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)

UTILIZE THE GOLDEN WATERWAY ALONG YANGTZE RIVER TO DEVELOP THE BIGGEST HUB-PORT AND LOGISTICS BASE IN CENTRAL CHINA

Annual Report 2009

* For identification only


WIT
CAI
中远集团
TRITON

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. Goh Pek Yang, Michael
Mr. Lee Jor Hung, Dannis

Independent Non-executive Directors:
Mr. Lee Kang Bor, Thomas
Dr. Wong Tin Yau, Kelvin
Mr. Fan Chun Wah, Andrew

AUDIT AND REMUNERATION COMMITTEE MEMBERS

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (Chairman)*
Dr. Wong Tin Yau, Kelvin
Mr. Fan Chun Wah, Andrew
Mr. Wong Yuet Leung, Frankie

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

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

AUDITOR

Grant Thornton *Certified Public Accountants*

LEGAL ADVISERS

Richards Butler
Maples and Calder
Jingtian & Gongcheng
Dewell & Partners

STOCK CODE

8233

CONTACT DETAILS

Phone:	(852) 2868-0212
Fax:	(852) 2868-0620
Email:	cigyp@cigyangtzeports.com

PRINCIPAL BANKERS

Bank of Communications
Wuhan Branch, PRC

Shanghai Pudong Development Bank
Wuhan Branch, PRC

China Merchants Bank
Wuhan Branch, PRC

Agricultural Bank of China
Wuhan Branch, PRC

CITIC Ka Wah Bank Limited
Hong Kong

DBS Bank (Hong Kong) Limited
Hong Kong

HEAD OFFICE

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Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
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183 Queen's Road East
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Hong Kong

REGISTERED OFFICE

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

COMPANY WEBSITE

www.cigyangtzeports.com

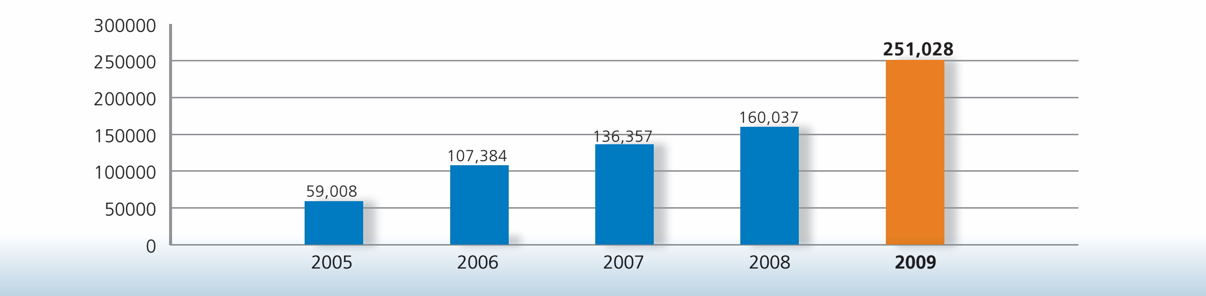
FINANCIAL HIGHLIGHTS

REVIEW HIGHLIGHTS

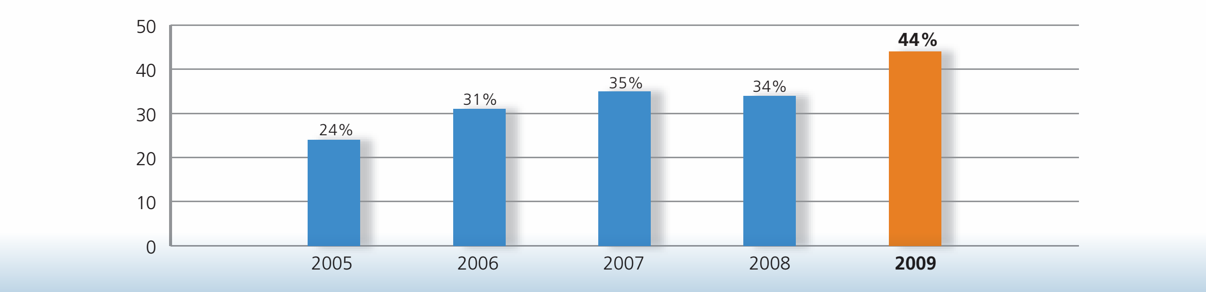
	Year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Revenue	**54,136**	42,304
Cost of services rendered	**(27,518)**	(19,213)
Gross profit	**26,618**	23,091
Other income	**6,865**	6,429
General, administrative and other operating expenses	**(20,618)**	(19,311)
Operating Profit/EBITDA	**12,865**	10,209
Finance costs	**(8,455)**	(10,845)
EBTDA	**4,410**	(636)
Depreciation and amortisation	**(10,377)**	(9,827)
Loss for the year	**(5,967)**	(10,463)
Minority interests	**(37)**	(53)
Loss attributable to shareholders	**(6,004)**	(10,516)

FINANCIAL HIGHLIGHTS

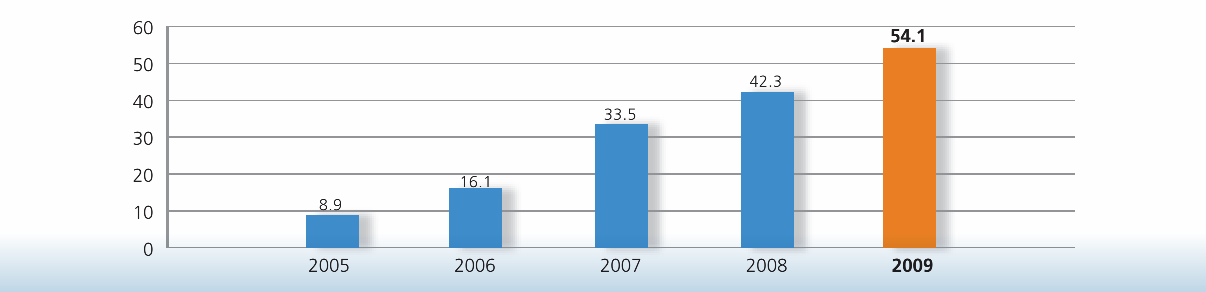
Throughput of Container (TEU)



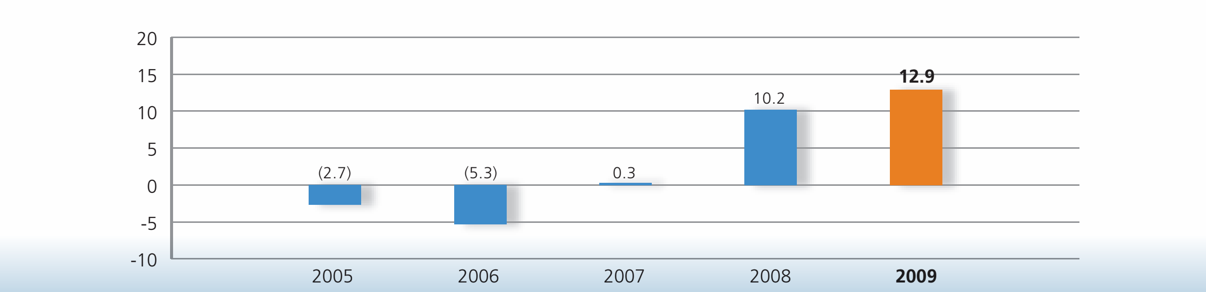
Market Share (%)



Revenue (HK$ million)



EBITDA (HK$ million)



CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the 2009 annual report of CIG Yangtze Ports PLC to our Shareholders.

REVIEW OF OPERATIONS AND RESULTS

Despite the global financial crisis and the resultant economic downturn, during 2009 the Group's 85% owned WIT Port in Wuhan handled a throughput of 251,028 containers (TEUs), a 57% increase on the 160,037 TEUs achieved in 2008. In terms of market share for the whole of Wuhan, the Group's share of container traffic has improved from 34% in 2008 to 44%.

The Group achieved revenue of HK$54.1 million, an increase of HK$11.8 million or 28% over 2008; EBITDA of HK$12.9 million, an increase of 26%; net loss attributable to shareholders of HK$6.0 million, a reduction on HK$10.5 million for 2008. The much improved performance is attributable to the increase in contributions by most of the business segments with continuing volume growth and subsidies granted to WIT by the Hubei and Wuhan governments as part of their plans to develop Wuhan into a major marine transportation hub of Central China. Also, the WIT Port achieved a profit for the first time.

Further expansion of the ports business saw the Group signing a Heads of Agreement with the Wuhan Xinzhou District Government for the development of the Heavy Item Port to provide heavy and bulky cargo handling services adjacent to the existing berths of the WIT Port. The Group has commissioned for the feasibility studies and preliminary designs to be included in the application for Government approval (立項). Also, the land procurement procedures for the project are in progress. Negotiations of the terms of the joint venture agreement for Phase II of the WIT Port are progressing slowly. The Group will keep shareholders informed of progress.

FORWARD LOOKING OBSERVATIONS

The Directors are pleased to note that the Group has continued to improve and increase its container throughput and revenue and has been able to significantly reduce its loss. The directors are also optimistic about the medium and long term economic

prospects of Wuhan, the Yangtze River Region and indeed China as a whole and believe that the Group will continue to benefit from its expanded revenue sources and future investments in the region.

In particular, the Group will be looking for additional strategic partners/shareholders in the ports and logistics businesses to further grow its business. As the global economy and trade recover, the Group will also be looking to build a non-capital intensive trading, sourcing and distribution platform to expand its business segments and revenue sources.

In conclusion, the Group expects its financial performance and business growth to continue in the foreseeable future.

Chow Kwong Fai, Edward
Chairman

Hong Kong, 30 March 2010

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.
- 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

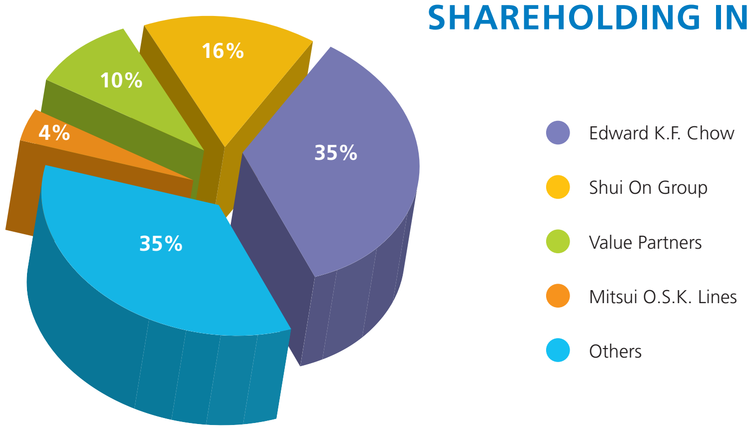
- To continue to develop the existing business of WIT.
- To continue to develop the integrated logistics and agency businesses in Wuhan.
- To develop Phase II of the WIT Port to bring the Group's annual designed handling capacity to 1,200,000 TEUs.
- To develop the Heavy Item Port capable of handling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

