中國基建港口有限公司*

CIG Yangtze Ports PLC

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

Annual Report 2010

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

* For identification only


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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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This report, for which the directors (the "Directors") of CIG Yangtze Ports PLC (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.

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. Cheung Chi Leung, Ivan

Company Secretary

Mr. Cheung Chi Leung, Ivan

Auditors

Grant Thornton Jingdu Tianhua
Certified Public Accountants

Legal Advisers

Reed Smith Richards Butler
Maples and Calder
Jingtian & Gongcheng
Dewell & Partners

Stock Code

8233

Contact Details

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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 Bank International Limited
Hong Kong

DBS Bank (Hong Kong) Limited
Hong Kong

Head Office

2909A Bank of America Tower
12 Harcourt Road
Central
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Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Registered Office

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GT Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Company Website

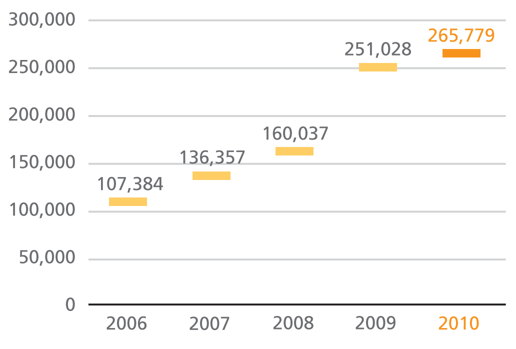
www.cigyangtzeports.com

FINANCIAL HIGHLIGHTS

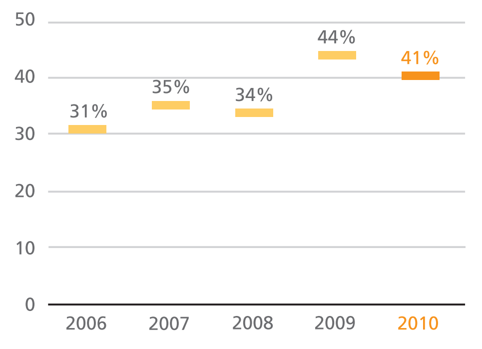
	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Revenue	**57,291**	54,136
Cost of services rendered	**(33,851)**	(27,518)
Gross profit	**23,440**	26,618
Other income	**11,793**	6,865
General, administrative and other operating expenses	**(18,626)**	(20,618)
Operating profit/EBITDA	**16,607**	12,865
Finance costs	**(7,193)**	(8,455)
EBTDA	**9,414**	4,410
Depreciation and amortisation	**(11,513)**	(10,377)
Loss for the year	**(2,099)**	(5,967)
Non-controlling interests	**(831)**	(37)
Loss attributable to shareholders	**(2,930)**	(6,004)

FINANCIAL HIGHLIGHTS

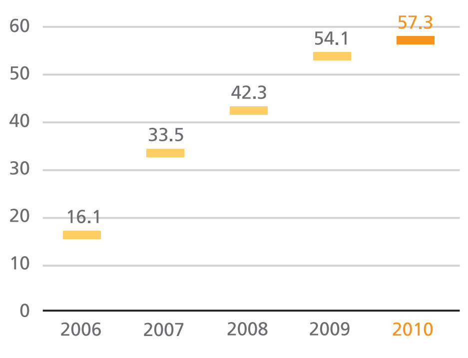
Throughput of Container (TEU)



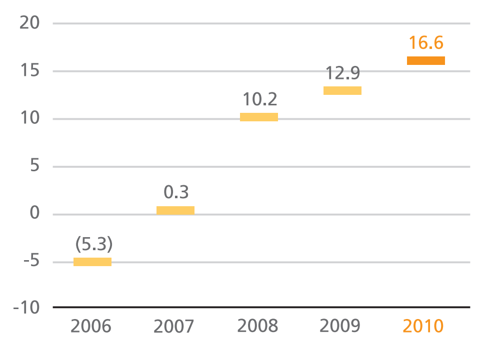
Market Share (%)



Revenue (HK$ million)



EBITDA (HK$ million)



CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the 2010 annual report of CIG Yangtze Ports PLC to our Shareholders.

Review of Operations and Results

For the year under review, the Group's 85% owned WIT Port in Wuhan handled a throughput of 265,779 containers (TEUs), a 6% increase on the 251,028 TEUs achieved in 2009. In terms of market share for the whole of Wuhan, the Group's share of container traffic has decreased from 44% in 2009 to 41%.

The Group achieved revenue of HK$57.29 million, an increase of HK$3.15 million or 6% over 2009; EBITDA of HK$16.61 million, an increase of HK$3.74 million or 29% over 2009; net loss attributable to shareholders of HK$2.93 million, a reduction of HK$3.07 million or 51% from 2009. The much improved performance is attributable to the increase in revenue by most of the business segments with continuing volume growth, decrease in general and administrative expenses as a result of the implementation of cost cutting measures 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 continued to achieve a profit for the second consecutive year.

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 procured 25 mou of the 124 mou of land reserved for the development of the Heavy Item Port and is awaiting the Wuhan Xinzhou District government to complete the relocation of residents on the remaining site to pave the way for the procurement of the remaining land and for the pre-construction activities to take place.

Forward Looking Observations

The Directors are pleased to note that the Group has continued to improve and increase its container throughput, revenue and EBITDA and has been able to significantly reduce its losses. On the macro front, the Directors are 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 investments in the region. On the micro front, with the closure and relocation of the competitor port, Hanyang Port to the Yanglou area, where the WIT Port is located, planned to take place in mid 2011, the Directors welcome the opportunity for the WIT Port to compete on an equal footing with the Hanyang Port in terms of the land side transportation costs for the first time and to attract more Wuhan sourced containers with higher tariff rates to the port thereby increasing the Group's Wuhan sourced cargo market share in 2011.

In line with the other container ports in the PRC, commencing from 1 January 2011, the WIT Port has raised its container handling tariff rates on Wuhan sourced containers. The new rates represent approximately 80% of the recommended rates of the Ministry of Communications (representing a general increase of approximately 15% from 2009). WIT will also raise the handling tariff rates on transshipment containers by a similar percentage. Strategically, the Group will focus on the development of its container, agency and integrated logistics businesses and will continue to pursue its strategy to bring in additional strategic partners/ shareholders in the ports and logistics businesses to further grow its business.

In conclusion, the Group expects its business growth and financial performance to continue to improve.

Chow Kwong Fai, Edward
Chairman

Hong Kong, 30 March 2011

VISION

- 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.

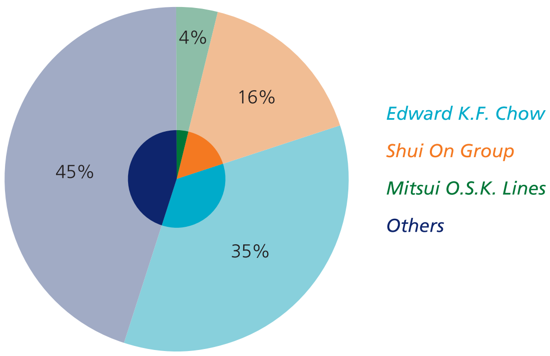
STRATEGY

- To continue to develop the existing business of WIT.
- To continue to develop the integrated logistics and agency businesses in Wuhan.
- To develop the Heavy Item Port capable of handling very large and heavy cargo weighing up to 600 tons per piece.

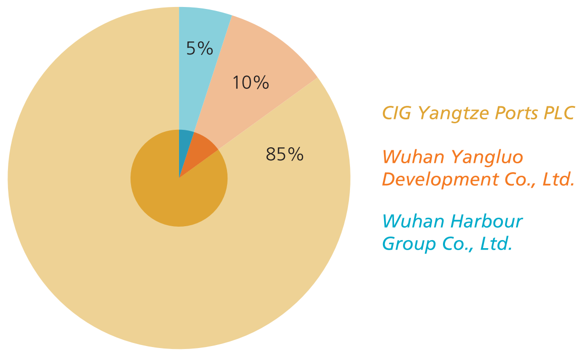
CORE VALUE

- 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 economic plans to develop central China (中部崛起).

