130,000,000 Registered capital	–	85%	Port construction and operations
Wuhan Yangluo Customs Clearance Services Company Limited	The PRC	RMB1,500,000 Registered capital	–	85%	Provision of customs clearance services

The amount due from a subsidiary is unsecured, interest-free and has no fixed repayment term.

27. DUE TO A SUBSIDIARY/A RELATED COMPANY

The amount due to a subsidiary is unsecured, interest-free and has no fixed repayment term.

The amount due to a related company is due to CIG Corporate and Project Finance Limited, a company in which Mr. Chow Kwong Fai, Edward is a common director and Unbeatable Holdings Limited, Chow Holdings Limited and Harbour Master Limited are beneficial shareholders.

28. RELATED PARTY TRANSACTIONS

In addition to the transaction/information disclosed elsewhere in the financial statements, during the year, the Group had the following transactions with related parties:

Name	Nature of transactions	Relationship	2007 HK$'000	2006 HK$'000
CIG Corporate and Project Finance Limited	Use of office premises and office equipment	(i) Mr. Chow Kwong Fai, Edward is a common director (ii) Unbeatable Holdings Limited, Chow Holdings Limited and Harbour Master Limited are beneficial shareholders	**550**	600
CIG China Holdings Limited	Interest expenses	Shareholder	**116**	27

29. PENSION 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 rate of 20% of the employees' salaries or 3 times the average salaries of the local community, whichever is the lower.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits 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 the income statement 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.

Contributions to the state-sponsored retirement plan and MPF Scheme during the year were approximately HK$337,000 (2006: HK$271,000) and HK$80,000 (2006: HK$79,000) respectively.

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30. SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for the granting of a maximum of 34,537,974 Shares ("Share Options"), representing 10% of the total number of Shares in issue of 345,379,747 as of the Listing Date exists. None of the share option has been granted under the Share Option Scheme during the year ended 31 December 2007 or at the date of this report.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group principally finances its operations through equity, operating cash flows and financial instruments including cash and cash equivalents, bank loans and finance leases, trade and other receivables and payables. Bank loans, finance leases, payables and accruals, amounts due to a shareholder and a related company are classified as financial liabilities measured at amortised cost. Trade and other receivables and cash and cash equivalents are classified as loan and receivables.

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

INTEREST RATE RISK

As disclosed in note 23 to the financial statements, as at 31 December 2007, the Group has total interest-bearing borrowings of HK$192,760,000 (2006: HK$150,226,000) of which HK$32,260,000 (2006: HK$226,000) bears interest at fixed rates and HK$160,500,000 (2006: HK$150,000,000) bears interest at variable rates (the "Variable Interest Rate Borrowings").

The Group's interest rate risk arises from its Variable Interest Rate Borrowings with interest rates which are variable and subject to adjustments in line with the movements in applicable lending rates of the People's Bank of China. The Group has not hedged against such a risk as it does not see the benefit in so doing.

Based on the balance of Variable Interest Rate Borrowings as at 31 December 2007, 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 loss for the year ended 31 December 2007 and accumulated losses as at 31 December 2007 by approximately HK$800,000 (2006: HK$600,000).

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 bank loans and finance leases.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

LIQUIDITY RISK *(Continued)*

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

Group

	Within 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 to 5 years *HK$'000*	Total *HK$'000*
At 31 December 2007				
Accrued expenses and other payables	**13,711**	**–**	**–**	**13,711**
Bank loans	**107,000**	**26,750**	**58,850**	**192,600**
Obligations under finance leases	**66**	**66**	**28**	**160**
	120,777	**26,816**	**58,878**	**206,471**
At 31 December 2006				
Accrued expenses and other payables	24,750	–	–	24,750
Advance from a shareholder	1,636	–	–	1,636
Due to a related company	200	–	–	200
Bank loans	–	70,000	80,000	150,000
Obligations under finance leases	66	66	94	226
	26,652	70,066	80,094	176,812

Note: Bank loans due within one year as at 31 December 2007 amounting to HK$107 million have been refinanced (See note 23 to the financial statements).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

FOREIGN CURRENCY RISK

The Group's reporting currency is the Hong Kong dollar. The Group's exposure to foreign currency risk relates primarily to the operations of its's principal operating subsidiary, WIT in Wuhan, which are conducted in Renminbi.

The following table sets out the Group's exposure at the balance sheet date to currency risk arising from assets and liabilities denominated in Renminbi.