CORE VALUE

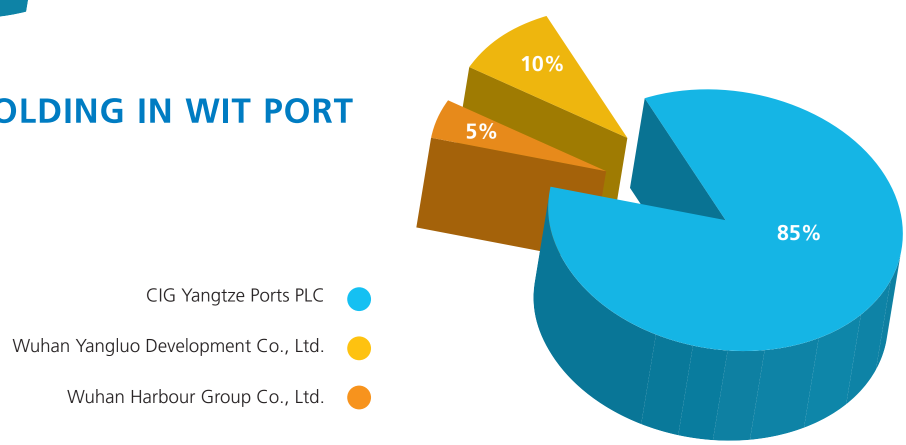
- Since 1996, founding shareholders and senior management have built up valuable relationships with government officials in Wuhan over the years.
- Experienced management in planning, construction and operation of international ports in the PRC.
- Strong and experienced Board:
  - in the ports and shipping 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

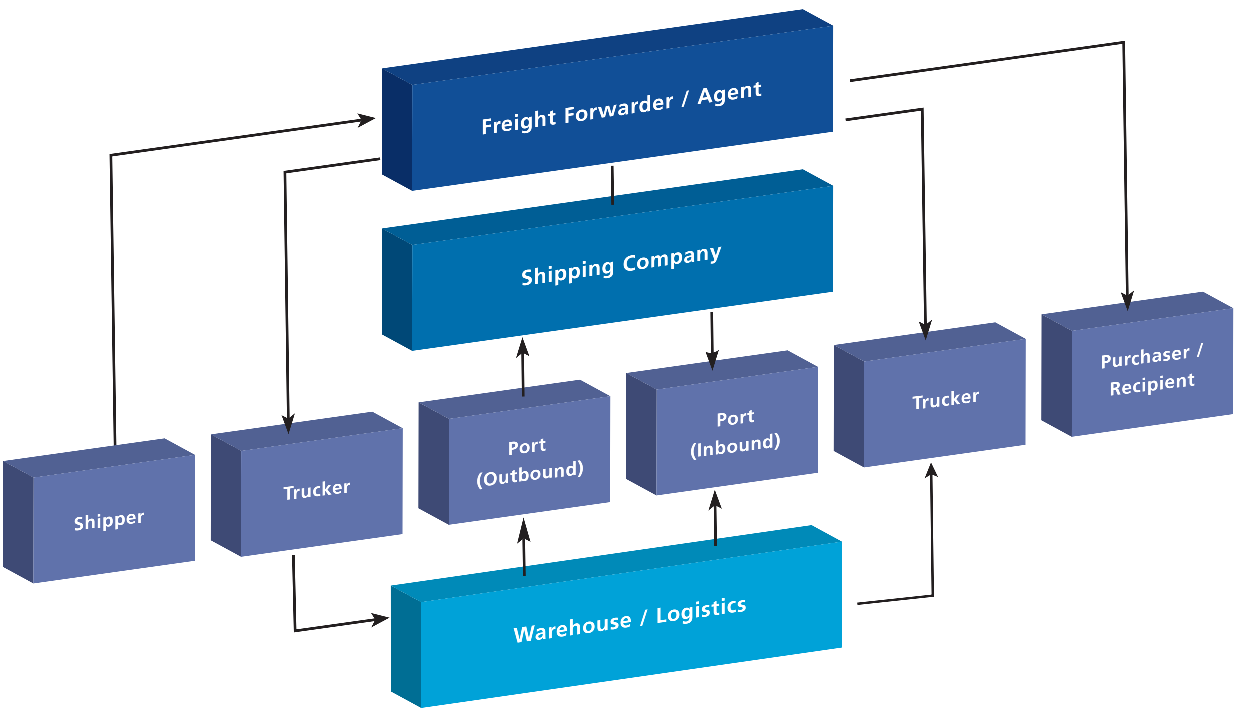
SHAREHOLDING IN CIG YANGTZE PORTS PLC



SHAREHOLDING IN WIT PORT



CIG'S BUSINESS MODEL



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 a key role in the transportation of container cargo to and from Wuhan and surrounding areas along the Yangtze River corridor, including the upstream areas of Chongqing and neighbouring provinces. This role is particularly important in achieving high economic growth in Central China region (中部崛起), a key theme of China's 11th 5-year Plan (2006-2010). This 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 its container cargo handling capacity of 1.5 million TEUs. Under the same Plans, Wuhan will also become one of the four major regional logistics hubs in the whole of China.

Wuhan and Hubei Province respectively achieved GDP growth of 12.5% (15.1% in 2008) and 13.2% (13.4% in 2008) in 2009 while that of the whole of China grew by 8.7% (9% in 2008).

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 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 is expected to continue to contribute to the growth in throughput at the WIT Port.

The transshipment services provided by WIT provide a more economical 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 preclude bigger ships from navigating directly between those areas and Shanghai. Surrounding areas which are serviced by WIT include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Recent new strategic initiatives by the government for shipping companies and WIT Port to recommence direct sailings to Yangshan Port in Shanghai (江海直達) further strengthened the position of WIT Port as a transshipment port at the mid-stream of the Yangtze River.

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, including bonded warehousing, customs clearance, break-bulk and distribution.


COSCO
MAERSK
EVERGREEN
CHINA SHIPPING
IRISL
seaco
CAPITAL


BROMMA
武汉保税物流区港联动第一箱
MAERSK


WIT

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

Container throughput

The total throughput achieved by WIT for 2009 was 251,028 TEUs, an increase of 90,991 TEUs or 57% over that of 160,037 TEUs for 2008. Of the 251,028 TEUs handled in 2009, 57,730 TEUs (2008:45,451 TEUs) or 23% (2008: 28%) and 193,298 TEUs (2008:114,586 TEUs) or 77% (2008: 72%) were attributed to Wuhan sourced and transshipment cargos respectively.

The high growth in container throughput is mainly due to three sources, namely general economic growth, government policy to encourage the recommencement of direct sailings to Yangshan Port in Shanghai (江海直達) and a major shipping company's decision to use the WIT Port as its mid-stream transshipment hub to facilitate its cargo movements along the Yangtze River.

General Cargo

Throughput of general cargo for 2009 was 143,231 tons, an increase of 3% over 2008.

Agency & Logistics

The agency and logistics businesses continue to make important contributions to the revenue of the Group in 2009. Revenue from these sources accounted for 45% of turnover (2008: 31%).

MANAGEMENT DISCUSSION AND ANALYSIS

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 at the same time constructing new facilities to cater for growth.

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 profit due to higher depreciation and interest charges.

Heavy Item Port

On 1 August 2007, the Group entered into a 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 tonnes in weight) shipments to cater for the transportation needs of some major international 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. The Heavy Item Port 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 Wuhan Government approval (立項).

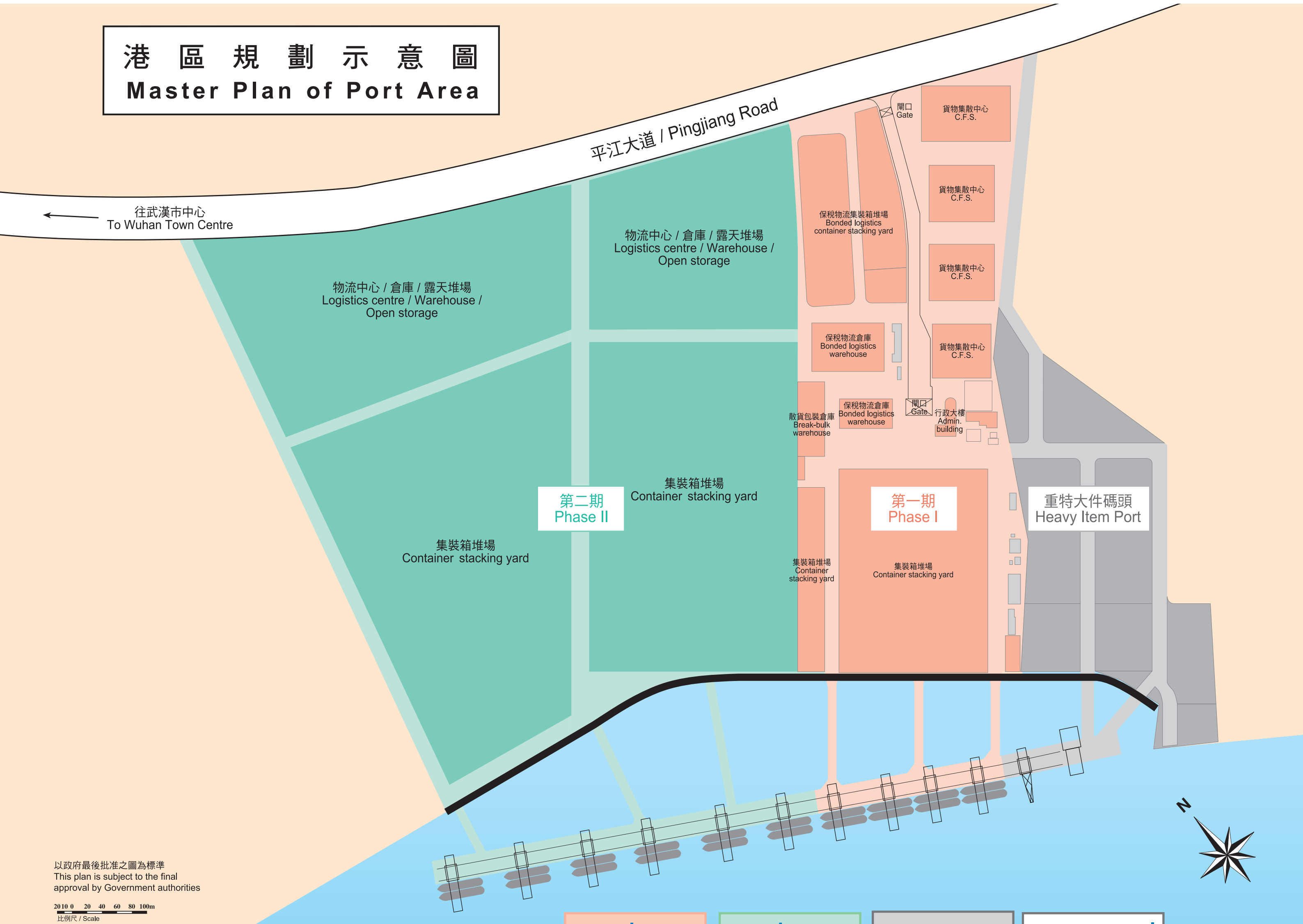
On 30 September 2009, the Group entered into a land acquisition agreement with the Wuhan Xinzhou District Bureau of Land and Resources (武漢新洲區國土資源管理局) to procure 124 mou of land for the development of the Heavy Item Port. The land procurement procedures are in progress.

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 and a supplemental agreement in April 2007 to commission a development plan which has been approved 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. The Phase II development will increase designed handling capacity by 800,000 TEUs, taking the overall annual designed handling capacity of the WIT Port to 1,200,000 TEUs. Negotiations of the terms of the joint venture agreement are progressing slowly. The Group will keep shareholders informed of the development and if the Board approves for the negotiated project to go ahead, the project will be tabled for shareholders' approval.

MANAGEMENT DISCUSSION AND ANALYSIS



	Phase I 2004 - 2008	Phase II 2011 - 2013	Heavy Item Port 2010 – 2011	Total
Designed Capacity:				
– Container Throughput (TEU)	400,000	800,000	100,000	1,300,000
– 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 Container Stacking Yard (sq. m.)	72,000	180,000	70,000	322,000
Storage and Warehousing Area (Including General Cargo) (sq. m)	56,000	120,000		176,000
Land (mou)	320	780	130	1,230
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 Ton Crane			1	1
– 600 Ton Multi-axle Transporter			1	1
– 150 Ton Multi-axle Transporter			1	1

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

OPERATING RESULTS

REVENUE

For 2009, the Group's revenue amounted to HK$54.1 million, representing an increase of HK$11.8 million or 28% over that of HK$42.3 million for 2008. The increase in revenue was mainly attributable to extra revenue from additional containers handled and increased revenue from agency services as more agency agreements were entered into with shipping companies for the year under review.

