CIG
中國基建

中國基建港口有限公司*
CIG Yangtze Ports PLC

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

2011
Annual Report

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.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the "**Directors**") of CIG Yangtze Ports PLC (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

CORPORATE INFORMATION

Directors

Chairman and Non-executive Director:
Mr. Yan Zhi

Executive Directors:
Ms. Liu Qin
Mr. Duan Yan

Non-executive Director:
Mr. Fang Yibing

Independent Non-Executive Directors:
Mr. Lee Kang Bor, Thomas, *FCCA, FCPA*
Dr. Wong Tin Yau, Kelvin, *FHKIoD*
Mr. Fan Chun Wah, Andrew

Audit Committee Members

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (Chairman)*
Dr. Wong Tin Yau, Kelvin, *FHKIoD*
Mr. Fan Chun Wah, Andrew
Mr. Fang Yibing

Remuneration Committee Members

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (Chairman)*
Dr. Wong Tin Yau, Kelvin, *FHKIoD*
Mr. Fan Chun Wah, Andrew
Mr. Fang Yibing

Nomination Committee Members

Dr. Wong Tin Yau, Kelvin, *FHKIoD (Chairman)*
Mr. Lee Kang Bor, Thomas, *FCCA, FCPA*
Mr. Fan Chun Wah, Andrew
Mr. Fang Yibing

Authorised Representatives

Mr. Duan Yan
Mr. Siu Hin Leung

Company Secretary

Mr. Siu Hin Leung

Auditors

Grant Thornton Jingdu Tianhua
Certified Public Accountants

Legal Advisers

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

Company Website

www.cigyangtzeports.com

Stock Code

8233

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, Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Registered Office

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

Contact Details

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

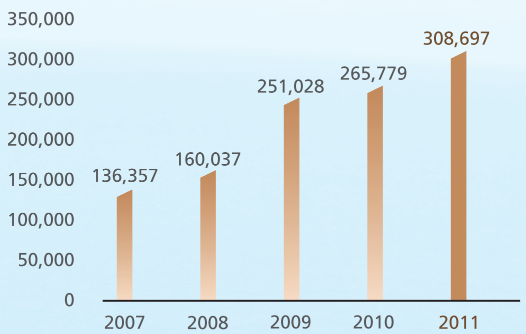
FINANCIAL HIGHLIGHTS

Review Highlights

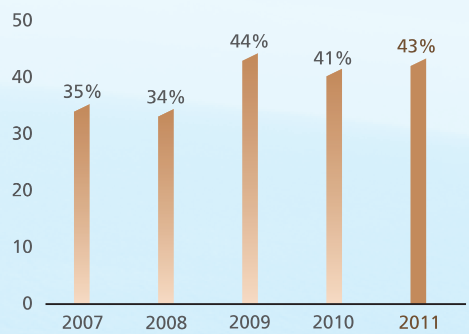
	Year ended 31 December	
	2011 HK$'000	2010 HK$'000
Revenue	**98,086**	57,291
Cost of services rendered	**(48,042)**	(33,851)
Gross profit	**50,044**	23,440
Other income	**5,793**	11,793
General, administrative and other operating expenses	**(26,668)**	(18,626)
Operating profit/EBITDA	**29,169**	16,607
Finance costs	**(13,924)**	(7,193)
EBTDA	**15,245**	9,414
Depreciation and amortisation	**(12,256)**	(11,513)
Profit/(Loss) for the year	**2,989**	(2,099)
Non-controlling interests	**(2,066)**	(831)
Profit/(Loss) attributable to shareholders	**923**	(2,930)

FINANCIAL HIGHLIGHTS (continued)

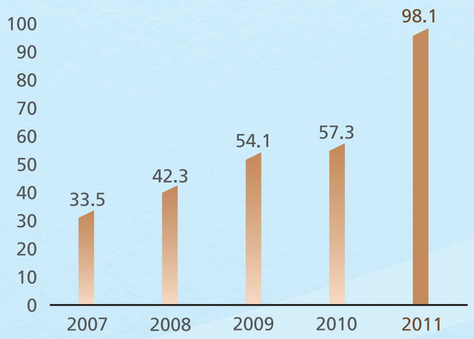
Throughput of Container (TEU)



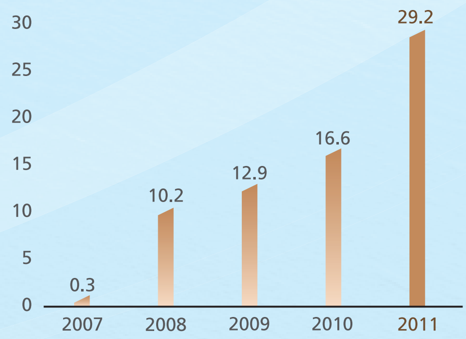
Market Share (%)



Revenue (HK$ million)



EBITDA (HK$ million)



CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present to our Shareholders the first results report since I joined the Group in November 2011.

Review of Operations and Results

The year 2011 marked an important turning point for the Group. Zall Infrastructure Investments Company Limited, a company with significant presence in Wuhan, completed its equity acquisition of all the shareholdings from our previous controlling shareholder in October 2011. Meanwhile, we retained our seasoned management team and other professional staff to maintain the smooth operation of the Group. Given Wuhan is our main operating regions, now with the strong support provided by the new controlling shareholder, I firmly believe that future development of the Group will only accelerate in an even more sustainable manner. The year 2011 also marked an important milestone for the Group in that it recorded profit for the first time since its listing on the Hong Kong Stock Exchange in 2005.