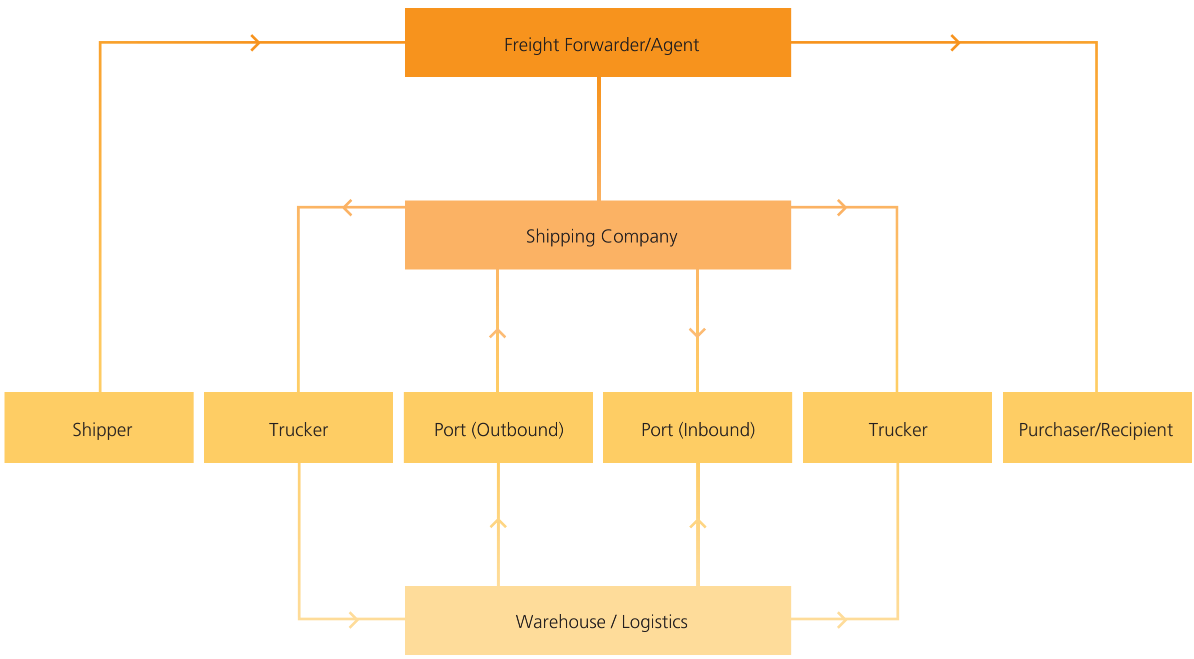
Shareholding in CIG Yangtze Ports PLC



Shareholding in WIT Port



CIG's Business Model



MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

Overall Business Environment

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

The strong and well established industrial base of Wuhan featuring operators in major industries, including 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. Strategic initiatives by the government for shipping companies and WIT to promote direct sailings to Yangshan Port in Shanghai (江海直達) have 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.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BELOW IS A MORE DETAILED DESCRIPTION OF THE GROUP'S REVENUE SEGMENTS:

Container throughput

The total throughput achieved by WIT for 2010 was 265,779 TEUs, an increase of 14,751 TEUs or 6% over that of 251,028 TEUs for 2009. Of the 265,779 TEUs handled in 2010, 59,503 TEUs (2009: 57,730 TEUs) or 22% (2009: 23%) and 206,276 TEUs (2009: 193,298 TEUs) or 78% (2009: 77%) were attributed to Wuhan sourced and transshipment cargos respectively.

The modest increase of 6% in overall throughput over 2009 (2009: 57%) reflects the historical high level growth in throughput in 2009 had not recurred.

Against the background of high road transportation costs which hindered local containers discharge at the WIT Port, WIT was successful in encouraging cost conscious shipping companies and cargo owners to divert their cargos from the competitor port to its port through the establishment of its own trucking fleet and the provision of road transportation services at cost to customers discharging their cargos at the WIT Port. This has resulted in the Group achieving a marginal increase in Wuhan sourced containers. The increase in transshipment container throughput was mainly due to higher level of containers from upstream areas of the Yangtze River for transshipment at the WIT Port.

General Cargo

Throughput of general cargo for 2010 was 43,015 tons, a decrease of 70% over 2009. Entry barrier for this segment of business is low and hence keen competition from minor operators downstream. WIT entered into this segment of business in the past partly to utilise its surplus capacity. Going forward, with the growth in container throughput, revenue from general and bulk cargo business will no longer be considered as one of the mainstream income of the Group.

Agency & Logistics

The agency and logistics businesses continue to make important contributions to the revenue of the Group in 2010. Revenue from these sources accounted for 49% of revenue (2009: 45%). It includes income from freight forwarding, customs clearance, transportation of containers and the provision of bonded and general warehousing, stacking yard storage and repackaging. The increase in revenue is attributable to the general increase in throughput and the increase in hauling capacity by way of adding more trucks to the service.

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.

Phase II of WIT Port

Despite the Group having 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 at inception of the WIT project; the signing of the Heads of Agreement in 2005 (together with a supplemental agreement in April 2007) and the subsequent approval of the development plan by the Central Government for the Group to 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, negotiations of the terms of the joint venture agreement have grinded to a halt resulting in the Group not being able to participate in the development of the project as intended.

Notwithstanding our Group's right to participate in the Phase II development, with the backing from the Wuhan Municipal Government, the two PRC Joint Venture Partners of WIT took over the design and construction of the Phase II development and the Phase II port is expected to be operational by mid 2011 paving the way for the closure of and migration of operations from the Hanyang Port to the new site.

Heavy Item Port

The Group has procured 25 mou of the 124 mou of land reserved for the development of the Heavy Item Port and is awaiting the Wuhan Xinzhou District government to complete the relocation of residents on the remaining site to pave the way for the procurement of the remaining land and for the pre-construction activities to take place.

Operating Results

Revenue

For 2010, the Group's revenue amounted to HK$57.29 million, representing an increase of HK$3.15 million or 6% over that of HK$54.14 million for 2009. 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 to extend our services.

In percentage terms, container handling services accounted for 49% (2009: 50%), agency income 34% (2009: 30%), integrated logistics services 15% (2009: 15%) and general and bulk cargo handling service 2% (2009: 5%) of total revenue.

Container Volume and Throughput

	2010		2009		Increase	
	TEUs	**%**	TEUs	%	TEUs	%
Wuhan sourced	**59,503**	**22**	57,730	23	1,773	3
Transshipment	**206,276**	**78**	193,298	77	12,978	7
	265,779	**100**	251,028	100	14,751	6

The volume of throughput achieved for 2010 was 265,779 TEUs, an increase of 14,751 TEUs or 6% over that of 251,028 TEUs for 2009. These achievements reflected the combined achievements in marketing and business development of the management team of WIT and WIT's capability to handle transshipment cargo from neighbouring and upstream provinces of Wuhan.

In terms of market share, 2010 saw the WIT Port's share decreased from 44% to 41% against an aggregate of 648,504 TEUs handled in 2010 for the whole of Wuhan.

Revenue

	2010		2009		Increase/(Decrease)	
	HK$'000	%	HK$'000	%	HK$'000	%
Container handling	27,855	49	26,939	50	916	3
Agency	19,627	34	15,979	30	3,648	23
Integrated logistics services	8,758	15	8,450	15	308	4
General and bulk cargo	1,051	2	2,768	5	(1,717)	(62)
	57,291	100	54,136	100	3,155	6

	2010	2009	Increase	
	TEUs	TEUs	TEUs	%
Container throughput	265,779	251,028	14,751	6

	2010	2009	Decrease	
	Tons	Tons	Tons	%
General and bulk cargo	43,015	143,231	100,216	70

Gross Profit and Gross Profit Margin

Gross profit for 2010 was HK$23.44 million, a reduction of HK$3.18 million on the gross profit of HK$26.62 million in 2009. Gross profit margin for 2010 decreased from 49% for 2009 to 41%. These mainly reflected a higher mix of transshipment containers being handled which command lower tariffs and higher operating costs. The decrease in gross margin is also attributable to the growth in agency income which attracts a low gross margin.

Loss for the Year

Loss attributable to shareholders for the year amounted to HK$2.93 million, representing a reduction of HK$3.07 million or 51% over that of HK$6.00 million for 2009. These were attributable to a combination of factors, including the increase in revenue contributions by most of the business segments with continuing volume growth, subsidies granted by government and the decrease in general and administrative expenses as a result of the implementation of cost cutting measures which are partially offset by the decrease in gross profit contributions.