In percentage terms, container handling services accounted for 50% (2008: 62%), agency income 30% (2008: 13%), integrated logistics services 15% (2008: 18%) and general and bulk cargo handling service 5% (2008: 7%) of total revenue.

CONTAINER VOLUME AND THROUGHPUT

	2009		2008		Increase	
	TEUs	***%***	*TEUs*	*%*	*TEUs*	*%*
Wuhan sourced	**57,730**	**23**	45,451	28	12,279	27
Transshipment	**193,298**	**77**	114,586	72	78,712	69
	251,028	**100**	160,037	100	90,991	57

The volume of throughput achieved for 2009 was 251,028 TEUs, an increase of 90,991 TEUs or 57% over that of 160,037 TEUs for 2008. 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 2009 year saw the WIT Port's share increased from 34% to 44% against an aggregate of 565,981 TEUs handled in 2009 for the whole of Wuhan. In comparison with other ports in China, the WIT Port was ranked third (3rd) in terms of ports with the highest growth rate for the whole of China in 2009.

REVENUE

	2009		2008		Increase/(Decrease)	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Container handling	**26,939**	**50**	26,249	62	690	3
General and bulk cargo	**2,768**	**5**	2,922	7	(154)	(5)
Agency	**15,979**	**30**	5,479	13	10,500	192
Integrated logistics services	**8,450**	**15**	7,654	18	796	10
	54,136	**100**	42,304	100	11,832	28

	2009	2008	Increase	
	TEUs	*TEUs*	*TEUs*	*%*
Container throughput	**251,028**	160,037	90,991	57

	2009	2008	Increase	
	Tons	*Tons*	*Tons*	*%*
General and bulk cargo	**143,231**	139,384	3,847	3

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for 2009 was HK$26.6 million, an improvement of HK$3.5 million on the gross profit of HK$23.1 million in 2008. Gross profit margin for 2009 decreased from 55% for 2008 to 49%. While achieving higher container throughput and greater market share, gross profit margin for the year has decreased as a result of higher mix of transshipment containers being handled which command lower tariffs.

LOSS FOR THE YEAR

Loss for the year (and loss attributable to shareholders) amounted to HK$6.0 million, representing a reduction of HK$4.5 million or 43% over that of HK$10.5 million for the 2008 year. These were attributable to a combination of factors, including the increase in gross profit contributions, subsidies granted by government, the decrease in general and administrative expenses as a result of the implementation of cost cutting measures and the decrease in finance costs due to reduction in interest rates.

Loss per share was HK cents 0.58, a substantial improvement compared with HK cents 1.11 for 2008.

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 2009 and 2008 is set out below:

	As at 31 December 2009			As at 31 December 2008		
	H.K.	**Wuhan**	**Total**	H.K.	Wuhan	Total
Operation	**–**	**131**	**131**	–	121	121
Project planning and management	**–**	**7**	**7**	2	6	8
Corporate and business development	**1**	**17**	**18**	–	13	13
Finance	**2**	**9**	**11**	3	9	12
Engineering	**–**	**35**	**35**	–	34	34
Administration and personnel	**3**	**18**	**21**	4	20	24
	6	**217**	**223**	9	203	212

MANAGEMENT DISCUSSION AND ANALYSIS

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 2009 amounted to HK$15.2 million (2008: HK$15.3 million). The Directors received remuneration of HK$2.2 million during the year ended 31 December 2009 (2008: HK$3.0 million).

FINANCIAL POSITION AND GEARING RATIO

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

As at 31 December 2009, the Group had total outstanding bank borrowings of HK$204.1 million (RMB179 million) (2008: HK$199.5 million), which are provided by a PRC bank.

The Group had total cash and cash equivalents of HK$26.6 million as at 31 December 2009 (2008: HK$8.6 million) and consolidated net assets of HK$147.9 million (2008: HK$122.3 million).

During the year, the Group successfully obtained new banking facilities of HK$228 million (RMB200 million) to re-finance all its existing bank loans of and to provide additional working capital facilities to WIT. Such banking facilities, which comprise of a RMB120 million capital loan and a RMB80 million working capital loan with tenures of seven years and three years respectively, allowed the Group to extend the tenure of its borrowings.

As at 31 December 2009, the Group had a gearing ratio of approximately 1.5 (2008: 1.9). The calculation of the gearing ratio was based on total bank borrowings over equity attributable to shareholders of the Company as at 31 December 2009 and 2008 respectively. The lower gearing in 2009 reflected the increase equity resulting from the successful rights issue during the year.

EXCHANGE RATE RISKS

The Group's reporting currency is the Hong Kong dollar. 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 2009, 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.

RIGHTS ISSUE

In August, the Company successfully completed the Rights issue and raised net proceeds of HK$31.3 million by issuing 334,327,589 rights shares (the "Rights Issue") at HK$0.10 per rights share ("Rights Shares") on the basis of two rights shares for every three existing shares held with a bonus issue on the basis of one bonus share for every rights share taken up under the Rights Issue. The Excess Applications under the Rights Issue were particularly enthusiastically subscribed for, with a total of 6,774,208,957 Rights Shares being applied for, representing approximately 19.39 times of the total number of 334,327,589 Rights Shares available for subscription. Against the actual number of 41,434,443 excess Rights Shares available for Excess Application, this represented an over-subscription of 156.42 times.

SIGNIFICANT INVESTMENTS

Save as those disclosed elsewhere in this Report, the Group did not hold any significant investment as at 31 December 2009.

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 2009.

CAPITAL COMMITMENTS

As at 31 December 2009, the Group had capital commitments in respect of the construction of port facilities and acquisition of land contracted for but not provided for amounting to approximately HK$20,283,000 (2008: HK$6,478,000) and capital contribution to a subsidiary amounting to HK$Nil (2008: HK$4,834,000) respectively.

CONTINGENT LIABILITIES

As of the date of this Report and as at 31 December 2009, the Board is not aware of any material contingent liabilities.

PLEDGE OF ASSETS

The Group has pledged port facilities and land use rights owned by WIT with an aggregate net book value of approximately HK$261,548,000 (2008: HK$152,163,000) and HK$8,538,000 (2008: HK$8,756,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Port visit by Mr. Zhang Dejiang, Vice Premier of The State Council of the People's Republic of China
2. Port visit by Mr. Luo Qingquan, Party Secretary of Hubei Province
3. Mr. Yue Yong, Deputy Mayor of Wuhan City at the opening of the new Customs Department Building in Yangluo
4. Port visit by Mr. Yin Weizhen, Deputy Mayor of Wuhan City
5. Port visit by Mr. Zhang Zhizhou, Commissioner of Wuhan Customs

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6. Launching ceremony of Direct Sailing from WIT Port to Yangshan Port
7. Signing ceremony of joint customs clearance arrangements between Chongqing and Wuhan Customs
8. Signing ceremony of Strategic Cooperation Agreement with Wuhan Iron and Steel Company Limited
9. Port visit by representatives of Foxconn Technology Group
10. Port visit by representatives of Hewlett-Packard Company
11. New Customs Department Building at Yangluo

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), *JP, BA, FCA, FCPA, FHKIoD*, aged 57, 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, including the planning and managing of a mass transit system project in Bangkok. He is a past president of the Hong Kong Institute of Certified Public Accountants, a past chairman of the Professional Accountants in Business Committee of the International Federation of Accountants and a past deputy chairman of the Hong Kong Institute of Directors. Currently, he serves as an expert advisor of the Accounting Standards Committee of the Ministry of Finance, the PRC, a core member of the OECD/World Bank Asian Corporate Governance Roundtable 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 and an Election Committee member of Hong Kong. In business, Mr. Chow serves as an independent director and chairman of the audit committee of COSCO Pacific Limited, a Hang Seng Index company; an independent director and chairman of the connected transactions committee of China Merchants Bank Co., Ltd., which is listed on the stock exchanges of Hong Kong and Shanghai and an independent director and chairman of the audit committee of Melco China Resorts (Holding) Limited, a company listed on the Toronto Stock Exchange. On 1 July 2008, Mr. Chow was appointed a Justice of Peace by the Chief Executive of Hong Kong.

NON-EXECUTIVE DIRECTORS

Mr. Wong Yuet Leung, Frankie (黃月良), aged 61, joined the Group and took office as a Director in November 2003. Mr. Wong is currently the chief executive officer of Shui On Construction and Materials Limited and an independent non-executive director of Solomon Systech (International) Limited, both companies being listed on the Stock Exchange, as well as a non-executive director of Walcom Group Limited, a company being listed on the AIM Board of the London Stock Exchange plc. He was also non-executive directors of Cosmedia Group Holdings Limited and China Central Properties Limited, companies that were delisted from the AIM Board of the London Stock Exchange plc in December 2008 and June 2009 respectively. He graduated with a Bachelor of Science (Economics) degree and a Master of Arts degree from the London School of Economics and Political Science and the University of Lancaster respectively.

Mr. Lee Jor Hung Dannis (李佐雄), aged 55, is the Chairman of DL Brokerage Limited with over 25 years of experience in the financial 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 member of the Process Review Panel of the Securities and Futures Commission of Hong Kong (the "SFC"), a member of the Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants, a member of the Barristers Disciplinary Tribunal Panel and also the Permanent Honorary President and a former Chairman of the Hong Kong Securities Association. Mr. Lee is also a former director of the Hong Kong Securities Institute (2003 to 2008), a former member of the Advisory Committee to the SFC and the Council of The Stock Exchange of Hong Kong Ltd. (1991 to 1997 and Vice Chairman 1994/1995) and a former director of Hong Kong Securities Clearing Co. Ltd. (1992 to 1997 and Vice Chairman 1995 to 1997).

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

Mr. Goh Pek Yang, Michael (吳伯炎), aged 60, joined the Group as a Director in November 2005 and is currently the Chairman and 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 operations, sales, IT, finance and administration for some 30 countries in the Asia/Oceania region. Mr. Goh is a Director and a member of the Board of Directors of MOL Liner Limited, which serves as the Mitsui O.S.K. Lines' Headquarter for its global trade, marketing, yield and equipment management. He is also the Vice-President and a member of the Board of Directors of MOL (China) Ltd and a member of the Executive Committee of the Liner Division of Mitsui O.S.K. Lines. Mr. Goh has 40 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 United States of America, Singapore and Hong Kong. Prior to joining MOL in 2002 as Chief Operating Officer, Mr. Goh was Chief Executive Officer 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, the United States of America.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Tin Yau, Kelvin (黃天祐), aged 49, took office as an Independent Non-executive Director in September 2005. He is an Executive Director and Deputy Managing Director, Chairman of the Corporate Governance Committee and member of the Executive Committee of COSCO Pacific Limited, a company listed on The Stock Exchange of Hong Kong Limited. Dr. Wong is the Council Chairman of The Hong Kong Institute of Directors, Council Advisor and past Chairman of the Hong Kong Chinese Orchestra Limited, a member of the OECD/World Bank Asian Corporate Governance Roundtable, a member of the Main Board and GEM Listing Committees of The Stock Exchange of Hong Kong Limited, a member of the SFC (HKEC Listing) Committee of the Securities and Futures Commission, a member of the Appeal Board Panel (Town Planning), a member of the Standing Committee on Company Law Reform, a member of The Board of Review (Inland Revenue Ordinance) and a Board Director of Business Environment Council. He was a member of the China Trade Advisory Committee of the Hong Kong Trade Development Council and a member of the Auditing and Assurance Standards Committee of the Hong Kong Institute of Certified Public Accountants. He obtained his Master of Business Administration degree from Andrews University in Michigan, the United States of America in 1992 and his Doctor of Business Administration degree 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 was a member of the National Investor Relations Institute in the United States of America. 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 of I.T Limited and was an Independent Non-executive Director and Chairman of the Audit Committee of Tradelink Electronic Commerce Limited, all of these companies are listed on The Stock Exchange of Hong Kong Limited.