During the year under review, the global economy was volatile and filled with uncertainties, especially with the continuous spread and fermentation of the European debt crisis. Faced with the complex and volatile external environment, the Chinese economy was also dragged by the slowdown in demand from the overseas markets. However, China was able to maintain decent growth compared to the other countries. According to statistics released by the National Bureau of Statistics, GDP in China for 2011 amounted to RMB47.2 trillion, representing a year-on-year increase of 9.2%, only 1.1 percent lower than that of 2010. Notwithstanding the projected GDP growth for 2012 has been lowered from 8% to 7.5%, benefiting from the solid base of domestic demands, we continue to be optimistic about the outlook for economic and business environment in China.

Although the peripheral economic factors were negative, the Group still managed to achieve satisfactory results during the year under review. It was mainly due to the consistent and high quality services provided by our staff, as well as our persistency of our work ethnic and team spirit. The Group's 85% owned WIT Port in Wuhan handled a throughput of 308,697 containers (TEUs), exceeding 300,000 TEUs for the first time and representing an increase of 16% over 265,779 TEUs for 2010. In terms of market share for the whole of Wuhan, the Group's share of container traffic has increased from 41% in 2010 to 43%. The Group achieved revenue of HK$98.09 million, representing a significant increase of HK$40.80 million or 71% over 2010; EBITDA of HK$29.17 million, representing a significant increase of HK$12.56 million or 76% over 2010. Profit attributable to shareholders recorded a net profit of HK$0.92 million for the first time since the listing of the Group in 2005, as compared to a loss of HK$2.93 million for 2010. Such encouraging results were attributable to the increase in the number of customers due to the high quality services provided by our staff, as well as the closure and relocation of the competing Hanyang Port to the Yanglou area in mid 2011, where WIT Port is located. After the relocation, Hanyang Port lost the previous advantage of being closer to the traditional key venue for container transportation in Wuhan, providing an excellent opportunity for the WIT Port to compete on an equal footing with the Hanyang Port in terms of geographical location and to attract more gateway cargos with higher average selling price thereby increasing the Group's gateway cargo market share. Meanwhile, in line with the other container ports in the PRC, commencing from the early 2011, the WIT Port has raised its container handling tariff rates on gateway cargos, resulting in an increase in gross profit margin. Such were all main factors for the Group to turn loss into profit.

In order to satisfy the overall increase in the number of cargo customers, we continued to enhance the productivity of the existing ports, especially strengthening and optimizing the management of equipment handling, facilities, as well as work flow. The Group has entered into a Heads of Agreement with 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 upon the completion of the project. At the beginning of the year 2012, the Group procured an addition of 65 mou of land, making the area of land reserved for the development of the Heavy Item Port increased to 90 mou in total. We will accelerate the development process in an effort to put the new Heavy Item Port into operation as soon as practicable.

CHAIRMAN'S STATEMENT (continued)

Future Outlook

As import and export have recently been shadowed by the volatile external economies, we are cautious about the outlook for the freight volume of imported and exported goods in 2012, and well aware of the challenges for the operation of all the shipping and port logistics sectors. However, opportunities present themselves as the strong domestic demand and the steady and robust growth of the Chinese economy. In addition, as Wuhan has been the transfer spot for the "golden waterway" along Yangtze River, the Wuhan municipal government has always endeavored to give favorable policy to further the development of the port, enhance the quality and efficiency of its services. Hence, I am confident that the Group will continue to expand its existing businesses regardless of the tough business environment, and strive for new breakthroughs while maintaining sustainable development. In addition, the Group will seize every opportunity in the port businesses, and strive for even greater progress to achieve excellent results with the joint efforts from our outstanding management team and all our staff.

Acknowledgement

Finally, I would like to extend my greatest gratitude to all our shareholders for their continuous support and to our clients, banks and investors for their trust, encouragement and recognition. Meanwhile, I would also like to thank all members of the Board for their great contribution and support, and all our staff and the management team for their hard work and devotion. We will continue our efforts to maximize the investment return for our shareholders as a whole.

Yan Zhi
Chairman

Wuhan, the PRC, 30 March 2012

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

The senior management have valuable relationships with all levels of government officials in Wuhan.

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).

MANAGEMENT DISCUSSION AND ANALYSIS

Change of control of the Company and mandatory general offer

Reference is made to the joint announcements jointly issued by Zall Infrastructure Investments Company Limited ("**Zall**") and the Company dated 30 September 2011, 3 October 2011 and 12 October 2011 respectively and the composite and response document (the "**Composite Document**") of Zall and the Company dated 21 October 2011 in relation to, among others, the acquisition of an aggregate of 599,888,141 shares of the Company, representing approximately 50.97% of the then issued share capital of the Company collectively held by Chow Holdings Limited, CIG China Holdings Limited, Unbeatable Holdings Limited and Harbour Master Limited. Completion of the acquisition took place on 3 October 2011. Zall was required under the Hong Kong Code on Takeovers and Mergers (the "**Takeover Code**") to make mandatory general cash offer to acquire all the remaining issued shares and to cancel all the outstanding share options not already owned or agreed to be acquired by Zall or parties acting in concert with it. The offers were closed on 11 November 2011. At the close of the offers, all of the then outstanding share options of the Company were cancelled and Zall held in total 91.06% of the then issued share capital of the Company.