Loss per share was HK cents 0.25, a substantial improvement compared with HK cents 0.58 for 2009.

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 2010 and 2009 is set out below:

	As at 31 December 2010			As at 31 December 2009		
	H.K.	**Wuhan**	**Total**	H.K.	Wuhan	Total
Operation	**–**	**131**	**131**	–	131	131
Project planning and management	**–**	**8**	**8**	–	7	7
Corporate and business development	**1**	**19**	**20**	1	17	18
Finance	**2**	**9**	**11**	2	9	11
Engineering	**–**	**35**	**35**	–	35	35
Administration and personnel	**3**	**19**	**22**	3	18	21
	6	**221**	**227**	6	217	223

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 2010 amounted to HK$17.04 million (2009: HK$15.20 million). The Directors received remuneration of HK$1.95 million during the year ended 31 December 2010 (2009: HK$2.20 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.

The Group's cash flow from operating activities continues to improve. For the year ended 31 December 2010, the Group recorded a net cash inflow from operating activities of HK$8.35 million. For 2009, the Group recorded a net cash used in operating activities of HK$3.82 million.

As at 31 December 2010, the Group had total outstanding bank borrowings of HK$235.40 million (RMB200 million) (2009: HK$204.06 million), which are provided by a PRC bank.

The Group had total cash and cash equivalents of HK$49.64 million as at 31 December 2010 (2009: HK$26.64 million) and consolidated net assets of HK$149.70 million (2009: HK$147.86 million).

As at 31 December 2010, the Group had a gross gearing ratio of approximately 1.8 times (2009: 1.5 times) and a net gearing ratio of approximately 1.4 times (2009: 1.3 times). The calculation of the gross gearing ratio was based on total bank borrowings over total equity attributable to shareholders of the Company as at 31 December 2010 and 2009 respectively. The calculation of net gearing ratio is the same as that of gross gearing ratio except that total bank borrowings are net of cash and cash equivalents held by the Group as at 31 December 2010 and 2009. The higher gross and net gearings in 2010 reflected the drawdown of additional bank loans during the year.

Exchange Rate Risks

The Group's reporting currency is 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 2010, the Group generated revenue solely in Renminbi, its loans are in Renminbi and incurred costs mainly in Renminbi and Hong Kong dollars. The Directors consider that the impact on foreign exchange exposure of the Group to be minimal.

Significant Investments

Save as those disclosed in this Report, the Group did not hold any significant investment as at 31 December 2010.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as those disclosed in this Report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during 2010.

Capital Commitments

As at 31 December 2010, the Group had capital commitments in respect of the construction of port facilities and acquisition of land contracted but not provided for amounting to approximately HK$18.02 million (2009: HK$20.28 million).

Contingent Liabilities

As of the date of this Report and as at 31 December 2010, 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$261.57 million (2009: HK$261.55 million) and HK$8.59 million (2009: HK$8.54 million) respectively to secure bank loans granted to WIT.

Future Plans for Material Investments or Capital Assets

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

MANAGEMENT DISCUSSION AND ANALYSIS

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1 Port visit by Mr. Wen Jiabao, Premier of the State Council of the People's Republic of China

2 Launching ceremony of Direct Sailing from WIT Port to Taichung Port, Taiwan

3 Signing ceremony of Logistics Strategic Cooperation Agreement with Luzhou Port

4 ISO9001 Quality Management System Certification

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 58, 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, a council member of the Institute of Chartered Accountants in England and Wales 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 and 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. On 1 July 2008, Mr. Chow was appointed a Justice of Peace by the Chief Executive of Hong Kong. Mr. Chow was also an awardee of the Directors of the Year Award 2010 in the non-executive director of listed companies (SEHK – Hang Seng Index Constituents) category, awarded by the Hong Kong Institute of Directors.

Non-Executive Directors

Mr. Wong Yuet Leung, Frankie (黃月良), aged 62, joined the Group and took office as a Director in November 2003. Mr. Wong is currently the Vice Chairman 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), *BBS*, aged 56, 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 Investigation Panel A of the Hong Kong Institute of Certified Public Accountants, a member of the Barristers Disciplinary Tribunal Panel and also the Permanent Honourable President and a former Chairman of the Hong Kong Stockbrokers Association. Mr. Lee is also a former director of the Hong Kong Securities Institute (2003 to 2008), a former member of the Disciplinary Panel A of the Hong

Kong Institute of Certified Public Accountants, a former member of the Advisory Committee to the SFC and the Council of the Stock Exchange (1991 to 1997 and Vice Chairman 1994/1995) and a former director of HKSCC (1992 to 1997) and Vice Chairman (1995 to 1997).

Mr. Goh Pek Yang, Michael (吳伯炎), aged 61, 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 sales management, operations, business development, human resources, information systems, finance and administration for some 30 countries in the Asia/Oceania region. Mr. Goh is a member of the Executive Committee of the Liner Division of Mitsui O.S.K. Lines; a Director of MOL Liner Limited in Hong Kong; and the Vice-President and a member of the Board of Directors of MOL (China) Ltd. Mr. Goh has more than 30 years of extensive knowledge and experience in global shipping and transportation business. He began his career in the shipping industry in 1969 and has held key positions in the 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 50, 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 Chairman of The Hong Kong Institute of Directors, a 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 Corruption Prevention Advisory Committee of Independent Commission Against Corruption, a council member of The Hong Kong Management Association, a member of The Board of Review (Inland Revenue Ordinance) and a Board Director of Business Environment Council. 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. Dr. Wong is currently an Independent Non-executive Director and Chairman of the Audit Committee of China Metal International Holdings Inc. and China Zheng Tong Auto Services Holdings Limited, an Independent Non-executive Director of I.T Limited and was an Independent Non-executive Director of Tradelink Electronic Commerce Limited, all of these companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. Lee Kang Bor, Thomas (李鏡波), aged 57, 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 serving as Deputy President of Asia Oceania Tax Consultants' Association and Vice President of Hong Kong Professionals and Senior Executives Association. Mr. Lee is the managing director of Thomas Lee & Partners Limited, Certified Tax Advisers. Mr. Lee is also a non-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), *BBA, CPA, LLB*, aged 32, was appointed as an Independent Non-executive Director and member of the audit and remuneration committee of the Company 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 practicing CPA under the name of C. W. Fan & Co. and prior to that, he was a vice president of Citigroup and a manager of 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 (the "HKICPA") and Council member of The Society of Chinese Accountants & Auditors. Mr. Fan is a member of the Tenth Chinese People's Political Consultative Conference of Zhejiang Province, a member of the Fourth and Fifth Chinese People's Political Consultative Conference of Shenzhen, a member of the Eleventh All-China Youth Federation, a standing member of the Tenth Shanghai United Youth Association, a member of the Ninth Shanghai United Young Association, Part Time Member of The Government of HKSAR, Central Policy Unit and Member of The Government of HKSAR, the Greater Pearl River Delta Business Council, a vice secretary of the Hong Kong United Youth 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. Cheung Chi Leung, Ivan (張子良), is the chief financial officer and the company secretary of the Group since January 2011. Mr. Cheung holds a degree of Master of Applied Finance and a Postgraduate Diploma in International Corporate and Financial Law. Mr. Cheung is a member of the Certified General Accountants Association of Canada. Mr. Cheung has served in various accounting and financial management and investment banking roles in Canada, Hong Kong and Macau. He has extensive knowledge and experience in the areas of accounting, financial management, taxation and auditing gained in international accounting firms, private and listed groups and investment banking institutions in Canada, Hong Kong and Macau.

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 15 years of experience in international container port and terminal port and logistics operations in the PRC.

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

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 over 10 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.

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 (中國一治職工大學). 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 2010 (the "2010 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 2010, 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. Non-executive Directors currently represent six-sevenths of the Board. Independent non-executive Directors currently represent three-sevenths of the Board.