	2007	2006
	RMB'000	*RMB'000*
Account receivables	**6,826**	5,328
Prepayments, deposits and other receivables	**1,381**	690
Bank balances and cash	**14,202**	864
Accrued expenses and other payables	**(8,916)**	(23,215)
Bank loans	**(180,000)**	(150,000)
Overall net exposure	**(166,507)**	(166,333)

Based on the overall net exposure of RMB166,507,000 (2006: RMB166,333,000) as at 31 December 2007, it is estimated that should the Renminbi weakened/strengthened by 5% against the Hong Kong dollar with all other variables being held constant, the Group's reserves as at 31 December 2007 would have been increased/decreased by approximately HK$8,325,000 (2006: HK$8,317,000).

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 allows a credit period of 60 days to 90 days to its customers; in extending credit terms to customers, the Group will carefully assess credit worthiness and financial standing of each individual customer. Management will also closely monitor all outstanding debts and review their collectability periodically. As at 31 December 2007, total account receivables of the Group was HK$7,393,000, of which the five largest customers of the Group accounted for 57% (2006:60%) of such balance.

FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2007 and 2006.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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.

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 Group determines its optimal capital structure with reference to the gearing ratio and cost of financing. The gearing ratio applied is calculated based on net bank borrowings (total bank borrowings net of cash and cash equivalents) over total shareholders' equity plus net bank borrowings.

During the year, the Group's strategy, which was unchanged from 2006, was to maintain a gearing ratio of not more than 70%. As at 31 December 2007, the gearing ratio of the Group was 57% (2006: 66%).

32. COMMITMENTS

(i) Commitments payable under non-cancellable operating leases of land and buildings:

	2007	2006
	HK$'000	*HK$'000*
Within one year	**1,127**	606
In the second to fifth year inclusive	**2,064**	50
	3,191	656

(ii) Capital commitments in respect of the acquisition and construction of port facilities:

	2007	2006
	HK$'000	*HK$'000*
Contracted but not provided for	**824**	3,799

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33. PLEDGE OF ASSETS

The Group has pledged port facilities, land use rights and bank deposits owned by WIT with an aggregate net book value of approximately HK$148,137,000 (2006: HK$123,662,000), HK$8,424,000 (2006: HK$3,276,000) and HK$3,896,000 (2006: HK$Nil) respectively to secure bank loans granted to WIT.

34. CONTINGENT LIABILITIES

As at 31 December 2007, the Group did not have any significant contingent liabilities.

35. SUBSEQUENT EVENTS

Subsequent to the year end, agreements were obtained from banks which provided certain loan facilities totaling HK$107,000,000 (RMB100,000,000) to WIT, the balances of which were due for repayment in 2008 to 2010, to reschedule and extend the loan repayment periods. Details of which are set out in note 23 to the financial statements.

On 28 January 2008, CIG Port Holdings Limited entered into a land procurement agreement and a supplemental agreement with the Wuhan Xinzhou District Land Department for the procurement of 86,363 square meters (129 mou) of land for the development of the Heavy Item Port. Under these agreements, CIG Port Holding Limited is to pay a deposit of HK$1,284,000 (RMB1,200,000) 20 days after the execution of the agreements with HK$4,066,000 (RMB3,800,000), being 30% of the total consideration of HK$13,589,000 (RMB12,700,000) payable upon approval of the use of the shoreline designated for the development of the project is obtained from the relevant authorities and the balance of HK$8,239,000 (RMB7,700,000) payable upon the land being handed over to the Group.

36. COMPARATIVE FIGURES

As a result of adopting IFRS 7 "Financial instruments: Disclosures", and the amendments to IAS 1 "Presentation of financial statements: Capital disclosures", certain comparative figures have been added to show separately comparative amounts in respect of items disclosed for the first time in 2007.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 26 March 2008.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000*	2006 *HK$'000*	**2007** ***HK$'000***
Turnover	–	2,726	8,863	16,122	**33,521**
Cost of services rendered	–	(2,554)	(4,219)	(6,888)	**(18,075)**
Gross profit	–	172	4,644	9,234	**15,446**
Other income	211	197	274	556	**5,091**
General and administrative expenses	(2,413)	(6,148)	(7,580)	(15,050)	**(17,727)**
Operating profit (loss)/EBITDA	(2,202)	(5,779)	(2,662)	(5,260)	**2,810**
Finance costs	(211)	(2,656)	(5,930)	(5,140)	**(11,921)**
EBITDA	(2,413)	(8,435)	(8,592)	(10,400)	**(9,111)**
Depreciation and amortization	–	(3,267)	(4,580)	(5,628)	**(8,135)**
Loss for the year	(2,413)	(11,702)	(13,172)	(16,028)	**(17,246)**
Attributable to:					
Shareholders of the Company	(1,721)	(7,300)	(11,584)	(14,985)	**(16,283)**
Minority interest	(692)	(4,402)	(1,588)	(1,043)	**(963)**
	(2,413)	(11,702)	(13,172)	(16,028)	**(17,246)**