Further reference is made to the announcement of the Company dated 11 January 2012, the Company had been informed by Zall that an aggregate of 189,428,000 shares of the Company, representing approximately 16.09% of the then issued share capital of the Company, being held by the Zall had been placed to certain independent investors, at the placing price of HK$0.36 per share. Completion of such placing took place on 11 January 2012. Upon completion of the placing, Zall's share holding in the Company was reduced from 91.06% to 74.97%.

As noted from the Composite Document that it is the intention of Zall to continue with the existing principal activities of the Group and that Zall does not intend to introduce any major changes to the existing operations and business of the Group immediately following its acquisition of the Group.

Resignation and appointment of directors

Reference is made to the announcement of the Company dated 22 November 2011, with effect from 21 November 2011, Mr. Chow Kwong Fai, Edward has resigned as an executive Director, the chairman, the chief executive officer and an authorised representative of the Company, Mr. Wong Yuet Leung, Frankie has resigned as a non-executive Director and a member of audit and remuneration committee of the Company (the "**Audit and Remuneration Committee**"); Mr. Lee Jor Hung, Dannis and Mr. Goh Pek Yang, Michael have resigned as non-executive Directors. At the same time, Mr. Yan Zhi has been appointed as a non-executive Director and chairman of the Company; Mr. Fang Yibing has been appointed as a non-executive Director and a member of the Audit and Remuneration Committee; Ms. Liu Qin has been appointed as an executive Director; Mr. Duan Yan has been appointed as an executive Director, chief executive officer and an authorised representative of the Company. The abovementioned resignations of Mr. Chow Kwong Fai, Edward, Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis and Mr. Goh Pek Yang, Michael were due to the change of control of the Company. In addition, each of the resigned Directors confirmed that there was no disagreement with the board of the Directors (the "**Board**") and there were no matters in respect of each of their resignations that need to be brought to the attention of the shareholders of the Company.

For the purpose of ensuring continuity of the Group's business, and subject to compliance with the requirement under Rule 25 of the Takeover Code with respect to the special deal, Mr. Chow Kwong Fai, Edward entered into a separate service agreement with the Company as a consultant of the Company with effect upon his resignation of Mr. Chow as an executive Director on 21 November 2011.

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, LCD and electronics manufacturers as well as those in the construction materials and farm products businesses have been and will continue to be the principal providers of gateway cargos to the WIT Port. As many of the manufacturing/assembly plants of these international companies are new, their planned production expansion will contribute to the growth in throughput at the WIT Port.

The transshipment services provided by WIT provide a more economical alternative to ship container cargos using bigger ships carrying more containers to and from Shanghai and overseas as the inherent water-depth limitations along the up-stream regions of the Yangtze River precludes bigger ships from navigating directly 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 also developed agency and integrated logistics businesses to expand its revenue sources, including bonded warehousing, customs clearance, break-bulk and distribution.

Below is a More Detailed Description of

THE GROUP'S REVENUE SEGMENTS:

Container Throughput

Total throughput achieved by WIT for 2011 was 308,697 TEUs, an increase of 42,918 TEUs or 16% over that of 265,779 TEUs for 2010. Of the 308,697 TEUs handled in 2011, 132,325 TEUs (2010: 59,503 TEUs) or 43% (2010: 22%) and 176,372 TEUs (2010: 206,276 TEUs) or 57% (2010: 78%) were attributed to gateway cargos and transshipment cargos respectively.

The closure and relocation of the competing Hanyang Port to the Yanglou area in June 2011, where the WIT Port is located, presented an opportunity for the WIT Port to compete on an equal footing with the Hanyang Port for the first time and attracted more gateway cargos with higher average selling price ("**ASP**") to the WIT Port, thereby increased the Group's gateway cargo market share, revenue and gross profit margin in 2011. The decrease in transshipment container throughput was mainly due to lower level of containers from upstream of the Yangtze River for transshipment at the WIT Port.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Agency & Logistics

The agency and logistics businesses continue to make important contributions to the revenue of the Group in 2011. Revenue generated from these sources amounted to HK$43.18 million (2010: HK$28.39 million) which accounted for 44% of the Group's total revenue (2010: 49%). 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 increase in gateway cargos, the general increase in throughput and the increase in hauling capacity as more trucks are added to the services.

General Cargo

Throughput of general cargo for 2011 was 52,685 tons, an increase of 22% over 2010.

Developing New Port & Logistics Facilities

Being a ports and logistics company operating in a high growth economy, the Group's strategy is twofold: with an objective of expanding the volume of business on the operations side whilst constructing new facilities to cater for growth at the same time.

The implementation of this strategy, which will create enterprise and shareholder value in the long term, could only be achieved at the expense of short term profit due to higher depreciation and interest charges.