During the 2010 Year, there were in total eight 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	8	8	100%
NON-EXECUTIVE DIRECTOR			
Mr. Wong Yuet Leung, Frankie	8	8	100%
Mr. Lee Jor Hung, Dannis	8	8	100%
Mr. Goh Pek Yang, Michael	8	8	100%
INDEPENDENT NON-EXECUTIVE DIRECTOR			
Mr. Lee Kang Bor, Thomas	8	8	100%
Dr. Wong Tin Yau, Kelvin	8	8	100%
Mr. Fan Chun Wah, Andrew	8	8	100%

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

Mr. Chow Kwong Fai, Edward and Dr. Wong Tin Yau, Kelvin are respectively an independent non-executive director and deputy managing director of COSCO Pacific Limited, a company which shares are listed on the Stock Exchange. 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 one of its vice chairmen 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 2010 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 2010 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. Fan Chun Wah, Andrew 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 2010 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 2010 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 2010 Year. (Refer to note 27 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 2010 Year is HK$394,000 and HK$Nil respectively.

The Audit and Remuneration Committee held in total four meetings during the 2010 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 summarised as below:

Members of the Audit and Remuneration Committee	**Number of meetings Held**	**Number of meetings Attended**	**Attendance percentage**
Mr. Lee Kang Bor, Thomas *(Chairman)*	4	4	100%
Dr. Wong Tin Yau, Kelvin	4	4	100%
Mr. Fan Chun Wah, Andrew	4	4	100%
Mr. Wong Yuet Leung, Frankie	4	4	100%

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 organisational 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 2010 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 maximise 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 2010.

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 2010 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 2010.

Details of movements in reserves of the Company and of the Group during the year are set out in the Consolidated Statement of Changes in Equity and note 25 to the Financial Statements.

Major Customers and Suppliers

In the year under review, services provided to the Group's five largest customers accounted for 52.3% of total revenue of the Group with services provided to the largest customer included therein accounted for 18.0% of total revenue of the Group. Purchases from the Group's five largest suppliers accounted for 67.9% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 21.5% 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 27 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. Fan Chun Wah, Andrew

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 3 May 2010 until the Company's annual general meeting in 2011.

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 2010	
Name of Director	**Capacity**	**Number of Shares** *(Note 1)*	**Approximate percentage of total number of Shares in issue**
Chow Kwong Fai, Edward	Interest by attribution *(Note 2)*	414,723,714 (L)	35.44%
		189,000,000 (S)	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 414,723,714 (L) Shares were held as to 278,678,455 Shares by Unbeatable Holdings Limited, as to 82,523,793 Shares by Chow Holdings Limited and as to 53,521,466 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 Ramweath 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 2010, 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 total number of Shares in issue
Unbeatable Holdings Limited *(Note 2)*	Beneficial owner	278,678,455 (L) 131,000,000 (S)	23.81% 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	82,523,793 (L) 46,000,000 (S)	7.05% 3.93%

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 and Chow Holdings Limited.*

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

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

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

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

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

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

9. *Mr. Lo Hong Sui, Vincent is interested in the shares of Bosrich Holdings Inc. held by HSBC International Trustee Limited. Ms. Chu, Loletta is interested in the Shares by virtue of her being the spouse of Mr. Lo.*

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. Details of options granted under the Share Option Scheme and movements thereon during the year ended 31 December 2010 are set out in note 27 to the financial statements.

The movements in the share options of the Company during the year ended 31 December 2010 are set out as follows:

			Number of options					
Name or category of eligible participants	**Date of grant**	**Exercise Price per share HK$**	**As at 1.1.2010**	**Granted during the year**	**Exercised during the year**	**Lapsed or cancelled during the year**	**As at 31.12.2010**	**Period during which option outstanding as at 31.12.2010 are exercisable**
Directors								
Mr. Chow Kwong Fai, Edward	10.11.2008	0.100	914,508	–	–	–	914,508	(a)
	13.04.2010	0.182	–	271,360	–	–	271,360	(a)
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	–	–	–	914,508	(a)
	13.04.2010	0.182	–	271,360	–	–	271,360	(a)
Lee Jor Hung, Dannis	10.11.2008	0.100	914,508	–	–	–	914,508	(a)
	13.04.2010	0.182	–	271,360	–	–	271,360	(a)
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	–	–	–	914,508	(a)
	13.04.2010	0.182	–	271,360	–	–	271,360	(a)
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	–	–	–	914,508	(a)
	13.04.2010	0.182	–	271,360	–	–	271,360	(a)
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	–	–	–	914,508	(a)
	13.04.2010	0.182	–	271,360	–	–	271,360	(a)
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	–	–	–	914,508	(b)
	13.04.2010	0.182	–	271,360	–	–	271,360	(c)
Sub-total			6,401,556	1,899,520	–	–	8,301,076	
Employees (in aggregate)	10.11.2008	0.100	11,990,216	–	–	–	11,990,216	(a)
	13.04.2010	0.182	–	3,557,839	–	–	3,557,839	(a)
Sub-total			11,990,216	3,557,839	–	–	15,548,055	
Total			**18,391,772**	**5,457,359**	**–**	**–**	**23,849,131**	

Notes:

(a) The right to exercise the options is conditional upon the option holder being 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 options. Subject to the afore-mentioned condition, for the options granted on 10 November 2008, no more than 50% of the options may be exercised between 10 April 2010 and 9 April 2011, both dates inclusive and that all options shall lapse on 11 November 2011 and for the options granted on 13 April 2010, no more than 50% of the options may be exercised between 13 April 2010 and 9 April 2011, both dates inclusive and that all options shall lapse on 11 November 2011.

The exercise price of the options granted on 10 November 2008, which was initially set at HK$0.13 per share, was subsequently adjusted to HK$0.064 per share in August 2009 and further adjusted to HK$0.10 per share in April 2010, details of which are set out in the announcements of the Company dated 7 August 2009 and 20 April 2010.

(b) The right to exercise the options is conditional upon the option holder being 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 options. 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 exercised for a period of twelve months immediately thereafter and that all options shall lapse on 16 November 2012.

(c) The right to exercise the options is conditional upon the option holder being 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 options. No options may be exercised between the grant date of the options and 16 April 2011, both dates inclusive, and that not more than 50% of the options may be exercised for a period of twelve months immediately thereafter and that all options shall lapse on 16 November 2012.

Save as disclosed above, as at 31 December 2010, 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 2010, 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 2010, 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 2010, 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 2010, 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 2010, 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. Fan Chun Wah, Andrew 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.

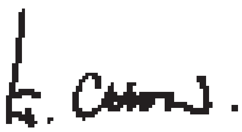
The Audit and Remuneration Committee has reviewed the results of the Group for the year ended 31 December 2010.

Auditors

The financial statements of the Company for the year ended 31 December 2008 and 2009 were audited by JBPB & Co. (Formerly known as Grant Thornton). During the year, JBPB & Co. resigned as auditors of the Company and Grant Thornton Jingdu Tianhua was appointed by the Directors to fill the vacancy.

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

On behalf of the Board



Chow Kwong Fai, Edward
Chairman

Hong Kong, 30 March 2011

Grant Thornton
京都天华

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") and its subsidiaries (together, the "Group") set out on pages 42 to 85, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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 2010 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 Jingdu Tianhua
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue, Causeway Bay
Hong Kong

30 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	2010 HK$000	2009 HK$000
Revenue	5	**57,291**	54,136
Cost of services rendered		**(33,851)**	(27,518)
Gross profit		**23,440**	26,618
Other income	6	**11,793**	6,865
Other operating expenses		**(6,783)**	(9,870)
General and administrative expenses		**(23,356)**	(21,125)
Finance costs	10	**(7,193)**	(8,455)
Loss before income tax	7	**(2,099)**	(5,967)
Income tax expense	11	**–**	–
Loss for the year		**(2,099)**	(5,967)
Other comprehensive income			
Exchange gain on translation of foreign operations		**3,703**	23
Total comprehensive income/(loss) for the year		**1,604**	(5,944)
(Loss)/Income for the year attributable to:			
Shareholders of the Company	12	**(2,930)**	(6,004)
Non-controlling interests		**831**	37
		(2,099)	(5,967)
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company		**263**	(5,981)
Non-controlling interests		**1,341**	37
		1,604	(5,944)
Basic and diluted loss per share for loss attributable to shareholders of the Company	13	**HK0.25 cents**	HK0.58 cents