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

Mr. Lee Kang Bor, Thomas (李鏡波), aged 56, took office as an independent non-executive Director in September 2005. He graduated from The Hong Kong Polytechnic University (formerly Hong Kong Polytechnic) with a higher diploma in Accountancy in 1976. He received his Bachelor and Master of Laws degrees from the University of London in 1988 and 1990 respectively. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants (UK) and was called to the 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 and is Deputy President of Asia Oceania Tax Consultants' Association. Mr. Lee is chief executive officer and an executive director of Man Sang International Limited and an independent non-executive director of Sparkle Roll Group Limited, the shares of both named companies are listed on the Stock Exchange.

Mr. Fan Chun Wah, Andrew (范駿華), *LL.B, B.B.A., ACCA, CPA*, aged 31, took office as an independent non-executive Director in February 2009. He holds a bachelor's degree in business administration (accounting and finance) from the University of Hong Kong and a bachelor's degree in law from the University of London. He is a practising CPA under the name of C. W. Fan & Co. and prior to that, he was a vice president of Citigroup in Hong Kong and a manager at PricewaterhouseCoopers, Hong Kong. Mr. Fan is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and serves on the small and medium practitioners leadership panel and a former member of the administrative and finance committee, the mainland and international affairs committee and the small and medium practitioners committee in 2007 of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is a member of the Tenth Chinese People's Political Consultative Conference of Zhejiang Province, a standing member of the Tenth Shanghai United Youth Association, a member of the Ninth Shanghai United Young Association, a vice general secretary of the Hong Kong United Youth Association, an executive director of the Zhejiang Overseas Association and an executive director of the Ningbo Overseas Association.

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. Fan Chun Wah, Andrew
Mr. Wong Yuet Leung, Frankie

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

HEAD OFFICE

Mr. Wong Wai Keung, Frederick (黃煒強), is the chief financial officer of the Group since January 2001 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 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.

WUHAN

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 of operations 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) and diploma of finance at Chinese Central Radio & TV University (中央廣播電視大學). Mr. Li joined the Group in March 1999 and is responsible for the operations and agency service department of WIT. He has over 9 years of experience in international container port and terminal port and logistics operations in the PRC.

Mr. Huang Jing (黃兢), 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 8 years of 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.

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

Mr. Sun Ji Hung (孫繼紅), is the Group's project manager in the PRC and is responsible for the planning, development and management of the Group's new projects. He obtained his bachelor degree in executive management (行政管理) from the Wuhan University (武漢大學) and has over 10 years of experience in planning and management of logistics businesses. Prior to joining our Group, Mr. Sun was a member of the senior management team managing and operating a major logistics park occupying a 400 mou site in Wuhan.

Mr. Tang Yao Dong (湯耀東), is the Group's senior engineer and is responsible for the planning, development and construction of the Group's new projects. He completed the industrial and residential construction studies (工業及民用建設課程) at the China First Metallurgical Employees University (中國一冶職工大學). Mr. Tang is a qualified senior engineer, supervisory engineer and senior construction engineer recognised in the PRC and has over 17 years of project planning, development and construction experience.

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 2009 (the "2009 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 2009, 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. Fan Chun Wah, Andrew (Appointed on 28 February 2009). Non-executive Directors currently represent six-sevenths of the Board. Independent non-executive Directors currently represent three-sevenths of the Board.

During the 2009 Year, there were in total nine 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	9	9	100%
NON-EXECUTIVE DIRECTOR			
Mr. Wong Yuet Leung, Frankie	9	5	56%
Mr. Lee Jor Hung, Dannis	9	8	89%
Mr. Goh Pek Yang, Michael	9	6	67%
INDEPENDENT NON-EXECUTIVE DIRECTOR			
Mr. Lee Kang Bor, Thomas	9	9	100%
Dr. Wong Tin Yau, Kelvin	9	8	89%
Mr. Leung Kwong Ho, Edmund (Resigned on 28 February 2009) *(Note)*	N/A	N/A	N/A
Mr. Fan Chun Wah, Andrew (Appointed on 28 February 2009)	9	9	100%

Note: No meetings of the Board were held prior to 28 February 2009, the date of resignation of Mr. Leung.

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. Yangtze Ventures II Limited, a substantial shareholder of the Company, is an investment fund majority held by Shui On Construction and Materials Limited, a company which shares are listed on the Stock Exchange and its chief executive officer is Mr. Wong Yuet Leung, Frankie. Save for the above, there is no other financial, business, family or other material relationship among the members of the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the 2009 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 role of general manager (de facto chief executive) of WIT is carried out and performed by another person, the Board does not see a need to appoint a person other than the Chairman as 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 2009 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 (Resigned on 28 February 2009), Mr. Fan Chun Wah, Andrew (Appointed on 28 February 2009) 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 2009 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 principal 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 2009 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.

The Company has a share option scheme and certain options were granted during the 2009 Year. (Refer to note 29 to the financial statements for more details.)

3. AUDITORS' REMUNERATION

Remuneration in respect of audit and other services provided by the auditors to the Group for the 2009 Year is HK$400,000 and HK$134,000 respectively.

The Audit and Remuneration Committee held in total five meetings during the 2009 Year 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:

Members of the Audit and Remuneration Committee	Number of meetings Held	Attended	Attendance percentage
Mr. Lee Kang Bor, Thomas *(Chairman)*	5	5	100%
Dr. Wong Tin Yau, Kelvin	5	5	100%
Mr. Leung Kwong Ho, Edmund (Resigned on 28 February 2009) *(Note)*	N/A	N/A	N/A
Mr. Fan Chun Wah, Andrew (Appointed on 28 February 2009)	5	5	100%
Mr. Wong Yuet Leung, Frankie	5	3	60%

Note: No meetings of the Audit and Remuneration Committee were held prior to 28 February 2009, the date of resignation of Mr. Leung.

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.

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 2009 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 recognise 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'S 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

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 consolidated financial statements of the Company for the year ended 31 December 2009.

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 2009 and the state of affairs of the Company and of the Group at that date are set out on pages 42 to 44 of the financial statements.

DIVIDEND, APPROPRIATIONS AND RESERVES

The Directors do not recommend the payment of a dividend for 2009.

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, services provided to the Group's five largest customers accounted for 57.0% of total revenue of the Group with services provided to the largest customer included therein accounted for 16.6% of total revenue of the Group. Purchases from the Group's five largest suppliers accounted for 71.0% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 46.8% 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 29 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. Goh Pek Yang, Michael

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lee Kang Bor, Thomas
Dr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund (Resigned on 28 February 2009)
Mr. Fan Chun Wah, Andrew (Appointed on 28 February 2009)

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.

DIRECTORS' SERVICE CONTRACTS

The executive Director, Mr. Chow Kwong Fai, Edward entered into a service contract with the Company for a fixed term of two years commencing 16 September 2005, the date of listing and is renewable for successive terms of one year each. The service contract can be terminated by either 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 5 May 2009 until the Company's annual general meeting in 2010.

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 20 to 24 of the Report.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in the Report, no other 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

Save as disclosed in the Report, no other connected transactions as defined under the GEM Listing Rules had taken place during the year.

REMUNERATION OF DIRECTORS AND THE HIGHEST PAID EMPLOYEES

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

DIRECTORS', CHIEF EXECUTIVES' INTERESTS IN SHARES AND SHORT POSITIONS IN THE SHARES OF THE COMPANY (THE "SHARE(S)")

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 Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

LONG AND SHORT POSITIONS IN SHARES

		As at 31 December 2009	
Name of Director	Capacity	No. of Shares *(Note 1)*	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution *(note 2)*	412,131,714 (L) 189,000,000 (S)	35.22% 16.15%
Lee Jor Hung, Dannis	Interest by attribution *(note 3)*	11,725,127 (L)	1.00%

Notes:

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

2. The 412,131,714 (L) Shares were held as to 275,486,455 Shares by Unbeatable Holdings Limited, as to 82,923,793 Shares by Chow Holdings Limited and as to 53,721,466 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 189,000,000 (S) Shares were held as to 131,000,000 Shares by Unbeatable Holdings Limited, as to 46,000,000 Shares by Chow Holdings Limited and as to 12,000,000 Shares by CIG China Holdings Limited.

3. These Shares were 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.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors, as at 31 December 2009, 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 AND SHORT POSITIONS IN SHARES

Substantial shareholders

Name	Capacity	Number of Shares	Approximate percentage of holding
Unbeatable Holdings Limited *(Note 2)*	Beneficial owner	275,486,455 (L) 131,000,000 (S)	23.54% 11.19%
Harbour Master Limited *(Note 3)*	Beneficial owner	246,164,427 (L)	21.03%
The Yangtze Ventures II Limited *(Note 3)*	Interest by attribution	246,164,427 (L)	21.03%
Goldcrest Development Limited *(Note 4)*	Interest by attribution	246,164,427 (L)	21.03%
Shui On Construction and Materials Limited *(Note 5)*	Interest by attribution	246,164,427 (L)	21.03%
Shui On Company Limited *(Note 6)*	Interest by attribution	246,164,427 (L)	21.03%
Bosrich Holdings Inc. *(Note 7)*	Interest by attribution	246,164,427 (L)	21.03%
HSBC International Trustee Limited *(Note 8)*	Interest by attribution	246,164,427 (L)	21.03%
Lo Hong Sui, Vincent *(Note 9)*	Interest by attribution	246,164,427 (L)	21.03%
Chu, Loletta *(Note 9)*	Interest by attribution	246,164,427 (L)	21.03%
Chow Holdings Limited *(Note 2)*	Beneficial owner	82,923,793 (L) 46,000,000 (S)	7.08% 3.93%

Name	Capacity	Number of Shares	Approximate percentage of holding
Value Partners Asia Fund, LLC *(Note 10)*	Beneficial owner	69,114,159 (L)	5.90%
Value Partners Limited *(Note 10)*	Investment manager	150,614,691 (L)	12.87%
Value Partners Group Limited *(Note 11)*	Interest by attribution	150,614,691 (L)	12.87%
Cheah Capital Management Limited *(Note 12)*	Interest by attribution	150,614,691 (L)	12.87%
Cheah Company Limited *(Note 13)*	Interest by attribution	150,614,691 (L)	12.87%
Hang Seng Bank Trustee International Limited *(Note 14)*	Interest by attribution	150,614,691 (L)	12.87%
Cheah Cheng Hye *(Note 14)*	Interest by attribution	150,614,691 (L)	12.87%
To Hau Yin *(Note 14)*	Interest by attribution	150,614,691 (L)	12.87%

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.

REPORT OF THE BOARD OF DIRECTORS

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. Ms. Chu, Loletta is interested in the Shares by virtue of her being the spouse of Mr. Lo.

10. Value Partners Limited is an investment manager and is deemed to be interested in the Shares held by Value Partners Asia Fund, LLC, Value Partners Hedge Master Fund Limited and Value Partners China Greenchip Fund Limited.

11. 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.

12. 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.

13. 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.

14. 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.

SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for, subject to certain terms and conditions, the granting of a maximum of 34,537,974 Shares, representing 10% of the total number of shares in issue of 345,379,747 as of the listing date following the placement and public offer of shares by the Company upon listing on GEM. During the year ended 31 December 2009, the Board resolved to grant share options under the Share Option Scheme on 16 November 2009, details of which are set out in note 29 to the financial statements.