Heavy Item Port

The Group successfully procured an addition of 65 mou of land in February 2012, at a consideration of HK$13.49 million (RMB11.06 million), together with the 25 mou of land previously obtained, the Group has approximately 90 mou of land reserved for the development of the Heavy Item Port and will speed up the construction activities with a target to put the new Heavy Item Port into operation towards end of 2012.

The Group is currently finalizing the capital commitment budget and considering various alternative methods of financing the construction of the Heavy Item Port, and will inform the shareholders of the Company further as required by the Listing Rules requirements.

Operating Results

Revenue

	2011		2010		Increase	
	HK$'000	**%**	HK$'000	%	HK$'000	%
Container handling service	**53,590**	**55**	27,855	49	25,735	92
Agency income	**22,388**	**23**	19,627	34	2,761	14
Integrated logistics services	**20,788**	**21**	8,758	15	12,030	137
General and bulk cargo handling service	**1,320**	**1**	1,051	2	269	26
	98,086	**100**	57,291	100	40,795	71

For 2011, the Group's revenue amounted to HK$98.09 million, representing an increase of HK$40.80 million or 71% over that of HK$57.29 million for 2010. The increase in revenue was mainly attributable to increase in ASP, revenue generated from additional containers handled, increased revenue from agency services as more agency agreements were entered into with shipping companies to extend our services, and the increase in integrated logistics services as the increase in gateway cargos containers led to the substantial growth in cargo consolidation and de-consolidation, storage and transportation.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Container Volume and Throughput

	2011		2010		Increase/(Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargos	132,325	43	59,503	22	72,822	122
Transshipment cargos	176,372	57	206,276	78	(29,904)	(14)
	308,697	100	265,779	100	42,918	16

The volume of throughput achieved for 2011 was 308,697 TEUs, an increase of 42,918 TEUs or 16% over that of 265,779 TEUs for 2010.

In terms of market share, during the year 2011, the WIT Port's market share increased from 41% to 43% against an aggregate of 715,026 TEUs handled in 2011 for the whole of Wuhan.

Gross Profit and Gross Profit Margin

Gross profit for 2011 was HK$50.04 million, an increase of HK$26.60 million as compared with HK$23.44 million for the corresponding period of 2010. Gross profit margin for 2011 increased to 51% (2010: 41%). This was mainly attributed to 122% increase in gateway cargo throughput which command higher tariffs, and 66% increase in ASP.

Profit for the Year

Profit attributable to shareholders for the year has been turned around from a loss of HK$2.93 million in 2010 into a profit of HK$0.92 million, representing an increase in profit of HK$3.85 million. This was mainly attributable to the increase in gross profit contributions resulting from the increase in gateway cargos and increase in ASP while partially offset by the increase in general, administrative and other operating expenses, finance costs and decrease in other income.

Earnings per share was HK cents 0.08 for 2011, representing a substantial improvement compared with loss per share of HK cents 0.25 for 2010.

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 2011 and 2010 is set out below:

	As at 31 December 2011			As at 31 December 2010		
	Hong Kong	**Wuhan**	**Total**	Hong Kong	Wuhan	Total
Operation	—	131	131	—	131	131
Project planning and management	—	8	8	—	8	8
Corporate and business development	—	20	20	1	19	20
Finance	2	11	13	2	9	11
Engineering	—	35	35	—	35	35
Administration and personnel	3	22	25	3	19	22
	5	227	232	6	221	227

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 of the Company (the "**Audit and Remuneration Committee**").

Total remuneration together with pension contributions incurred for the year ended 31 December 2011 amounted to HK$21.41 million (2010: HK$17.04 million). The Directors received remuneration of HK$2.34 million during the year ended 31 December 2011 (2010: HK$1.95 million).

Financial Resources and Liquidity

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

For the year ended 31 December 2011, the Group recorded a net cash outflow from operating activities of HK$0.43 million (2010: net cash inflow of HK$8.35 million).

As at 31 December 2011, the Group had total outstanding bank borrowings of HK$243.88 million (RMB199.90 million) (2010: HK$235.4 million) provided by a PRC bank. The Group also had total cash and cash equivalents of HK$23.38 million as at 31 December 2011 (2010: HK$49.65 million) and consolidated net assets of HK$158.09 million (2010: HK$149.70 million).

As at 31 December 2011, the Group had a net gearing ratio of approximately 1.6 times (2010: 1.4 times). The calculation of the net gearing ratio was based on total interest-bearing borrowings net of cash and cash equivalents over equity attributable to shareholders of the company. The higher net gearing ratio in 2011 was mainly due to the increase in interest-bearing borrowings and the decrease in cash and cash equivalent during the year.

Exchange Rate Risks

The Group's reporting currency is denominated in 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 2011, the Group generated revenue solely in Renminbi, its loans are in Renminbi and incurred costs mainly in Renminbi and Hong Kong dollars. The Company will closely monitor the foreign exchange exposure and its impact on the Group.

Significant Investments

Save as those disclosed in this report, the Group did not hold any significant investment as at 31 December 2011.

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 2011.

Capital Commitments

As at 31 December 2011, the Group had capital commitments in respect of capital contribution to a subsidiary of approximately HK$7,799,000 (2010: HK$ nil) and the construction of port facilities and acquisition of land contracted for but not provided for amounting to approximately HK$2,940,000 (2010: HK$18,017,000).