The notes on pages 47 to 85 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	2010 HK$000	2009 HK$000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**285,067**	284,109
Land use rights	16	**8,588**	8,538
Construction in progress	17	**14,125**	6,926
		307,780	299,573
Current assets			
Inventories	18	**1,062**	921
Trade receivables	19	**14,840**	14,478
Prepayments, deposits and other receivables		**5,923**	4,656
Government subsidy receivables	20	**17,082**	14,393
Cash and cash equivalents	21	**49,648**	26,644
		88,555	61,092
Current liabilities			
Accrued expenses and other payables	22	**11,239**	8,718
Current portion of interest-bearing borrowings	23	**–**	28
		11,239	8,746
Net current assets		**77,316**	52,346
Total assets less current liabilities		**385,096**	351,919
Non-current liabilities			
Long-term interest-bearing borrowings	23	**(235,400)**	(204,060)
Net assets		**149,696**	147,859
EQUITY			
Share capital	24	**117,015**	117,015
Reserves	25	**15,651**	15,155
Equity attributable to shareholders of the Company		**132,666**	132,170
Non-controlling interests		**17,030**	15,689
Total equity		**149,696**	147,859

Approved and authorised for issue by the Board of Directors on 30 March 2011

Director *Director*

The notes on pages 47 to 85 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	2010 HK$000	2009 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*	**116,779**	118,051
		116,929	118,201
Current liabilities			
Accrued expenses and other payables	*22*	**141**	110
Net current assets		**116,788**	118,091
Net assets		**167,685**	168,988
EQUITY			
Share capital	*24*	**117,015**	117,015
Reserves	*25*	**50,670**	51,973
Total equity		**167,685**	168,988

Approved and authorised for issue by the Board of Directors on 30 March 2011

Director *Director*

The notes on pages 47 to 85 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Note	2010 HK$000	2009 HK$000
Cash flows from operating activities			
Loss before income tax		**(2,099)**	(5,967)
Adjustments for:			
Depreciation and amortisation		**11,513**	10,377
(Gain)/Loss on disposal of property, plant and equipment		**(26)**	70
Bank interest income		**(113)**	(43)
Finance costs		**13,219**	12,114
Share-based payment transactions		**233**	175
Impairment loss on government subsidy receivables		**–**	3,420
Operating profit before working capital changes		**22,727**	20,146
Decrease/(Increase) in trade receivables		**108**	(3,226)
Increase in prepayments, deposits and other receivables		**(1,100)**	(1,929)
Increase in government subsidy receivables		**(2,257)**	(6,698)
(Increase)/Decrease in inventories		**(111)**	12
Increase/(Decrease) in accrued expenses and other payables		**2,206**	(10)
Cash generated from operations		**21,573**	8,295
Interest paid		**(13,219)**	(12,114)
Net cash from/(used in) operating activities		**8,354**	(3,819)
Cash flows from investing activities			
Interest received		**113**	43
Purchase of property, plant and equipment		**(2,457)**	(5,008)
Proceeds from disposal of property, plant and equipment		**357**	–
Payment for construction in progress		**(8,355)**	(8,983)
Net cash used in investing activities		**(10,342)**	(13,948)
Cash flows from financing activities			
Payment of share issuing expenses		**–**	(2,150)
Proceeds from issuance of share capital		**–**	33,433
Repayment of obligations under finance lease		**(28)**	(66)
Drawdown of bank loans		**105,342**	161,424
Repayment of bank loans		**(80,625)**	(156,864)
Net cash from financing activities		**24,689**	35,777
Net increase in cash and cash equivalents		**22,701**	18,010
Cash and cash equivalents at 1 January		**26,644**	8,611
Effect for foreign exchange rate changes		**303**	23
Cash and cash equivalents at 31 December	*21*	**49,648**	26,644

The notes on pages 47 to 85 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	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	**Non-controlling Interests** HK$'000	**Total equity** HK$'000
At 1 January 2009	50,149	98,601	234	15,245	(57,536)	106,693	15,652	122,345
Loss for the year	–	–	–	–	(6,004)	(6,004)	37	(5,967)
Other comprehensive income for the year	–	–	–	23	–	23	–	23
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
Release on forfeiture of share options	–	–	(23)	–	23	–	–	–
Transaction with owners	66,866	(35,583)	152	–	23	31,458	–	31,458
At 31 December 2009 and 1 January 2010	117,015	63,018	386	15,268	(63,517)	132,170	15,689	147,859
Loss for the year	–	–	–	–	(2,930)	(2,930)	831	(2,099)
Other comprehensive income for the year	–	–	–	3,193	–	3,193	510	3,703
Total comprehensive income/(loss) for the year	–	–	–	3,193	(2,930)	263	1,341	1,604
Share-based payment transactions	–	–	233	–	–	233	–	233
Transaction with owners	–	–	233	–	–	233	–	233
At 31 December 2010	**117,015**	**63,018**	**619**	**18,461**	**(66,447)**	**132,666**	**17,030**	**149,696**

The notes on pages 47 to 85 are an integral part of these financial statements

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, are 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 IAS 27 – Consolidated and Separate Financial Statements (Revised 2008) issued by the International Accounting Standards Board ("IASB"), which is relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010. The adoption of this new standard had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group. The directors are currently assessing the impact of these IFRSs but are not yet in the position to state whether they would have any material impact on the Group's financial statements.

3. Principal Accounting Policies

3.1 Statement of compliance

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

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

3. Principal Accounting Policies *(continued)*

3.2 Basis of preparation

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates 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 3.22.

3.3 Basis of consolidation

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

Subsidiaries are entities (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 consolidated financial statements, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements.

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

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

3. Principal Accounting Policies *(continued)*

3.3 Basis of consolidation *(continued)*

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

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment. 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 profit or loss.

3.4 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), 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 profit or loss.

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

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 Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the foreign exchange reserve in equity.

On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of gain or loss on disposal.

3. Principal Accounting Policies *(continued)*

3.5 Property, plant and equipment

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

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

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

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

Assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or, where shorter, the terms of the relevant leases.

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

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

3.6 Construction in progress

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

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

3. Principal Accounting Policies *(continued)*

3.7 Land use rights

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

3.8 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, an 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;

3. Principal Accounting Policies *(continued)*

3.8 Financial assets *(continued)*

Impairment of financial assets (continued)

(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.

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

If objective evidence exists, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods. The amount of the loss is recognised in profit or loss 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.

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

3.9 Inventories

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

3. Principal Accounting Policies *(continued)*

3.10 Cash and cash equivalents

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

For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.11 Financial liabilities

The Group's financial liabilities include accruals and other payables, bank loans, and finance leases liabilities. They are included in line items in the statements 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 in accordance with the Group's accounting policy for borrowing costs (see note 3.19).

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

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

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 profit or loss over the period of the borrowings using the effective interest method.

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

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

3. Principal Accounting Policies *(continued)*

3.12 Leases

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

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

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

3.13 Share capital

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

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

3. Principal Accounting Policies *(continued)*

3.14 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for services rendered and the use by others of the Group's assets yielding interest. Provided it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

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

Interest income is recognised on a time-proportion basis using the effective interest method.

3.15 Government subsidies

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

Government subsidies relating to income is presented gross under "Other income" in profit or loss.

3.16 Impairment of non-financial assets

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

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs 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.

3. Principal Accounting Policies *(continued)*

3.16 Impairment of non-financial assets *(continued)*

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

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

3.17 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution 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 profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

All of the full time employees of WIT are entitled to an annual pension equal to their basic salaries at their retirement dates. The PRC government is responsible for the pension liabilities payable to the retired staff. WIT has agreed to make annual contributions to the state-sponsored retirement plan at a rate of 20% of the employees' salaries or 3 times the average salaries of the local community, whichever is the lower.

Short-term employee benefits

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

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

3. Principal Accounting Policies *(continued)*

3.18 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for the remuneration of its employees and directors 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 profit or loss 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 an asset, with a corresponding increase in the share-based payment reserve in equity. 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.

3.19 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.

3.20 Accounting for income tax

Income tax comprises current tax and deferred tax.

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

3. Principal Accounting Policies *(continued)*

3.20 Accounting for income tax *(continued)*

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

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

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

3.21 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

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

3. Principal Accounting Policies *(continued)*

3.22 Critical accounting estimates and judgements

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

(i) Critical judgements in applying the entity's accounting policies

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.