The movements in the share options of the Company during the year ended 31 December 2009 are set out as follows:

Name or category of eligible participant	Date of grant	Exercise price per Share *HK$*	Number of options: As at 1.1.2009	Granted during the year	Exercised during the year	Lapsed or cancelled during the year	As at 31.12.2009	Period during which option outstanding as at 31.12.2009 are exercisable
Directors								
Mr. Chow Kwong Fai, Edward	10.11.2008	0.064	450,000	464,508	–	–	914,508	(b)
Wong Yuet Leung, Frankie	10.11.2008	0.064	450,000	464,508	–	–	914,508	(b)
Lee Jor Hung, Dannis	10.11.2008	0.064	450,000	464,508	–	–	914,508	(b)
Goh Pek Yang, Michael	10.11.2008	0.064	450,000	464,508	–	–	914,508	(b)
Lee Kang Bor, Thomas	10.11.2008	0.064	450,000	464,508	–	–	914,508	(b)
Wong Tin Yau, Kelvin	10.11.2008	0.064	450,000	464,508	–	–	914,508	(b)
Leung Kwong Ho, Edmund *(Note a)*	10.11.2008	0.13	450,000	–	–	(450,000)	–	(b)
Fan Chun Wah, Andrew	16.11.2009	0.177	–	914,508	–	–	914,508	(c)
Sub-total			3,150,000	3,701,556	–	(450,000)	6,401,556	
Employees (in aggregate)	10.11.2008	0.064	7,400,000	6,090,216	–	(1,500,000)	11,990,216	(b)
Total			**10,550,000**	**9,791,772**	**–**	**(1,950,000)**	**18,391,772**	

REPORT OF THE BOARD OF DIRECTORS

Notes:

(a) Mr. Leung Kwong Ho, Edmund resigned as an independent non-executive Director of the Company with effect from 28 February 2009. Upon his resignation, all options granted to Mr. Leung under the Share Option Scheme became lapsed and no longer exercisable.

(b) 50% exercisable between 10 April 2010 and 9 April 2011, both dates inclusive; 50% exercisable between 10 April 2011 and 9 November 2011, both dates inclusive.

(c) 50% exercisable between 16 April 2011 and 15 April 2012, both dates inclusive; 50% exercisable between 16 April 2012 and 15 November 2012, both dates inclusive.

(d) Details of other terms and performance conditions of the share options granted are set out in note 29 to the financial statements.

Save as disclosed above, as at 31 December 2009, none of the Directors had any interest or short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO, to be notified to the Company and the Stock Exchange.

COMPETING INTERESTS

During the year ended and as at 31 December 2009, save as disclosed in the 2006 half year results announcement of the Company of Mr. Edward Chow'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.

ADVANCE TO ENTITY

According to rules 17.15 to 17.22 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% of the Group's consolidated total assets or the market capitalisation of the Company, whichever is the lower. As at 31 December 2009, no advances had been made to any entity which exceeded 8% of the Group's consolidated total assets or market capitalisation of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the year ended 31 December 2009, 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 2009, 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. During the year ended 31 December 2009, the Audit and Remuneration Committee comprised three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund (resigned on 28 February 2009) and Mr. Fan Chun Wah, Andrew (appointed on 28 February 2009) 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 2009.

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, 30 March 2010

INDEPENDENT AUDITORS' REPORT

Grant Thornton
均富

Member of Grant Thornton International Ltd

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

We have audited the consolidated financial statements of CIG Yangtze Ports PLC (the "Company") set out on pages 42 to 83, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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.

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.

Grant Thornton
均富

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 2009 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
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

30 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000 (Restated)
Revenue	5	54,136	42,304
Cost of services rendered		(27,518)	(19,213)
Gross profit		26,618	23,091
Other income	6	6,865	6,429
Other operating expenses		(9,870)	(5,785)
General and administrative expenses		(21,125)	(23,353)
Finance costs	10	(8,455)	(10,845)
Loss before taxation	7	(5,967)	(10,463)
Taxation	11	–	–
Loss for the year		(5,967)	(10,463)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		23	6,393
Total comprehensive loss for the year		(5,944)	(4,070)
Loss for the year attributable to:			
Shareholders of the Company	12	(6,004)	(10,516)
Minority interests		37	53
		(5,967)	(10,463)
Total comprehensive loss attributable to:			
Shareholders of the Company		(5,981)	(5,074)
Minority interests		37	1,004
		(5,944)	(4,070)
Loss per share for the year attributable to shareholders of the Company	13	HK0.58 cents	HK1.11 cents

The notes on pages 48 to 83 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	284,109	282,755
Land use rights	16	8,538	8,756
Construction in progress	17	6,926	4,518
		299,573	296,029
Current assets			
Inventories	18	921	933
Trade receivables	19	14,478	11,252
Prepayments, deposits and other receivables		4,656	2,727
Government subsidy receivables	20	14,393	11,115
Cash and cash equivalents	21	26,644	8,611
		61,092	34,638
Current liabilities			
Accrued expenses and other payables	22	8,718	8,728
Current portion of interest-bearing borrowings	23	28	28,566
		8,746	37,294
Net current assets/(liabilities)		52,346	(2,656)
Total assets less current liabilities		351,919	293,373
Non-current liabilities			
Long-term interest-bearing borrowings	23	(204,060)	(171,028)
NET ASSETS		147,859	122,345
EQUITY			
Share capital	24	117,015	50,149
Reserves	25	15,155	56,544
Equity attributable to shareholders of the Company		132,170	106,693
Minority interests		15,689	15,652
TOTAL EQUITY		147,859	122,345

Approved and authorised for issue by the Board of Directors on 30 March 2010

Director *Director*

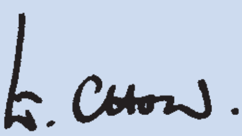
The notes on pages 48 to 83 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	*26*	**50,897**	50,897
Current assets			
Prepayments, deposits and other receivables		**150**	150
Due from a subsidiary	*26*	**118,051**	94,176
		118,201	94,326
Current liabilities			
Accrued expenses and other payables		**110**	413
Due to a subsidiary	*27*	**–**	5,806
		110	6,219
Net current assets		**118,091**	88,107
NET ASSETS		**168,988**	139,004
Equity			
Share capital	*24*	**117,015**	50,149
Reserves	*25*	**51,973**	88,855
TOTAL EQUITY		**168,988**	139,004

Approved and authorised for issue by the Board of Directors on 30 March 2010



Director

Director

The notes on pages 48 to 83 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Note	**2009 HK$'000**	2008 HK$'000
Cash flows from operating activities			
Loss before taxation		**(5,967)**	(10,463)
Adjustments for:			
Depreciation and amortisation		**10,377**	9,827
Loss on disposal of financial assets at fair value through profit or loss		**–**	170
Loss on disposal of property, plant and equipment		**70**	94
Bank interest income		**(43)**	(251)
Finance costs		**12,114**	15,929
Share-based payment transactions		**175**	234
Impairment loss on government subsidy receivables		**3,420**	–
Operating profit before working capital changes		**20,146**	15,540
Trade receivables		**(3,226)**	(3,375)
Prepayments, deposits and other receivables		**(1,929)**	(192)
Government subsidy receivables		**(6,698)**	(11,115)
Inventories		**12**	(103)
Accrued expenses and other payables		**(10)**	(5,717)
Cash generated from/(used in) operation		**8,295**	(4,962)
Interest paid		**(12,114)**	(15,929)
Net cash used in operating activities		**(3,819)**	(20,891)
Cash flows from investing activities			
Interest received		**43**	251
Purchase of property, plant and equipment		**(5,008)**	(2,657)
Purchase of financial assets at fair value through profit or loss		**–**	(3,297)
Payment for construction in progress		**(8,983)**	(6,818)
Proceeds from disposal of property, plant and equipment		**–**	67
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	3,127
Net cash used in investing activities		**(13,948)**	(9,327)
Cash flows from financing activities			
Payment of share issuing expenses		**(2,150)**	(29)
Proceeds from issuance of shares		**33,433**	–
Repayment of obligations under finance lease		**(66)**	(66)
Drawdown of bank loans		**161,424**	102,600
Repayment of bank loans		**(156,864)**	(108,300)
Net cash from/(used in) financing activities		**35,777**	(5,795)
Net increase/(decrease) in cash and cash equivalents		**18,010**	(36,013)
Exchange differences		**23**	1,829
Cash and cash equivalents at beginning of year		**8,611**	42,795
Cash and cash equivalents at end of year	*21*	**26,644**	8,611

The notes on pages 48 to 83 form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2009

The Group

	Attributable to shareholders of the Company							
	Share capital *HK$'000*	Share premium *HK$'000*	Share-based payment reserve *HK$'000*	Foreign exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Minority Interests *HK$'000*	Total equity *HK$'000*
At 1 January 2008	45,590	103,189	–	9,803	(47,020)	111,562	14,648	126,210
Total comprehensive income/(loss) for the year	–	–	–	5,442	(10,516)	(5,074)	1,004	(4,070)
Bonus issue of shares	4,559	(4,559)	–	–	–	–	–	–
Share issuing expenses	–	(29)	–	–	–	(29)	–	(29)
Share-based payment transactions	–	–	234	–	–	234	–	234
Transactions with owners	4,559	(4,588)	234	–	–	205	–	205
At 31 December 2008 and 1 January 2009	50,149	98,601	234	15,245	(57,536)	106,693	15,652	122,345
Total comprehensive income/(loss) for the year	–	–	–	23	(6,004)	(5,981)	37	(5,944)
Rights issue of shares	33,433	–	–	–	–	33,433	–	33,433
Bonus issue of shares	33,433	(33,433)	–	–	–	–	–	–
Share issuing expenses	–	(2,150)	–	–	–	(2,150)	–	(2,150)
Share-based payment transactions	–	–	175	–	–	175	–	175
Transactions with owners	66,866	(35,583)	175	–	–	31,458	–	31,458
Release on forfeiture of share options	–	–	(23)	–	23	–	–	–
	66,866	(35,583)	152	–	23	31,458	–	31,458
At 31 December 2009	**117,015**	**63,018**	**386**	**15,268**	**(63,517)**	**132,170**	**15,689**	**147,859**

The notes on pages 48 to 83 form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

The Company

	Share capital	Share premium	Share-based payment reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	45,590	103,189	–	(7,910)	140,869
Bonus issue of shares	4,559	(4,559)	–	–	–
Share issuing expenses	–	(29)	–	–	(29)
Share-based payment transactions	–	–	234	–	234
Loss for the year	–	–	–	(2,070)	(2,070)
At 31 December 2008 and 1 January 2009	50,149	98,601	234	(9,980)	139,004
Rights issue of shares	33,433	–	–	–	33,433
Bonus issue of shares	33,433	(33,433)	–	–	–
Share issuing expenses	–	(2,150)	–	–	(2,150)
Share-based payment transactions	–	–	175	–	175
Release on forfeiture of share options	–	–	(23)	23	–
Loss for the year	–	–	–	(1,474)	(1,474)
At 31 December 2009	**117,015**	**63,018**	**386**	**(11,431)**	**168,988**

The notes on pages 48 to 83 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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 GT 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 Company Limited ("WIT"), the major operating subsidiary, is port construction and operation.

2. ADOPTION OF NEW OR AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "New IFRSs") issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009.

IAS 1 (Revised 2007) – Presentation of financial statements

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these financial statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosure. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However the exchange gain on translation of financial statements of foreign operations previously recognised directly to equity are now recognised in other comprehensive income in the "Consolidated Statement of Comprehensive Income". IAS1 affects the presentation of owners changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard. However, the changes to the comparatives have not affected the Group or the Company's statement of financial position for the current and the prior year, and accordingly the third statement of financial position as at 1 January 2008 is not presented.