Contingent Liabilities

As at the date of this report and as at 31 December 2011, 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$261,604,000 (2010: HK$261,570,000) and HK$8,668,000 (2010: HK$8,588,000) respectively to secure bank loans granted to WIT.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, the Group has no current plan of any other material investments or acquisition of material capital assets.

DIRECTORS, AUDIT AND REMUNERATION COMMITTEE MEMBERS AND SENIOR MANAGEMENT

Directors

The board of directors of the Company comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Their biographical details are set out below:

Non-Executive Director and Chairman

Mr. Yan Zhi (閻志), aged 39, was appointed as a non-executive Director and the Chairman of the Company in November 2011. Mr. Yan is the controller shareholder of the Company, and the controlling shareholder and an executive director of Zall Development (Cayman) Holding Co. Ltd. (Stock Code: 2098.HK), a company listed on the main board of the Stock Exchange. Mr. Yan has extensive experience in logistics, project planning, business and operation management. He has approximately 6 years of experience in the commercial property and wholesale shopping mall industries, as well as approximately 15 years of experience in the advertising and media industry and business management.

Executive Directors

Ms. Liu Qin (劉琴), aged 43, was appointed as an executive Director in November 2011. Ms. Liu is an assistant to the chairman of Zall Holdings Company Limited and Zall Development (Cayman) Holding Co. Ltd. (Stock Code: 2098.HK), a company listed on the main board of the Stock Exchange. Ms. Liu has a bachelor degree in economics management from 武漢市廣播電視大學 (Wu Han Radio and TV University*), the PRC and is studying for an Executive Master of Business Administration degree from Tsinghua University, the PRC. Ms. Liu has extensive experience in human resources and administration management. She was the president of 漢口北市場投資有限公司 (North Hankou Trade Market Investment Co., Ltd*), 卓爾投資集團有限公司 (Zall Investment Group Co., Ltd*) and the general manager and vice president of 漢口北集團有限公司 (North Hankou Group Co., Ltd.*). In addition, she is the general manager of 武漢卓爾中心投資有限公司 (Wuhan Zall Centre Investment Co., Ltd*) and 武漢大世界投資有限公司 (Wuhan Big World Investment Co., Ltd*). Ms. Liu spends approximately one third of her time on the Group and is responsible for personnel management and administrative matters.

Mr. Duan Yan (段岩), aged 32, was appointed as an executive Director, the chief executive officer and an authorised representative of the Company in November 2011. Mr. Duan is an executive director of 卓爾大新華物流有限公司 (Wuhan Zall Grand China Logistics Co., Ltd*) and the chairman of 卓爾寶沃勤(武漢)物流有限公司 (Zall Power Chain (Wuhan) Logistics Co., Ltd*). Mr. Duan is also the vice president of 漢南港實業集團有限公司 (Hubei Hannan Port Industrial Co., Ltd*). In addition, Mr. Duan is an assistant to the chairman of Zall Holdings Company Limited. Mr. Duan holds a Master Degree of E-Commerce from Middlesex University in London and has extensive experience in logistics as well as business and operation management. Mr. Duan works on full time basis overlooking the overall operation and day to day management of the Group.

Non-Executive Director

Mr. Fang Yibing (方一兵), aged 57, was appointed as a non-executive Director and a member of the Audit and Remuneration Committee in November 2011. Mr. Fang is a solicitor admitted in the PRC. He received a bachelor degree in Law from 湖北黃岡廣播電視大學 (HuBeihuanggang Radio & TV University*), the PRC and holds an Executive Master of Business Administration degree from Wuhan University. Mr. Fang holds directorship in a number of subsidiaries of Zall Holdings Company Limited, including 卓爾大新華物流有限公司 (Wuhan Zall Grand China Logistics Co., Ltd*), 卓爾寶沃勤(武漢)物流有限公司 (Zall Power Chain (Wuhan) Logistics Co., Ltd*) and 武漢卓盛物流有限公司 (Wuhan Zhuosheng Logistic Co., Ltd*). Mr. Fang spends approximately one third of his time on the Group and is responsible for internal control and management.

* *For identification only*

Independent Non-Executive Directors

Mr. Lee Kang Bor, Thomas (李鏡波), aged 58, took office as an independent non-executive Director in September 2005. He has been a member and the chairman of the Audit and Remuneration Committee since 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 Bar of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee is a past president and a member of the Council of the Taxation Institute of Hong Kong and 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 chairman 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.

Dr. Wong Tin Yau, Kelvin (黃天祐), aged 51, took office as an independent non-executive Director in September 2005. He has been a member of the Audit and Remuneration Committee since 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. 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, 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., China ZhengTong Auto Services Holdings Limited, I.T Limited and Xinjiang Goldwind Science & Technology Company Limited, all of these companies are listed on The Stock Exchange.

Mr. Fan Chun Wah, Andrew (范駿華), aged 33, was appointed as an independent non-executive Director and member of the Audit and Remuneration Committee on 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 and a member of the Greater Pearl River Delta Business Council.

Audit and Remuneration Committee

During the year under review, 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. Fang Yibing

Senior Management

Head Office

Mr. Siu Hin Leung, Andy (蕭顯良), was appointed as the chief financial officer and the company secretary of the Group on 30 November, 2011. Mr. Siu obtained a Bachelor of Arts Degree with Honours in Accountancy from City University of Hong Kong and is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Siu has served in various accounting and financial management roles in Hong Kong. He has approximately 17 years experience in the areas of accounting, financial management, taxation and auditing gained in international accounting firms, and private and listed companies in Hong Kong.