(ii) Critical accounting estimates and assumptions

Impairment of assets

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

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.

4. Segment 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 the Group's revenue and contribution to loss from operating activities were derived from its principal activities of port operation in the PRC. Hence, no segmental information is presented.

All revenues for 2010 and 2009 were sourced from external customers located in the PRC. In addition, over 99% (2009: 99%) of the non-current assets of the Group as at the reporting date were physically located in the PRC.

During 2010, three customers with whom transactions of each has exceeded 10% of the Group's revenue. Total revenue from these three customers accounted for 44% (2009: 43%) of the Group's revenue for the year. As at the reporting date, total trade receivables due from these three customers accounted for 44% (2009: 49%) of such balance.

5. Revenue

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

6. Other Income

	2010 **HK$'000**	2009 HK$'000
Bank interest income	**113**	43
Gain on disposal of property, plant and equipment	**26**	–
Sundry income	**460**	597
Government subsidies	**11,194**	6,225
	11,793	6,865

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

7. Loss before Income Tax

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

	2010 **HK$'000**	2009 HK$'000
Staff costs (including directors' emoluments)		
– Salaries and allowances	**16,081**	14,364
– Share-based payment transactions	**233**	175
– Pension contributions	**726**	664
	17,040	15,203
Costs of services rendered	**40,877**	32,955
Government subsidies	**(7,026)**	(5,437)
	33,851	27,518
Auditors' remuneration	**394**	400
Amortisation of prepaid lease payment for land use rights	**227**	218
Cost of inventories recognised as an expense	**7,691**	5,517
Depreciation		
– owned assets	**11,286**	10,101
– leased assets	**–**	58
Impairment loss on government subsidy receivables	**–**	3,420
(Gain)/Loss on disposal of property, plant and equipment	**(26)**	70
Net foreign exchange (gain)/losses	**(32)**	3
Operating lease rental	**949**	919

8. Directors' Remuneration

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

	Number of directors 2010	2009
Executive directors	**1**	1
Non-executive directors	**3**	3
Independent non-executive directors	**3**	4
	7	8

Details of directors' emoluments for the year ended 31 December 2010 were:

Name of director	Title	Fees 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	–	1,350	8	12	1,370
Wong Yuet Leung, Frankie	Non-executive director	–	–	8	–	8
Lee Jor Hung, Dannis	Non-executive director	–	–	8	–	8
Goh Pek Yang, Michael	Non-executive director	–	–	8	–	8
Wong Tin Yau, Kelvin	Independent non-executive director	160	–	8	–	168
Lee Kang Bor, Thomas	Independent non-executive director	160	–	8	–	168
Fan Chun Wah, Andrew	Independent non-executive director	160	–	57	–	217
		480	1,350	105	12	1,947

8. Directors' Remuneration *(continued)*

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

Name of director	Title	Fees 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

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 (2009: 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 employee compensation set out in note 3.18. The details of these benefits in kind including the principal terms and number of options granted are disclosed under the heading 'share options' in the Report of the Board of Directors.

9. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include one director (2009: one director) whose emoluments are reflected in the analysis presented in note 8 above. The emoluments payable to the remaining four (2009: four) individuals during the year were as follows:

	2010 **HK$'000**	2009 HK$'000
Salaries and allowances	**1,721**	2,240
Share-based payment transactions	**58**	59
Pension contributions	**12**	12
	1,791	2,311

The remuneration of each of the non-directors and highest paid employees for the years ended 31 December 2010 and 2009 fell within the band of Nil to HK$1,000,000.

10. Finance Costs

	2010 **HK$'000**	2009 HK$'000
Interests on bank loans wholly repayable within 5 years	**5,426**	10,696
Interests on bank loans not wholly repayable within 5 years	**7,788**	1,406
Finance charges on obligations under finance lease	**5**	12
Total borrowing costs	**13,219**	12,114
Less: Government subsidies	**(6,026)**	(3,659)
	7,193	8,455

11. Income Tax Expense

In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction 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 provided during the year as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose.

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

	2010 **HK$'000**	2009 HK$'000
Loss before income tax	**(2,099)**	(5,967)
Tax on loss before income tax, calculated at the rates applicable to the tax jurisdiction concerned	**114**	(794)
Tax effect of non-deductible expenses	**737**	1,404
Tax effect of non-taxable revenue	**(22)**	(3)
Tax effect of tax losses not recognised	**910**	1,354
Tax effect of temporary differences not recognised	**(74)**	(763)
Tax concession	**(1,665)**	(1,198)
Income tax expense	**–**	–

The Group has not recognised deferred tax assets in respect of tax losses of HK$61,579,000 (2009: HK$72,135,000). Under the current tax legislation, tax losses of HK$16,058,000 (2009: HK$32,130,000) can be carried forward for five years since the year the loss is incurred, tax losses of HK$45,521,000 (2009: HK$40,005,000) 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 2010 attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$1,536,000 (2009: HK$1,474,000).

13. Loss Per Share

The calculation of basic loss per share for the year is based on the loss for the year attributable to shareholders of the Company of HK$2,930,000 (2009: HK$6,004,000), and the weighted average number of 1,170,146,564 (2009: 1,037,907,764) ordinary shares in issue during the year.

No diluted loss per share has been presented because the impact of the exercise of the share options was anti-dilutive (2009: Nil).

14. Dividend

The directors do not recommend the payment of a dividend for the year (2009: Nil).

15. Property, Plant and Equipment

	Port facilities HK$'000	Terminal equipments HK$'000	Furniture and equipments HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
At 1 January 2009						
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 amount	242,662	37,419	1,370	1,143	161	282,755
Year ended 31 December 2009						
Opening net book amount	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)
Closing net book amount	242,541	39,487	1,104	846	131	284,109
At 31 December 2009 and 1 January 2010						
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 amount	242,541	39,487	1,104	846	131	284,109

15. Property, Plant and Equipment *(continued)*

	Port facilities HK$'000	Terminal equipments HK$'000	Furniture and equipments HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
Year ended 31 December 2010						
Opening net book amount	242,541	39,487	1,104	846	131	284,109
Additions	286	1,298	145	728	–	2,457
Transferred from construction in progress	1,325	56	–	–	–	1,381
Disposal	–	(157)	(41)	(133)	–	(331)
Depreciation	(6,634)	(3,811)	(342)	(472)	(27)	(11,286)
Exchange differences on consolidation	7,405	1,282	33	14	3	8,737
Closing net book amount	244,923	38,155	899	983	107	285,067
At 31 December 2010						
Cost	273,050	58,879	3,722	3,524	197	339,372
Accumulated depreciation	(28,127)	(20,724)	(2,823)	(2,541)	(90)	(54,305)
Closing net book amount	244,923	38,155	899	983	107	285,067

Property, plant and equipment with net book amount of HK$261,570,000 (2009: HK$261,548,000) were pledged to secure bank loan granted to WIT.

At 31 December 2010, a motor vehicle with a net book value of HK$Nil (2009: HK$78,000) is held under finance lease.

16. Land Use Rights

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

	2010	2009
	HK$'000	HK$'000
Opening net carrying amount	**8,538**	8,756
Exchange differences on consolidation	**277**	–
Amortisation	**(227)**	(218)
Closing net carrying amount	**8,588**	8,538
At reporting date		
Cost	**10,057**	9,741
Accumulated amortisation	**(1,469)**	(1,203)
Closing net carrying amount	**8,588**	8,538

Land use rights with net carrying amount of HK$8,588,000 (2009: HK$8,538,000) were pledged to secured bank loans granted to WIT. All the land use rights were outside Hong Kong and held on leases of between 10 and 50 years.

17. Construction in Progress

	2010	2009
	HK$'000	HK$'000
At cost		
At beginning of the year	**6,926**	4,518
Exchange differences on consolidation	**225**	–
Additions	**8,355**	8,983
Transferred to property, plant and equipment	**(1,381)**	(6,575)
At end of the year	**14,125**	6,926

18. Inventories

	2010 HK$'000	2009 HK$'000
Consumables, at cost	**1,062**	921

19. Trade Receivables

Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	2010 HK$'000	2009 HK$'000
0 – 30 days	**5,114**	4,504
31 – 60 days	**4,684**	3,611
61 – 90 days	**3,481**	3,233
Over 90 days	**1,561**	3,130
	14,840	14,478

The Group allows a credit period of 60 days to 120 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 2010 and 2009.