IFRS 8 – Operating segments

The adoption of this standard has not affected the identified and reportable operating segments for the Group, but has given rise to additional disclosures related to entity-wide disclosures. Comparatives have been added on a basis consistent with the new standard.

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and these have not been adopted early by the Group. The directors are currently assessing the impact of these IFRSs but are not yet in the position to state whether they would have any 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") as issued by the International Accounting Standards Board ("IASB").

3.2 BASIS OF MEASUREMENT

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.24.

3.3 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made 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.

3.4 SUBSIDIARIES

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair values of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to the acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's statement of comprehensive income.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.5 MINORITY INTERESTS

Minority interests represent 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 statement of financial position 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 statement of comprehensive income 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 interests 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 interests only after the minority's share of losses previously absorbed by the Group has been recovered.

3.6 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 statement of comprehensive income during the financial period in which they are incurred.

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

Port facilities – foundation works	Over the remaining joint venture period, straight line method
– others	Units of production method
Terminal equipments	5-20 years, straight 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

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

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

When assets are sold or retired, their costs and accumulated depreciation and impairment are eliminated from the statement of financial position 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 statement of comprehensive income.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.7 CONSTRUCTION IN PROGRESS

Construction in progress represents port facilities and terminal equipment under construction and is stated at cost less impairment loss. 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 that 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.

3.8 LAND USE RIGHTS

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

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.10 FINANCIAL ASSETS

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

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

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

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

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

Impairment of financial assets

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

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

(a) significant financial difficulty of the debtor;

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.10 FINANCIAL ASSETS *(Continued)*

Impairment of financial assets *(Continued)*

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

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the statement of comprehensive income of the period in which the impairment occurs.

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

3.11 FINANCIAL LIABILITIES

The Group's financial liabilities include accruals and other payables, bank loans, and finance leases liabilities. All financial liabilities are recognised initially at their fair values and subsequently measured at amortised costs, using effective interest rate method. They are included in line items in the statement of financial position as accrued expenses and other payables or borrowings under current or non-current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income.

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.11 FINANCIAL LIABILITIES *(Continued)*

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other payables

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

3.12 CASH AND CASH EQUIVALENTS

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

For the purpose of the statement of cash flows, cash and cash equivalents comprises cash on hand 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.

3.13 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.

3.14 SHARE CAPITAL

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.15 GOVERNMENT SUBSIDIES

Government subsidies are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Government subsidies are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that the subsidies are intended to compensate.

Government subsidies relating to the purchase of assets are included in liabilities as deferred government subsidies in the statement of financial position and are recognised in the statement of comprehensive income on a straight line basis over the expected lives of the related assets. Government subsidies compensate the Group for expenses incurred are net-off with relevant expenses. Government subsidies not relating to purchase of assets or to compensate against any specific expenses incurred by the Group are presented as "Other income" in the statement of comprehensive income.

3.16 REVENUE RECOGNITION

Revenue comprises the fair value of services rendered 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 assets 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.

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

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 translated.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.17 FOREIGN CURRENCY TRANSLATION *(Continued)*

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

3.18 BORROWING COSTS

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

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

3.19 LEASES

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.19 LEASES *(Continued)*

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to the statement of comprehensive income over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

Operating lease charges as the lessee

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

3.20 EMPLOYEE BENEFITS

Retirement benefits scheme

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 statement of comprehensive income 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.

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. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.21 SHARE-BASED EMPLOYEE COMPENSATION

The Group operates equity-settled share-based compensation plans to remunerate its employees and directors and in exchange for services rendered. All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in the statement of comprehensive income over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share-based payment reserve. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

3.22 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 reporting date.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting 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.

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 reporting 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.

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.22 TAXATION *(Continued)*

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

3.23 RELATED PARTIES

A party is related to the Group if

(a) the party has the ability, 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 in making financial and operating policy decisions; 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, or a closely family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(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.

3.24 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment of trade and other receivables

Impairment of trade and other receivables of the Group is determined based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer and debtors. If the financial conditions of these customers or debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance would be required.

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 which may have 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

4. SEGMENTAL INFORMATION

The Group is principally engaged in the businesses of port construction and operation and the management has regarded port construction and operation as the only dominant reportable operating segment. All of the Group's revenue and contribution to loss from operating activities were derived from its principal activities of port operation in the People's Republic of China ("PRC"). Hence, no segmental information is presented.

Revenue of 2009 and 2008 were sourced from external customers located in the PRC. In addition, over 99% (2008: 99%) of the non-current assets of the Group as at the reporting date were physically located in the PRC.

During 2009, three customers with whom transactions of each has exceeded 10% of the Group's revenue. Total revenue from these three customers accounted for 43% (2008: 22%) of the Group's revenue for the year. As at the reporting date, total trade receivables due from these three customers accounted for 49% (2008: 23%) of such balance.

5. REVENUE

Revenue represents the fair value of container handling, general and bulk cargo handling, agency and integrated logistics services rendered for the year.

6. OTHER INCOME

	2009 ***HK$'000***	2008 *HK$'000* (Restated)
Bank interest income	**43**	251
Net loss on financial assets at fair value through profit or loss	**–**	(170)
Sundry income	**597**	317
Government subsidies	**6,225**	6,031
	6,865	6,429

Government subsidies are in respect of the subsidies granted by the Hubei Provincial and Wuhan Municipal governments to the Group to subsidise operating losses incurred by its subsidiaries.

7. LOSS BEFORE TAXATION

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

	2009	2008
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
– Salaries and allowances	**14,364**	14,574
– Share-based payment transactions	**175**	234
– Pension contributions	**664**	516
	15,203	15,324
Costs of services rendered	**32,955**	19,213
Government subsidies	**(5,437)**	–
	27,518	19,213
Auditors' remuneration	**400**	360
Amortisation of prepaid lease payment for land use rights	**218**	218
Depreciation		
– owned assets	**10,101**	9,550
– leased assets	**58**	59
Impairment loss on government subsidy receivables	**3,420**	–
Loss on disposal of property, plant and equipment	**70**	94
Net foreign exchange losses	**3**	241
Net loss on financial assets at fair value through profit or loss	**–**	170
Operating lease rental	**919**	1,127

8. DIRECTORS' REMUNERATION

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

	Number of directors	
	2009	2008
Executive directors	**1**	1
Non-executive directors	**3**	3
Independent non-executive directors	**4**	3
	8	7

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

8. DIRECTORS' REMUNERATION *(Continued)*

Details of directors' emoluments for the year ended 31 December 2009 were:

Name of director	Title	Fee *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Share-based payment transactions *HK$'000*	Pension contribution *HK$'000*	Total *HK$'000*
Chow Kwong Fai, Edward	Executive director	50	1,400	16	12	1,478
Wong Yuet Leung, Frankie	Non-executive director	53	–	16	–	69
Lee Jor Hung, Dannis	Non-executive director	50	–	16	–	66
Goh Pek Yang, Michael	Non-executive director	50	–	16	–	66
Wong Tin Yau, Kelvin	Independent non-executive director	160	–	16	–	176
Lee Kang Bor, Thomas	Independent non-executive director	160	–	16	–	176
Fan Chun Wah, Andrew	Independent non-executive director	133	–	10	–	143
Leung Kwong Ho, Edmund	Independent non-executive director	27	–	–	–	27
		683	1,400	106	12	2,201

8. DIRECTORS' REMUNERATION *(Continued)*

Details of directors' emoluments for the year ended 31 December 2008 were:

Name of director	Title	Fee	Salaries, allowances and benefits in kind	Share-based payment transactions	Pension contribution	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chow Kwong Fai, Edward	Executive director	140	1,951	3	12	2,106
Wong Yuet Leung, Frankie	Non-executive director	146	–	3	–	149
Lee Jor Hung, Dannis	Non-executive director	140	–	3	–	143
Goh Pek Yang, Michael	Non-executive director	140	–	3	–	143
Wong Tin Yau, Kelvin	Independent non-executive director	146	–	3	–	149
Lee Kang Bor, Thomas	Independent non-executive director	146	–	3	–	149
Leung Kwong Ho, Edmund	Independent non-executive director	146	–	–	–	146
		1,004	1,951	18	12	2,985

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2008: nil).

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

The value of share options granted to directors is measured according to the Group's accounting policy for share-based compensation set out in note 3.21. The details of these benefits in kind including the principal terms and number of options granted are disclosed under the heading 'Share Option Scheme' in the Report of the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

9. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one director (2008: one director) whose emoluments are reflected in the analysis presented in note 8 above. The emoluments payable to the remaining four (2008: four) individuals during the year were as follows:

	2009	2008
	HK$'000	*HK$'000*
Salaries and allowances	**2,240**	1,971
Share-based payment transactions	**59**	40
Pension contributions	**12**	33
	2,311	2,044

The remuneration of each of the non-director, highest paid employees for the years ended 31 December 2009 and 2008 fell within the band of Nil to HK$1,000,000.

10. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
		(Restated)
Interests on bank loans wholly repayable within 5 years	**10,696**	15,917
Interests on bank loans not wholly repayable within 5 years	**1,406**	–
Finance charges on obligations under finance lease	**12**	12
Total interest expense on financial liabilities not at fair value through profit or loss	**12,114**	15,929
Less: Government subsidies	**(3,659)**	(5,084)
	8,455	10,845

11. TAXATION

In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction with year which exceeds 15 years and upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") and a 50% reduction for five years thereafter (the "5-Year 50% Tax Reduction Entitlement"). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, will 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 tax payable will be charged at 12.5%.

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.

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

	2009 ***HK$'000***	2008 *HK$'000*
Loss before taxation	**(5,967)**	(10,463)
Income tax at the applicable tax rates in the tax jurisdiction concerned	**(794)**	(1,883)
Non-deductible expenses	**1,404**	419
Tax exempted revenue	**(3)**	(4)
Unrecognised tax losses	**1,354**	1,697
Unrecognised temporary differences	**(763)**	(180)
Others	**–**	154
Tax concession	**(1,198)**	(203)
Tax expense for the year	**–**	–

The Group has not recognised deferred tax assets in respect of tax losses of HK$72,135,000 (2008: HK$72,719,000). Under the current tax legislation, tax losses of HK$32,130,000 (2008: HK$40,923,000) can be carried forward for five years since the year the loss is incurred, tax losses of HK$40,005,000 (2008: HK$31,796,000) have no expiry date 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 2009 attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$1,474,000 (2008: HK$2,070,000).

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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$6,004,000 (2008: HK$10,516,000), and the weighted average number of 1,037,907,764 (2008: 948,737,565) ordinary shares in issue during the year.

The number of shares for the purpose of calculating basic loss per share for the year ended 31 December 2008 has been adjusted and restated to reflect the rights issue and bonus issue of shares during the year.

No diluted loss per share has been presented because the only potential dilutive shares are those of the share options granted under the Share Option Scheme but the conditions for the exercise of such options have not yet been met during the year. Details of the share options granted and the Share Option Scheme are set out in the Section headed "Share Option Scheme" in note 29 to the financial statements.