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 工商企業管理 (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 in 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 Wuhan Industrial Institute of Building Materials (武漢建築材料工業學院) 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 Xiamen Transportation Technical Secondary School (廈門市交通職業中學) 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 he now heads both the logistics and operations of WIT. He has over 8 years of experience in international container port and terminal port and logistics operations in the PRC.

Mr. Huang Jing (黃兢), is a 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 Zhongnan University of Finance and Economy (中南財經大學) and holds a bachelor degree in economics. Mr. Huang joined the Group in February 1998 and has 7 years experience in financial management and office administration in the PRC.

Mr. Cai Xi Ming (蔡曦明), is the chief accountant of WIT and in charge of all finance and accounting matters of WIT. He obtained a MBA degree 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 approximately 20 years experience in finance, accounting and enterprise management.

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

CORPORATE GOVERNANCE REPORT

Introduction

The Board and the management team of the Company are committed to maintain a higher standard of corporate governance and the accountability and transparency of its management. The Company has been in compliance with a high standard of corporate governance practices and the Directors 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

The Company endeavours to adopt prevailing best corporate governance practices, the Company has complied with the code provisions (the "**CG Code Provisions**") set out in Appendix 15 of Code on Corporate Governance Practices of the GEM Listing Rules for the year ended 31 December 2011, except for the deviation to CG Code Provisions A.2.1 as stated below.

Under CG Code Provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. Prior to 21 November 2011, the Company did not separate the roles of the chairman and chief executive office. Mr. Chow Kwong Fai, Edward acted as both the chairman of the Board and the chief executive officer of the Company, while he resigned from both positions with effect from 21 November 2011, positions of the chairman of the Board and chief executive officer of the Company have been separately taken up by Mr. Yan Zhi and Mr. Duan Yan, respectively, from the mentioned date.

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.

The Board comprises two non-executive Directors, namely Mr. Yan Zhi (who is also the Chairman of the Board) and Mr. Fang Yibing; two executive Directors, namely Ms. Liu Qin and Mr. Duan Yan 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 two-sevenths of the Board. Independent non-executive Directors currently represent three-sevenths of the Board.

During the year ended 31 December 2011, there were in total twelve Board meetings held and the attendance record of the Directors is set out below:

Members of the Board	Number of meetings Held	Number of meetings Attended	Attendance percentage
CHAIRMAN AND NON-EXECUTIVE DIRECTOR			
Mr. Yan Zhi (appointed on 21 November, 2011)	N/A	N/A	N/A
CHAIRMAN AND EXECUTIVE DIRECTOR			
Mr. Chow Kwong Fai, Edward (resigned on 21 November 2011)	12	11	91.7%
EXECUTIVE DIRECTORS			
Ms. Liu Qin (appointed on 21 November 2011)	N/A	N/A	N/A
Mr. Duan Yan (appointed on 21 November 2011)	N/A	N/A	N/A
NON-EXECUTIVE DIRECTORS			
Mr. Wong Yuet Leung, Frankie (resigned on 21 November 2011)	12	10	83.3%
Mr. Lee Jor Hung, Dannis (resigned on 21 November 2011)	12	10	83.3%
Mr. Goh Pek Yang, Michael (resigned on 21 November 2011)	12	10	83.3%
Mr. Fang Yibing (appointed on 21 November 2011)	N/A	N/A	N/A
INDEPENDENT NON-EXECUTIVE DIRECTORS			
Mr. Lee Kang Bor, Thomas	12	12	100.0%
Dr. Wong Tin Yau, Kelvin	12	11	91.7%
Mr. Fan Chun Wah, Andrew	12	9	75.0%

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

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, respectively. Yangtze Ventures II Limited, was a substantial shareholder of the Company during 2011, 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, a non-executive Director until his resignation on 21 November 2011. Upon the resignations of Mr. Chow Kwong Fai, Edward and Mr. Wong Yuet Leung, Frankie as executive Director and non-executive Director of the Company, respectively on 21 November 2011, such relationships have ceased. 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

Mr. Chow Kwong Fai, Edward served as both the chairman of the Board and the chief executive officer of the Company until he resigned from both positions with effect from 21 November 2011, positions of the Chairman of the Board and Chief Executive Officer of the Company have been separately taken up by Mr. Yan Zhi and Mr. Duan Yan respectively, from the mentioned date.

Re-Election of Directors

All executive Directors and non-executive Directors are appointed for a term of 3 years, and each of the independent non-executive Directors, are appointed for a period commencing from 3 May 2011 until the Company's annual general meeting in 2012. 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 namely, the Audit and Remuneration Committee. For the purpose of complying with the requirements under the GEM Listing Rules, with effect from 30 March 2012, the Audit and Remuneration Committee has been split into two different committees, namely the audit committee of the Company (the "**Audit Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**"). The Audit Committee and Remuneration Committee comprise Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin, Mr. Fan Chun Wah, Andrew and Mr. Fang Yibing, the majority of whom are independent non-executive Directors of the Company. The primary duties of the Audit Committee and Remuneration Committee include the following:

1. The Functions of an Audit Committee

The primary duties of the Audit Committee include reviewing and monitoring the financial reporting and internal control of the Company, and assist the Board to fulfil its responsibility over the audit of the Group. During the year of 2011, 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.