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

	2010 HK$'000	2009 HK$'000
1 – 90 days past due	**1,446**	2,736
Over 90 days past due	**95**	–
	1,541	2,736

As at 31 December 2010, trade receivables of HK$13,299,000 (2009: HK$11,742,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

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 credit history, management believes that no impairment allowance is necessary in respect of these balances as there have not been any significant changes in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

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$49,648,000 (2009: HK$26,644,000). Bank balances earn interest at floating rates based on daily bank deposit rates.

22. Accrued Expenses and Other Payables

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Payables to contractors and equipment suppliers	**1,011**	996	**–**	–
Accrued expenses and other payables	**10,228**	7,722	**141**	110
	11,239	8,718	**141**	110

Based on the invoice dates, the ageing analysis of the accrued expenses and other payables were as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 30 days	**5,295**	3,248	**141**	110
31 – 60 days	**2,007**	1,325	**–**	–
61 – 90 days	**738**	1,194	**–**	–
91 – 180 days	**211**	154	**–**	–
Over 180 days	**2,988**	2,797	**–**	–
	11,239	8,718	**141**	110

Included in the over 180 days balance of HK$2,988,000 is an amount of HK$693,000 relating to retentions on the construction of port and related facilities of WIT.

23. Interest-Bearing Borrowings

	2010 HK$'000	2009 HK$'000
Bank loans		
Unsecured	70,620	68,400
Secured	164,780	135,660
	235,400	204,060
Finance lease liabilities	–	28
	235,400	204,088
Current portion	–	28
Non-current portion	235,400	204,060
	235,400	204,088

Bank loans

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

	2010 HK$'000	2009 HK$'000
Amount repayable:		
In the second year	23,540	68,400
In the third to fifth year	70,620	22,800
After the fifth year	141,240	112,860
	235,400	204,060

The unsecured bank loan of HK$70,620,000 (RMB60,000,000) (2009: HK$68,400,000 (RMB60,000,000)), which is granted to WIT, is supported by a corporate guarantee for a maximum sum of HK$77,682,000 (RMB66,000,000) provided by the Company to the bank. Details of securities provided 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 5.6% to 6.14% (2009: 5.4% to 5.94%) per annum. All borrowings are denominated in RMB.

23. Interest-Bearing Borrowings *(continued)*

Finance lease liabilities

The analysis of the Group's finance lease liabilities is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	–	33	–	28
	–	33	–	28
Future finance charges	–	(5)	–	–
Present value of lease obligation	–	28	–	28

24. Share Capital

	2010		2009	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At beginning of the year	**1,170,146,564**	**117,015**	501,491,386	50,149
Rights issue of shares	–	–	334,327,589	33,433
Bonus issue of shares	–	–	334,327,589	33,433
At end of the year	**1,170,146,564**	**117,015**	1,170,146,564	117,015

At the extraordinary general meeting of the shareholders of the Company held on 16 July 2009, shareholders approved the resolution for a 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

The Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2009	98,601	234	(9,980)	88,855
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 and 1 January 2010	63,018	386	(11,431)	51,973
Share-based payment transactions	–	233	–	233
Loss for the year	–	–	(1,536)	(1,536)
At 31 December 2010	**63,018**	**619**	**(12,967)**	**50,670**

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 foreign operations. These reserves are dealt with in accordance with the policies set out in note 3.4 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 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.

As 31 December 2010, in the opinion of the directors, the aggregate amount of reserves available for distribution to the shareholders of the Company was HK$50,051,000 (2009: HK$51,587,000).

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 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.

26. Interest in Subsidiaries

	2010 **HK$'000**	2009 HK$'000
Unlisted shares, at cost	**50,897**	50,897
Due from a subsidiary	**116,779**	118,051
	167,676	168,948

Particulars of the principal subsidiaries at 31 December 2010 are as follows:

Name of Company	Place/country of incorporation and operation	Type of legal entity	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")	Limited liability company	12,000 ordinary shares of US$1 each	100%	–	Investment holding
Wuhan Investment Holdings Limited	BVI	Limited liability company	100 ordinary shares of US$1 each	100%	–	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong	Limited liability company	100 ordinary shares of HK$1 each	100%	–	Provision of treasury, general and administrative services to Group companies
Wuhan International Container Transshipment Company Limited	The PRC	Limited liability company	RMB130,000,000 registered capital	–	85%	Port construction and operations
CIG Wuhan Multipurpose Port Limited	The PRC	Limited liability company	RMB8,000,000 registered capital	–	100%	Port construction and operations
Wuhan Yangluo Customs Clearance Services Company Limited	The PRC	Limited liability company	RMB1,500,000 registered capital	–	85%	Provision of customs clearance services

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

27. 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 10 November 2008, 16 November 2009 and 13 April 2010, details of which are set out below:

27.1 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 is 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.

(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 2009, 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

(iii) The right to exercise the options is conditional upon the option holder being 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 ended 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$0.13 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.

27. Share Option Scheme *(continued)*

27.1 Options granted on 10 November 2008 *(continued)*

Specific condition applicable to the Chairman and other employees of the Group (continued)

The adjusted Subscription Price of HK$0.064 was below the nominal value of shares to which such options are granted to subscribe. Chapter 23 of the GEM Listing Rules and the Supplementary Guidance prohibit exercise price of share options to be set at or adjusted to below the nominal value of shares to which such options are granted to subscribe. Accordingly, and pursuant to the terms and conditions of the Share Option Scheme, the Company further adjusted the Subscription Price of the 17,477,264 outstanding share options from HK$0.064 to H$0.10 per share and the remaining number of options was adjusted from 17,477,264 to 22,663,263 by granting 5,185,999 additional share options with exercise price of HK$0.182. Details of these are set out in the clarification announcement of the Company dated 20 April 2010.

27.2 Options granted on 16 November 2009

On 16 November 2009, options to subscribe for an aggregate of 914,508 Shares (the "November 2009 Share Options") 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 is 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 being 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.

27.3 Options granted on 13 April 2010

On 13 April 2010, options to subscribe for an aggregate of 271,360 Shares (the "April 2010 Share Options") 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 is at HK$0.182 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 13 April 2010 (the "April 2010 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 16 November 2012; and

27. Share Option Scheme *(continued)*

27.3 Options granted on 13 April 2010 *(continued)*

(iii) The right to exercise the options is conditional upon the option holder being 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.

The movements in the share options of the Company during the year ended 31 December 2010 were set out as follows:

Eligible participants	Grant date	Exercise price per share	As at 1 January 2010	Granted during the year	Adjustment on rights issue	Exercised during the year	Lapsed or cancelled during the year	As at 31 December 2010	Period during which option outstanding as at 31 December 2010 are exercisable
Directors	10 November 2008	HK$0.100	5,487,048	–	–	–	–	5,487,048	(a), (c), (d)
	16 November 2009	HK$0.177	914,508	–	–	–	–	914,508	(e)
	13 April 2010	HK$0.182	–	–	1,628,160	–	–	1,628,160	27.1
	13 April 2010	HK$0.182	–	271,360	–	–	–	271,360	(f)
Employees	10 November 2008	HK$0.100	11,990,216	–	–	–	–	11,990,216	(a), (c), (d)
	13 April 2010	HK$0.182	–	–	3,557,839	–	–	3,557,839	27.1
			18,391,772	271,360	5,185,999	–	–	23,849,131	

27. 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 participants	Grant date	Exercise price per share	As at 1 January 2009	Granted during the year	Adjustment on rights issue	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	(a), (c), (d)
	10 November 2008	HK$0.130	450,000	–	–	–	(450,000)	–	(b)
	16 November 2009	HK$0.177	–	914,508	–	–	–	914,508	(e)
Employees	10 November 2008	HK$0.064	7,400,000	–	6,090,216	–	(1,500,000)	11,990,216	(a), (c), (d)
			10,550,000	914,508	8,877,264	–	(1,950,000)	18,391,772	

Notes:

(a) *The closing prices of the Company's shares proceeding the dates on which the options were granted on 10 November 2008 were HK$0.13. The Subscription Price was subsequently adjusted to HK$0.064 and HK$0.10 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 lapsed and were no longer exercisable.*

(c) *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.*

(d) *No share options have lapsed in the year. (2009: Weighted average exercise price for share options lapsed during the year was HK$0.13).*

(e) *On 16 November 2009, the Board approved a grant of 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 all options shall lapse on the third anniversary of the option grant date.*

27. Share Option Scheme *(continued)*

Notes: (continued)

(f) On 13 April 2010, the Board approved a grant of share options to Mr. Fan Chun Wah, Andrew, an independent non-executive director of the Company to subscribe for 271,360 ordinary shares of HK$0.10 each at the exercise price of HK$0.182 per share. All terms and conditions are the same as the share options granted on 10 November 2009 except no options may be exercised between the grant date of the options and 16 April 2011, both dates inclusive and that not more than 50% of the options may be exercised for a period of twelve months immediately thereafter and all options shall lapse on 16 November 2012.