14. DIVIDEND

The directors do not recommend the payment of a dividend for the year (2008: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Port facilities	Terminal equipment	Furniture and equipment	Motor vehicles	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value						
At 1 January 2009	242,662	37,419	1,370	1,143	161	282,755
Additions	184	3,937	250	637	–	5,008
Transferred from construction in progress	4,619	1,941	15	–	–	6,575
Disposal	–	(42)	(28)	–	–	(70)
Depreciation	(4,924)	(3,768)	(503)	(934)	(30)	(10,159)
Net book value						
At 31 December 2009	242,541	39,487	1,104	846	131	284,109
At 31 December 2009						
Cost	263,399	55,984	3,779	3,474	194	326,830
Accumulated depreciation	(20,858)	(16,497)	(2,675)	(2,628)	(63)	(42,721)
Net book value	242,541	39,487	1,104	846	131	284,109

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Port facilities	Terminal equipment	Furniture and equipment	Motor vehicles	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value						
At 1 January 2008	225,794	35,361	1,424	915	87	263,581
Exchange differences on consolidation	13,792	2,313	88	47	–	16,240
Additions	262	1,023	446	822	104	2,657
Transferred from construction in progress	8,284	1,763	–	–	–	10,047
Disposal	–	(34)	(33)	(94)	–	(161)
Depreciation	(5,470)	(3,007)	(555)	(547)	(30)	(9,609)
Net book value						
At 31 December 2008	242,662	37,419	1,370	1,143	161	282,755
At 31 December 2008						
Cost	258,596	50,192	3,743	2,837	194	315,562
Accumulated depreciation	(15,934)	(12,773)	(2,373)	(1,694)	(33)	(32,807)
Net book value	242,662	37,419	1,370	1,143	161	282,755

Property, plant and equipment of WIT with an aggregate net book value at the reporting date of HK$261,548,000 (2008: HK$152,163,000) were pledged to secure bank loans granted to WIT.

Motor vehicle with net book value of HK$78,000 (2008: HK$136,000) is held under finance lease.

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for the year ended 31 December 2009

16. LAND USE RIGHTS

	2009	2008
	HK$'000	*HK$'000*
Net book value at beginning of year	**8,756**	8,424
Exchange differences on consolidation	**–**	550
Amortisation	**(218)**	(218)
Net book value at end of year	**8,538**	8,756
At reporting date		
Cost	**9,741**	9,741
Accumulated amortisation	**(1,203)**	(985)
Net book value	**8,538**	8,756

Land use rights of WIT with an aggregate net book value at the reporting date of HK$8,538,000 (2008: HK$8,756,000) were pledged to secure bank loans granted to WIT. All land use rights are outside Hong Kong and are held on leases of between 10 and 50 years.

17. CONSTRUCTION IN PROGRESS

	2009	2008
	HK$'000	*HK$'000*
At cost		
At beginning of year	**4,518**	7,271
Exchange differences on consolidation	**–**	476
Additions	**8,983**	6,818
Transferred to property, plant and equipment	**(6,575)**	(10,047)
At end of year	**6,926**	4,518

18. INVENTORIES

	2009	2008
	HK$'000	*HK$'000*
Consumables, at cost	**921**	933

19. TRADE RECEIVABLES

An aging analysis of trade receivables at the reporting date, based on invoice dates, is as follows:

	2009 HK$'000	2008 HK$'000
Within 30 days	4,504	5,578
31 – 60 days	3,611	3,218
61 – 90 days	3,233	1,598
Over 90 days	3,130	858
	14,478	11,252

The Group allows a general credit period of 30 to 90 days to its trade customers. All of the Group's trade receivables have been reviewed for indicators of impairment and no impairment has been recognised on trade receivables for the two years ended 31 December 2009 and 2008.

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

	2009 HK$'000	2008 HK$'000
Not yet past due	11,742	10,189
1 to 90 days past due	2,736	1,063
	14,478	11,252

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

Trade 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 provision for 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 defaults from these customers, hence considered these receivables to be recoverable. The Group does not hold any collateral over these balances.

20. GOVERNMENT SUBSIDY RECEIVABLES

These are subsidies granted by the Hubei Provincial and Wuhan Municipal governments to WIT.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of bank balances and cash of HK$26,644,000 (2008: HK$8,611,000). Bank balances earn interest at floating rates based on daily bank deposit rates.

22. ACCRUED EXPENSES AND OTHER PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Payables to contractors and equipment suppliers	**996**	1,784
Accrued expenses and other payables	**7,722**	6,944
	8,718	8,728

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

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**3,248**	4,494
31 – 60 days	**1,325**	569
61 – 90 days	**1,194**	289
91 – 180 days	**154**	65
Over 180 days	**2,797**	3,311
	8,718	8,728

Included in the over 180 days balance of HK$2,797,000 is an amount of HK$2,239,000 relating to retentions on the construction of port and related facilities of WIT.

23. INTEREST-BEARING BORROWINGS

	2009 **HK$'000**	2008 *HK$'000*
Bank loans		
Unsecured	**68,400**	68,400
Secured	**135,660**	131,100
	204,060	199,500
Obligations under finance lease	**28**	94
	204,088	199,594
Current portion	**28**	28,566
Non-current portion	**204,060**	171,028
	204,088	199,594

Bank loan

	2009 **HK$'000**	2008 *HK$'000*
Amount repayable:		
Within one year	**–**	28,500
In the second year	**68,400**	79,800
In the third to fifth year	**22,800**	91,200
After the fifth year	**112,860**	–
	204,060	199,500

The unsecured bank loan of HK$68,400,000 (RMB60,000,000) (2008: HK$68,400,000 (RMB60,000,000)), which is granted to WIT, is supported by a corporate guarantee for a maximum sum of HK$75,240,000 (RMB66,000,000) provided by the Company to the bank. Details of assets pledged to banks for secured bank loans are set out in note 33 to the financial statements. All bank loans are interest-bearing in the range of 5.4% to 5.94% (2008: 5.94% to 8.69%) per annum. All borrowings are denominated in RMB.

23. INTEREST-BEARING BORROWINGS *(Continued)*

Obligations under finance lease

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable:				
Within one year	**33**	79	**28**	66
In the second to fifth years inclusive	**–**	33	**–**	28
	33	112	**28**	94
Future finance charges	**(5)**	(18)	**–**	–
Present value of lease obligations	**28**	94	**28**	94

24. SHARE CAPITAL

	2009		2008	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares HK$0.1 each	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At beginning of year	**501,491,386**	**50,149**	455,901,260	45,590
Rights issue of shares	**334,327,589**	**33,433**	–	–
Bonus issue of shares	**334,327,589**	**33,433**	45,590,126	4,559
At end of year	**1,170,146,564**	**117,015**	501,491,386	50,149

At the extraordinary general meeting of the shareholders ("Shareholders") of the Company held on 16 July 2009, Shareholders approved the resolution for rights issue (the "Rights Issue") on the basis of two rights shares for every three existing shares together with a bonus issue on the basis of one bonus share for every rights share taken up under the rights issue. Following approval for listing of the new shares under the Rights Issue, a total of 668,655,178 shares were issued at par to Shareholders subscribed to the Rights Issue, taking the total number of shares of the Company in issue to 1,170,146,564 shares. These shares rank pari passu with the existing shares in all respects.

25. RESERVES

Details of movements in reserves of the Group and the Company for the current and the prior years are disclosed in the statements of changes in equity on pages 46 and 47.

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 3.17 to the financial statements.

DISTRIBUTABLE EARNINGS

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

At 31 December 2009, WIT did not have any distributable earnings.

As 31 December 2009, in the opinion of the directors, the aggregate amount of reserves available for distribution to the equity shareholders of the Company was HK$51,587,000 (2008: HK$88,621,000).

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.

26. INTEREST IN SUBSIDIARIES

	2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	50,897	50,897
Due from a subsidiary	118,051	94,176
	168,948	145,073

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

Name	Place/country of incorporation and operation	Particulars of issued and paid up capital	Percentage of issued capital held by the Company: Direct	Indirect	Principal activities
CIG Port Holdings Limited	The British Virgin Islands ("BVI")	12,000 ordinary shares of US$1 each	100%	–	Investment holding
Wuhan Investment Holdings Limited	BVI	100 ordinary shares of US$1 each	100%	–	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	–	Provision of treasury, general and administrative services to Group companies
Wuhan International Container Transshipment Company Limited	The PRC	RMB130,000,000 Registered capital	–	85%	Port construction and operations
CIG Wuhan Multipurpose Port Limited	The PRC	RMB5,000,000 registered capital	–	100%	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 have no fixed repayment terms.

27. DUE TO A SUBSIDIARY

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

28. 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 statement of comprehensive income 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$595,000 (2008: HK$428,000) and HK$69,000 (2008: HK$88,000) respectively.

29. SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for, subject to certain terms and conditions, the granting of a maximum of 34,537,974 Shares, representing 10% of the total number of Shares in issue of 345,379,747 as of the listing date following the placement and public offer of shares by the Company upon listing on GEM. The Board resolved to grant share options under the Share Option Scheme on 27 March 2008, 10 November 2008 and 16 November 2009 details of which are set out below:

29.1 OPTIONS GRANTED ON 27 MARCH 2008

On 27 March 2008, options to subscribe for an aggregate of 10,550,000 Shares were granted to all directors and certain employees of the Group under the Share Option Scheme. Principal terms and conditions on the exercise of the options granted are as follows:

General conditions applicable to all option holders

(i) The subscription price (the "Subscription Price" or the "Exercise Price") for shares to be allotted on exercise of the options granted was at HK$0.63 per share (excluding brokerage and Stock Exchange transaction levy, if applicable, and subject to potential adjustment in the event of alteration of the Company's capital structure);

29. SHARE OPTION SCHEME *(Continued)*

29.1 OPTIONS GRANTED ON 27 MARCH 2008 *(Continued)*

General conditions applicable to all option holders *(Continued)*

(ii) No options may be exercised for the period of twelve months from the date of grant of 27 March 2008 (the "March 2008 Option Grant Date") and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the March 2008 Grant Date; and

(iii) The right to exercise the options was conditional upon the option holder is an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the option.

Specific condition applicable to the Chairman and other employees of the Group

The right to exercise the option was conditional upon the Board confirming to these option holders that WIT has achieved the target of generating a net profit for the year ended 31 December 2008.

As a result of the issuance of the bonus shares (the "Bonus Share Issue") pursuant to the approval by the shareholders at the annual general meeting of the Company on 5 May 2008, the original Subscription Price of HK$0.63 was adjusted to HK$0.57 per share accordingly as stipulated under the terms of the Share Option Scheme.

29.2 OPTIONS GRANTED ON 10 NOVEMBER 2008

On 10 November 2008, options to subscribe for an aggregate of 10,850,000 shares were granted to all directors and certain employees of the Group under the Share Option Scheme. Principal terms and conditions on the exercise of the options granted were as follows:

General conditions applicable to all option holders

(i) The subscription price (the "Subscription Price" or the "Exercise Price") for shares to be allotted on exercise of the options granted was at HK$0.13 per share (excluding brokerage and Stock Exchange transaction levy, if applicable, and subject to potential adjustment in the event of alteration of the Company's capital structure).

As a result of the rights issue pursuant to the extraordinary general meeting held on 16 July 2009, the original Subscription Price of HK$0.13 per share was adjusted to HK$0.064 per share accordingly as stipulated under the terms of the Share Option Scheme. Details of the rights issue are set out in note 24 to the financial statements.

(ii) No options may be exercised for the period between the date of grant of 10 November 2008 (the "November 2008 Option Grant Date") and 9 April 2010, both dates inclusive and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the November 2008 Option Grant Date; and

29. SHARE OPTION SCHEME *(Continued)*

29.2 OPTIONS GRANTED ON 10 NOVEMBER 2008 *(Continued)*

General conditions applicable to all option holders *(Continued)*

(iii) The right to exercise the options is conditional upon the option holder is an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the option.

Specific condition applicable to the Chairman and other employees of the Group

The right to exercise the option is conditional upon the Board confirming to these option holders that WIT has achieved the target of generating a net profit for the year ending 31 December 2009.

As a result of the rights issue pursuant to the approval by the Shareholders at the extraordinary general meeting of the Company held on 16 July 2009, the original Subscription Price of HK$0.130 was adjusted to HK$0.064 per share and the remaining number of outstanding options was adjusted from 8,600,000 to 17,477,264 accordingly as stipulated under the terms and conditions of the Share Option Scheme. Details of these are set out in the announcement of the Company dated 7 August 2009.