	As at 31 December				
	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000*	2006 *HK$'000*	**2007** ***HK$'000***
ASSETS AND LIABILITIES					
Non-current assets	125,952	142,655	213,033	258,576	**279,276**
Current assets	19,503	8,786	27,988	8,052	**53,405**
Current liabilities	(16,282)	(10,605)	(22,917)	(26,652)	**(120,777)**
Net current assets (liabilities)	3,221	(1,819)	5,071	(18,600)	**(67,372)**
Non-current liabilities	(32,710)	(56,075)	(115,385)	(150,160)	**(85,694)**
Total equities	96,463	84,761	102,719	89,816	**126,210**

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 two years ended 31 December 2003 and 2004 and its assets and liabilities as at 31 December 2003 and 2004 which had been prepared on a combined basis were extracted from the Company's prospectus dated 6 September 2005, which also set out the details of the basis of presentation adopted. The results of the Group for the three years ended 31 December 2007 and its assets and liabilities as at 31 December 2007, 31 December 2006 and 31 December 2005 are set out in the respective year's annual reports.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the "AGM") of the shareholders of CIG Yangtze Ports PLC (the "Company") will be held at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 5 May 2008 at 11:00 a.m. for the following purposes:

1. to receive and consider the audited financial statements and the reports of the directors of the Company ("Directors") and the auditors for the year ended 31 December 2007;

2. to declare and propose a bonus issue of shares on the basis of one bonus share for every ten existing shares held to be made to shareholders whose names appear on the Register of Members on 24 April 2008;

3. to re-elect and appoint Directors;

4. to authorise the Board of Directors to fix the remunerations of Directors;

5. to re-appoint Grant Thornton as the auditors of the Company and to authorise the Board of Directors to fix their remuneration;

to consider and, if thought fit, pass the following resolutions as ordinary resolutions;

6. "**THAT**:

   (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

   (b) the approval of paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the grant or exercise of any option under the share option scheme of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purpose of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

 (i) the conclusion of the next annual general meeting of the Company;

 (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and

 (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

"Rights Issue" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company)."

7. "**THAT**:

(a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong ("Securities and Futures Commission") and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(c) for the purpose of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

 (i) the conclusion of the next annual general meeting of the Company;

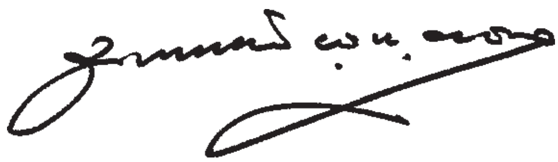
 (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and

 (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution."

NOTICE OF THE ANNUAL GENERAL MEETING

8. "**THAT** conditional upon resolutions no. 6 and 7 above being passed, the unconditional general mandate granted to the Directors to allot, issue and deal with additional shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to resolution no. 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 7 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the said resolution."

By order of the Board
CIG Yangtze Ports PLC



Wong Wai Keung, Frederick

As at the date hereof, the Board comprises an executive director namely Mr. Chow Kwong Fai, Edward, three non-executive directors namely Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis and Mr. Goh Pek Yang, Michael and three independent non-executive directors namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund.

Hong Kong, 31 March 2008

Notes:

1. Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy needs not be a member of the Company.

2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such holders be present at the meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereto.

3. A form of proxy for the AGM is enclosed herewith.

4. In order to be valid, a form of proxy must be deposited by hand or by post at Computershare Hong Kong Investor Services Limited at Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or attorney, not less than 48 hours before the time appointed for holding the AGM.

5. Shareholders or their proxies shall produce their identity documents when attending the AGM.

6. Shareholders or proxies attending the AGM should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against the resolution. Abstention votes will not be regarded by the Company as having voting rights for the purpose of vote counts.