(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 2010 was approximately 1.12 years (2009: 1.9 years).

28. Financial Risk Management and Fair Value Measurements

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

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

Categories of financial assets and liabilities

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

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans and receivables at amortised cost				
Trade receivables	**14,840**	14,478	**–**	–
Other receivables	**2,036**	1,506	**–**	–
Government subsidy receivables	**17,082**	14,393	**–**	–
Cash and cash equivalents	**49,648**	26,644	**–**	–
Amount due from a subsidiary	**–**	–	**116,779**	118,051
	83,606	57,021	**116,779**	118,051

28. Financial Risk Management and Fair Value Measurements *(continued)*

Categories of financial assets and liabilities *(continued)*

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities at amortised cost				
Accruals and other payables	**11,239**	8,718	**141**	110
Borrowings	**235,400**	204,088	**–**	–
	246,639	212,806	**141**	110

Interest rate risk

As disclosed in note 23 to the financial statements, as at 31 December 2010, the Group has total interest-bearing borrowings of HK$235,400,000 (2009: HK$204,088,000) of which HK$235,400,000 (2009: HK$204,060,000) 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 movements in the 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 2010, 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 2010 and accumulated losses as at 31 December 2010 by approximately HK$1,177,000 (2009: HK$1,020,000).

Liquidity risk

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

The Company has entered into a guarantee with a bank providing guarantees amounting to HK$77,682,000 (2009: HK$75,240,000) with respect to bank loans granted by the bank to one of the subsidiaries of the Company, of which HK$70,620,000 (2009: HK$68,400,000) has been utilised. Under the guarantee agreement, the Company would be liable to pay the bank up to the guaranteed amount should the bank be unable to recover the repayment of the loan in full from the borrowing subsidiary. According to the terms of the bank loans, the earliest repayment date of the bank loans would be in 2013. At the reporting date, no provision for the Company's obligation under the guarantee agreement has been made as the directors considered that it was not probable that the repayment of the loan would be in default.

28. Financial Risk Management and Fair Value Measurements *(continued)*

Liquidity risk *(continued)*

An analysis of financial liabilities of the Group based on undiscounted 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 2010					
Accrued expenses and other payables	**11,239**	**–**	**–**	**–**	**11,239**
Bank loans	**–**	**25,816**	**77,053**	**197,480**	**300,349**
	11,239	**25,816**	**77,053**	**197,480**	**311,588**
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

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.

28. Financial Risk Management and Fair Value Measurements *(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.

	2010	2009
	HK$'000	HK$'000
Trade receivables	**14,840**	14,478
Other receivables	**2,036**	1,506
Government subsidy receivables	**17,082**	14,393
Cash and cash equivalents	**49,648**	26,644
	83,606	57,021

The Group allows a credit period of 60 days to 120 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 review their collectability periodically. Details of customers with major transactions with the Group are set out in note 4 to the financial statements.

Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2010 and 2009.

29. Capital Management

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

The Group monitors its capital structure on the basis of gearing ratio. The calculation of the gearing ratio was based on total bank borrowings over equity attributable to shareholders of the Company. In order to maintain or adjust the capital structure, the Group may issue new shares, quasi-equity or other equity related instruments or sell assets to reduce debt. The gearing ratios of the Group as at 31 December 2010 and 2009 were as follows:

As at 31 December 2010, the Group had a gross gearing ratio of approximately 1.8 times (2009: 1.5 times) and a net gearing ratio of approximately 1.4 times (2009: 1.3 times). The calculation of the gross gearing ratio was based on total bank borrowings over total equity attributable to shareholders of the Company as at 31 December 2010 and 2009 respectively. The calculation of net gearing ratio is the same as that of gross gearing ratio except that total bank borrowings are net of cash and cash equivalents held by the Group as at 31 December 2010 and 2009.

	2010 **HK$'000**	2009 HK$'000
Total bank borrowings	**235,400**	204,088
Cash and cash equivalents	**(49,648)**	(26,644)
	185,752	177,444
Equity attributable to shareholders of the Company	**132,666**	132,170
Gross gearing ratio	**1.8**	1.5
Net gearing ratio	**1.4**	1.3

30. Operating Lease Commitments

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**1,269**	1,180
In the second to fifth year inclusive	**1,914**	174
	3,183	1,354

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

31. Capital Commitments

Capital commitments outstanding at 31 December not provided for in respect of:

	2010 **HK$'000**	2009 HK$'000
Construction of port facilities and acquisition of land	**18,017**	20,283

32. Related Party Transactions

Key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive director as disclosed in note 8 and certain of the five highest paid employees as disclosed in note 9, is as follows:

	2010 **HK$'000**	2009 HK$'000
Salaries, allowances and benefits in kind	**3,896**	4,506
Equity-settled share-based compensation	**90**	93
Post-employment benefits	**86**	74
	4,072	4,673

33. Pledge Of Assets

The Group has pledged port facilities and land use rights owned by WIT with net book amount of approximately HK$261,570,000 (2009: HK$261,548,000), HK$8,588,000 (2009: HK$8,538,000) respectively to secure bank loans granted to WIT.

34. Contingent Liabilities

At 31 December 2010, the Group did not have any significant contingent liabilities.

35. Approval of Financial Statements

The financial statements for the year ended 31 December 2010 were approved for issue by the Board of directors on 30 March 2011.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2006 HK$'000	2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000	**2010** **HK$'000**
Revenue	16,122	33,521	42,304	54,136	**57,291**
Cost of services rendered	(6,888)	(18,075)	(19,213)	(27,518)	**(33,851)**
Gross profit	9,234	15,446	23,091	26,618	**23,440**
Other income	556	2,587	6,429	6,865	**11,793**
General, administrative and other operating expenses	(15,050)	(17,727)	(19,311)	(20,618)	**(18,626)**
Operating profit (loss)/EBITDA	(5,260)	306	10,209	12,865	**16,607**
Finance costs	(5,140)	(9,417)	(10,845)	(8,455)	**(7,193)**
EBTDA	(10,400)	(9,111)	(636)	4,410	**9,414**
Depreciation and amortisation	(5,628)	(8,135)	(9,827)	(10,377)	**(11,513)**
Loss for the year	(16,028)	(17,246)	(10,463)	(5,967)	**(2,099)**
Attributable to:					
Shareholders of the Company	(14,985)	(16,283)	(10,516)	(6,004)	**(2,930)**
Non-controlling interests	(1,043)	(963)	53	37	**831**
	(16,028)	(17,246)	(10,463)	(5,967)	**(2,099)**

	As at 31 December				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
ASSETS AND LIABILITIES					
Non-current assets	258,576	279,276	296,029	299,573	**307,780**
Current assets	8,052	53,405	34,638	61,092	**88,555**
Current liabilities	(26,652)	(120,777)	(37,294)	(8,746)	**(11,239)**
Net current assets/(liabilities)	(18,600)	(67,372)	(2,656)	52,346	**77,316**
Non-current liabilities	(150,160)	(85,694)	(171,028)	(204,060)	**(235,400)**
Total equity	89,816	126,210	122,345	147,859	**149,696**

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 2010, 31 December 2009, 31 December 2008, 31 December 2007 and 31 December 2006 and its assets and liabilities as at 31 December 2010, 31 December 2009, 31 December 2008, 31 December 2007 and 31 December 2006 are set out in the respective year's annual reports.