During the year ended 31 December 2011, 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 Audit and Remuneration 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 include to review and determine remuneration packages of Directors and senior management of the Company, including to benefits in kind, pension lights and compensation payments.

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 adopted a share option scheme and no option was granted during the year of 2011. (Refer to note 28 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 year ended 31 December 2011 was HK$395,000 and HK$100,000 respectively.

The Audit and Remuneration Committee held four meetings during the year of 2011 to review the financial results, systems of internal control and risk management and remuneration policy and levels of the Group. The attendance record of members of the Audit and Remuneration Committee is summarized as below:

	Number of meetings		Attendance
Members of the Audit and Remuneration Committee	**Held**	**Attended**	**percentage**
Mr. Lee Kang Bor, Thomas *(Chairman)*	4	4	100%
Dr. Wong Tin Yau, Kelvin	4	4	100%
Mr. Fan Chun Wah, Andrew	4	4	100%
Mr. Wong Yuet Leung, Frankie (resigned on 21 November 2011)	4	4	100%
Mr. Fang Yibing (appointed on 21 November 2011)	N/A	N/A	N/A

Nomination of Directors

For the purpose of nomination of directors, the task of nomination of Directors has vested with the Board of the Company. During the year under review, the Board reviewed (i) the structure, size and composition (including the skills, knowledge and experience) of Board members on a regular basis and make recommendation regarding any proposed changes; (ii) identifies individuals suitably qualified to become board members; (iii) assesses the independence of independent non-executive Directors; and (iv) makes recommendations on relevant matters relating to the appointment and re-appointment of Directors and succession planning for Directors. With effect from 30 March 2012, for the purpose of complying with the requirements under the GEM Listing Rules, a nomination committee of the Company comprising Dr. Wong Tin Yau, Kelvin as the chairman and member, and Mr. Lee Kang Bor, Thomas, Mr. Fan Chun Wah, Andrew and Mr. Fang Yibing as members has been established by the Board.

Internal Control

The Board is responsible for maintaining sound and effective systems of internal control to safeguard the Group's assets and shareholders' interests, as well as reviewing the effectiveness of such systems of internal control. The Systems of Internal Control, which include a well-established organizational structure with clearly defined lines of responsibility and authority, are designed to manage, rather than eliminate, risks of failure in achieving the Group's business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

For the year ended 31 December 2011, 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.

Shareholders Value

The Board and senior management recognise their responsibility to represent the interests of all shareholders and to maximize shareholder value and have made the following commitments to the Groups' shareholders:

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

Shareholder's Rights And Relations

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

Shareholders or investors can enquire or make comments by putting their views to the Company or the Audit 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 2011.

Principal Activities

The principal activities of the Company during the year was investment holding and those of the subsidiaries are set out in note 27 to the financial statements.

Results

The results of the Group for the year ended 31 December 2011 and the state of affairs of the Company and of the Group at that date are set out on pages 40 to 43 of the financial statements.

Dividend, Appropriations and Reserves

The Directors do not recommend any payment of a dividend for the year ended 31 December 2011.

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 26 to the financial statements.

Major Customers and Suppliers

During the year under review, services provided to the Group's five largest customers accounted for 45.2% of total revenue of the Group with services provided to the largest customer included therein accounted for 14.0% of total revenue of the Group. Purchases from the Group's five largest suppliers accounted for 31.2% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 17.3% of total purchases of the Group for the year.

During the year ended 31 December 2011, none of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Sufficiency of Public Float

As disclosed in this report, the public float of the Company was dropped below 25% of the Company's total issued share capital as at the closing of mandatory general cash offer on 11 November 2011 and as at 31 December 2011. After the completion of the Placing took place on 11 January 2012, the public float of the Company was restored to more than 25% of the Company's total issued share capital.

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Connected Transactions

With respect to the service agreement entered into between Mr. Chow Kwong Fai, Edward, a former director of the Company, and the Company, the Group has paid Mr. Chow a consultancy fee amounted to HK$200,000 during the year.

Saved as disclosed above, no other connected transactions as defined under the GEM Listing Rules had taken place during the year under review.

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 remunerations 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 28 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 25 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 (resigned on 21 November 2011)
Ms. Liu Qin (appointed on 21 November 2011)
Mr. Duan Yan (appointed on 21 November 2011)

Non-Executive Directors:

Mr. Wong Yuet Leung, Frankie	(resigned on 21 November 2011)
Mr. Lee Jor Hung, Dannis	(resigned on 21 November 2011)
Mr. Goh Pek Yang, Michael	(resigned on 21 November 2011)
Mr. Yan Zhi	(appointed on 21 November 2011)
Mr. Fang Yibing	(appointed on 21 November 2011)

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

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

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a period commencing from 3 May 2011 until the Company's annual general meeting in 2012.

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 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 23 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.