29.3 OPTIONS GRANTED ON 16 NOVEMBER 2009

On 16 November 2009, options to subscribe for an aggregate of 914,508 Shares were granted to a Director of the Group under the Share Option Scheme. Principal terms and conditions on the exercise of the options granted are as follows:

(i) The Subscription Price for Shares to be allotted on exercise of the options granted was at HK$0.177 per Share (excluding brokerage and Stock Exchange transaction levy, if applicable, and subject to potential adjustment in the event of alteration of the Company's capital structure);

(ii) No options may be exercised for the period between the date of grant of 16 November 2009 (the "November 2009 Option Grant Date") and 16 April 2011, both dates inclusive and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the November 2009 Option Grant Date; and

(iii) The right to exercise the options is conditional upon the option holder is an employee of the Group or a Director or an alternate director of any company within the Group on the date of exercise of the option.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

29. SHARE OPTION SCHEME *(Continued)*

The movements in the share options of the Company during the year ended 31 December 2009 were set out as follows:

Eligible participant	Grant date	Exercise price per share	As at 1 January 2009	Granted during the year	Exercised during the year	Lapsed or cancelled during the year	As at 31 December 2009	Period during which option outstanding as at 31 December 2009 are exercisable
Directors	10 November 2008	HK$0.064	2,700,000	2,787,048	–	–	5,487,048	*(d), (e)*
	10 November 2008	HK$0.130	450,000	–	–	(450,000)	–	
	16 November 2009	HK$0.177	–	914,508	–	–	914,508	*(f)*
Employees	10 November 2008	HK$0.064	7,400,000	6,090,216	–	(1,500,000)	11,990,216	*(d), (e)*
			10,550,000	9,791,772	–	(1,950,000)	18,391,772	

The movements in the share options of the Company during the year ended 31 December 2008 were set out as follows:

Eligible participant	Grant date	Exercise price per share	As at 1 January 2008	Granted during the year	Exercised during the year	Lapsed or Cancelled during the year	As at 31 December 2008	Period during which option outstanding as at 31 December 2008 are exercisable
Directors	27 March 2008	HK$0.57	–	3,150,000	–	(3,150,000)	–	*(c)*
	10 November 2008	HK$0.13	–	3,150,000	–	–	3,150,000	*(d)*
Employees	27 March 2008	HK$0.57	–	7,400,000	–	(7,400,000)	–	*(c)*
	10 November 2008	HK$0.13	–	7,700,000	–	(300,000)	7,400,000	*(d)*
			–	21,400,000	–	(10,850,000)	10,550,000	

29. SHARE OPTION SCHEME *(Continued)*

Notes:

(a) The closing prices of the Company's shares proceeding the dates on which the options were granted on 27 March 2008, 10 November 2008 and 16 November 2009 were HK$0.63, HK$0.13 and HK$0.177 respectively. The Subscription Price for share option granted on 10 November 2008 was subsequently adjusted to HK$0.064 for options granted on 10 November 2008 as a result of a rights issue by the Company.

(b) Mr. Leung Kwong Ho, Edmund resigned as an independent non-executive director of the Company with effect from 28 February 2009. Upon his resignation, all options granted to Mr. Leung under the Share Option Scheme became lapsed and no longer exercisable.

(c) 50% exercisable between 28 March 2009 and 27 March 2010, both dates inclusive; 50% exercisable between 28 March 2010 and 27 March 2011, both dates inclusive.

(d) 50% exercisable between 10 April 2010 and 9 April 2011, both dates inclusive; 50% exercisable between 10 April 2011 and 9 November 2011, both dates inclusive.

(e) Weighted average exercise price for share options lapsed or cancelled during the year was HK$0.13 (2008: HK$0.13).

(f) On 16 November 2009, the Board approved to grant share options to Mr. Fan Chun Wah, Andrew, an independent non-executive director of the Company to subscribe for 914,508 ordinary shares of HK$0.10 each at the exercise price of HK$0.177 per share. All terms and conditions are the same as the share options granted on 10 November 2008 except no options may be exercised for the period of twelve months from the grant date and that not more than 50% of the options may be exercisable for a period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the option grant date.

(g) The fair value of all options granted were determined using the Black-Scholes valuation model. The fair value calculation has taken into account the volatility rate of the Company's share prices of 95% and the risk-free interest rate of 1.16%. The volatility rate of the Company's share prices has been determined by reference to the average volatility rate of the Company's share prices at monthly intervals since listing.

(h) The weighted average remaining contractual life of the share options outstanding at 31 December 2009 was approximately 1.9 years (2008: 2.9 years).

30. 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 lease, trade receivables, government subsidy receivables, other receivables and payables. Bank loans, finance leases and payables and accruals are classified as financial liabilities measured at amortised cost. Trade receivables, government subsidy receivables and other receivables are classified as loans 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 generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loans and receivable at amortised cost				
Trade receivables	**14,478**	11,252	**–**	–
Other receivables	**1,506**	1,223	**–**	–
Government subsidy receivables	**14,393**	11,115	**–**	–
Cash and cash equivalents	**26,644**	8,611	**–**	–
Amount due from a subsidiary	**–**	–	**118,051**	94,176
	57,021	32,201	**118,051**	94,176

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities at amortised cost				
Accrued expenses and other payables	**8,718**	8,728	**110**	413
Borrowings	**204,088**	199,594	**–**	–
Amount due to a subsidiary	**–**	–	**–**	5,806
	212,806	208,322	**110**	6,219

INTEREST RATE RISK

As disclosed in note 23 to the financial statements, as at 31 December 2009, the Group has total interest-bearing borrowings of HK$204,088,000 (2008: HK$199,594,000) of which HK$204,060,000 (2008: HK$188,100,000) bears interest at variable rates ("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 2009, 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 increasing/decreasing the Group's loss for the year ended 31 December 2009 and accumulated losses as at 31 December 2009 by approximately HK$1,020,000 (2008: HK$940,000).

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

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.

The Company has provided a corporate guarantee to a bank for a maximum sum of HK$75,240,000 (2008: HK$75,240,000) with respect to bank loans provided to WIT. Details of the guarantee and terms of the bank loans are set out in note 23 to the financial statements. According to the terms of the bank loans, the earliest repayment date of the bank loans would be in 2011. At the reporting date, no provision for the Company's obligation under the guarantee has been made as the directors considered that it was not probable that the repayment of the loan would be in default.

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

	Within 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 to 5 years *HK$'000*	After 5 years *HK$'000*	Total *HK$'000*
At 31 December 2009					
Accrued expenses and other payables	8,718	–	–	–	8,718
Bank loans	–	73,539	26,355	166,946	266,840
Obligations under finance lease	33	–	–	–	33
	8,751	73,539	26,355	166,946	275,591
At 31 December 2008					
Accrued expenses and other payables	8,728	–	–	–	8,728
Bank loans	28,500	86,422	104,746	–	219,668
Obligations under finance lease	79	33	–	–	112
	37,307	86,455	104,746	–	228,508

FOREIGN CURRENCY RISK

The Group's reporting currency is the Hong Kong dollar. The Group's exposure to foreign currency risk relates primarily to its PRC subsidiaries, which are conducted in Renminbi. Therefore, the Group does not have any significant risks in the foreign currency.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

CREDIT RISK

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

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

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**14,478**	11,252
Other receivables	**1,506**	1,223
Government subsidy receivables	**14,393**	11,115
Cash and cash equivalents	**26,644**	8,611
	57,021	32,201

The Group allows a general credit period of 30 to 90 days to its customers. In extending credit terms to customers, the Group will carefully assess creditworthiness and financial standing of each individual customer. Management will also closely monitor all outstanding debts and reviews their collectability periodically. Details of customers with major transactions with the Group are set out in note 4 to the financial statements.

During the year, WIT was informed by the Wuhan Municipal Government that the subsidies of HK$3,420,000 to be granted to WIT for the year ended 31 December 2008 would no longer be granted. Accordingly, impairment losses of HK$3,420,000 have been recognised in the consolidated statement of comprehensive income.

FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2009 and 2008.

31. CAPITAL MANAGEMENT

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

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.

As at 31 December 2009, the Group had a gearing ratio of approximately 1.5 (2008: 1.9). The calculation of the gearing ratio was based on total bank borrowings over equity attributable to shareholders of the Company as at 31 December 2009.

32. COMMITMENTS – GROUP

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

	2009 **HK$'000**	2008 HK$'000
Within one year	**1,180**	1,291
In the second to fifth year inclusive	**174**	978
	1,354	2,269

The Group leases a number of properties under operating leases. The leases, which run for an initial period of 2-5 years do not have any contingency rentals.

(ii) Contracted but not provided for capital commitments in respect of:

	2009 **HK$'000**	2008 HK$'000
Capital contribution to a subsidiary	**–**	4,834
Construction of port facilities and acquisition of land	**20,283**	6,478
	20,283	11,312

33. PLEDGE OF ASSETS

The Group has pledged port facilities and land use rights owned by WIT with an aggregate net book value of approximately HK$261,548,000 (2008: HK$152,163,000), HK$8,538,000 (2008: HK$8,756,000) respectively to secure bank loans granted to WIT.

34. CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities.

35 COMPARATIVE FIGURES

As a result of change in presentation of government subsidies, certain comparative figures have been reclassified in order to conform to the current year's presentation.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2009 were approved for issue by the Board of directors on 30 March 2010.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2005 *HK$'000*	2006 *HK$'000*	2007 *HK$'000* (Restated)	2008 *HK$'000* (Restated)	2009 *HK$'000*
Revenue	8,863	16,122	33,521	42,304	**54,136**
Cost of services rendered	(4,219)	(6,888)	(18,075)	(19,213)	**(27,518)**
Gross profit	4,644	9,234	15,446	23,091	**26,618**
Other income	274	556	2,587	6,429	**6,865**
General, administrative and other operating expenses	(7,580)	(15,050)	(17,727)	(19,311)	**(20,618)**
Operating profit (loss)/EBITDA	(2,662)	(5,260)	306	10,209	**12,865**
Finance costs	(5,930)	(5,140)	(9,417)	(10,845)	**(8,455)**
EBTDA	(8,592)	(10,400)	(9,111)	(636)	**4,410**
Depreciation and amortisation	(4,580)	(5,628)	(8,135)	(9,827)	**(10,377)**
Loss for the year	(13,172)	(16,028)	(17,246)	(10,463)	**(5,967)**
Attributable to:					
Shareholders of the Company	(11,584)	(14,985)	(16,283)	(10,516)	**(6,004)**
Minority interests	(1,588)	(1,043)	(963)	53	**37**
	(13,172)	(16,028)	(17,246)	(10,463)	**(5,967)**

	As at 31 December				
	2005 *HK$'000*	2006 *HK$'000*	2007 *HK$'000*	2008 *HK$'000*	2009 *HK$'000*
ASSETS AND LIABILITIES					
Non-current assets	213,033	258,576	279,276	296,029	**299,573**
Current assets	27,988	8,052	53,405	34,638	**61,092**
Current liabilities	(22,917)	(26,652)	(120,777)	(37,294)	**(8,746)**
Net current assets/(liabilities)	5,071	(18,600)	(67,372)	(2,656)	**52,346**
Non-current liabilities	(115,385)	(150,160)	(85,694)	(171,028)	**(204,060)**
Total equity	102,719	89,816	126,210	122,345	**147,859**

Notes:

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

(2) The results of the Group for the five years ended 31 December 2009, 31 December 2008, 31 December 2007, 31 December 2006 and 31 December 2005 and its assets and liabilities as at 31 December 2009, 31 December 2008, 31 December 2007, 31 December 2006 and 31 December 2005 are set out in the respective year's annual reports.