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)")

As at 31 December 2011, 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 2011	
Name of Director	**Capacity**	**No. of Shares** *(Note 1)*	**Approximate percentage of total no. of Shares in issue**
Yan Zhi	Interest through controlled corporations *(note 2)*	1,071,868,621 (L)	91.06%

Notes:

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

2. *The 1,071,868,621 (L) Shares were held by Zall Infrastructure Investments Company Limited, a company indirectly wholly-owned by Mr. Yan Zhi.*

Save as disclosed above, as at 31 December 2011, 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.

Substantial Shareholders and Other Persons

So far as was known to the Directors, as at 31 December 2011, 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 of Shareholder	Capacity	Number of Shares *(Note 1)*	Approximate percentage of total number of shares in issue
Zall Infrastructure Investments Company Limited *(Note 2)*	Beneficial owner	1,071,868,621 (L)	91.06%
Zall Holdings Company Limited *(Note 2)*	Interest through controlled corporations	1,071,868,621 (L)	91.06%

Notes:

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

2. *Zall Infrastructure Investments Company Limited is wholly-owned by Zall Holdings Company Limited, which in turn is wholly-owned by Mr. Yan Zhi.*

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 2011 are set out below:

The movements in the share options of the Company during the year ended 31 December 2011 are set out as follows:

			Number of options					Period during which option outstanding as at 31.12.2011 are exercisable
Name or category of eligible participants	**Date of grant**	**Exercise Price per share HK$**	**As at 1.1.2011**	**Granted during the year**	**Exercised during the year**	**Lapsed or cancelled during the year**	**As at 31.12.2011**	
Directors								
Chow Kwong Fai, Edward	10.11.2008	0.100	914,508	—	—	(914,508)	—	(a), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(a), (d)
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	—	—	(914,508)	—	(a), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(a), (d)
Lee Jor Hung, Dannis	10.11.2008	0.100	914,508	—	—	(914,508)	—	(a), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(a), (d)
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	—	—	(914,508)	—	(a), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(a), (d)
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	—	—	(914,508)	—	(a), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(a), (d)
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	—	—	(914,508)	—	(a), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(a), (d)
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	—	—	(914,508)	—	(b), (d)
	13.04.2010	0.182	271,360	—	—	(271,360)	—	(c), (d)
Sub-total			8,301,076	—	—	(8,301,076)	—	
Employees (in aggregate)	10.11.2008	0.100	11,990,216	—	(6,909,616)	(5,080,600)	—	(a), (d)
	13.04.2010	0.182	3,557,839	—	—	(3,557,839)	—	(a), (d)
Sub-total			15,548,055	—	(6,909,616)	(8,638,439)	—	
Total			**23,849,131**	**—**	**(6,909,616)**	**(16,939,515)**	**—**	

REPORT OF THE BOARD OF DIRECTORS (continued)

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 was cancelled on 11 November 2011 if not being lapsed.*

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 if not being cancelled.*

(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 if not being cancelled.*

(d) *During the year, 3,952,896 share options were lapsed upon the resignation of an employee. Reference is made to the joint announcements jointly issued by Zall Infrastructure Investments Company Limited and the Company dated 30 September 2011, 3 October 2011 and 12 October 2011 and the composite and response document (the "Composite Document") of Zall Infrastructure Investments Company Limited and the Company dated 21 October 2011. Zall Infrastructure Investments Company Limited was required under the Takeover Code to make mandatory general cash offer to acquire all the remaining issued shares and to cancel all the outstanding share options not already owned or agreed to be acquired by Zall Infrastructure Investments Company Limited or parties acting in concert with it. All of the option holders (who held 12,986,619 outstanding share options) accepted the offer before it was closed on 11 November 2011.*

Competing Interests

During the year ended and as at 31 December 2011, save as disclosed in the 2006 half year results announcement of the interest of Mr. Chow Kwong Fai, Edward 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 2011, 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

During the year ended 31 December 2011, 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 2011, the Company had adopted a code of conduct regarding securities transactions by directors (the "**Code of Conduct**") on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). The Company has also made specific enquiry of all Directors, who have confirmed that, during the year ended 31 December 2011, they were in compliance with the Code of Conduct and the Required Standard Dealings.

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 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. As at the year ended 31 December 2011, 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. Fang Yibing. 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 2011.

Auditors

The financial statements of the Company for the year ended 31 December 2009 were audited by JBPB & Co. (Formerly known as Grant Thornton). During 2010, JBPB & Co. resigned as auditors of the Company and Grant Thornton Jingdu Tianhua was appointed by the Directors to fill the vacancy. The financial statements of the Company for the year ended 31 December 2010 and 2011 were audited by Grant Thornton Jingdu Tianhua. Grant Thornton Jingdu Tianhua has incorporated its practice and therefore will practise in name of Grant Thornton Hong Kong Limited. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Grant Thornton Hong Kong Limited as the auditors of the Company.

On behalf of the Board

Yan Zhi
Chairman

Wuhan, the PRC, 30 March 2012

INDEPENDENT AUDITORS' REPORT

Grant Thornton
京都天华

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 40 to 85, which comprise the consolidated and company statements of financial position as at 31 December 2011, 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 policies 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 2011 and of the Group's profit 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 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	5	98,086	57,291
Cost of services rendered		(48,042)	(33,851)
Gross profit		50,044	23,440
Other income	6	5,793	11,793
Other operating expenses		(7,662)	(6,783)
General and administrative expenses		(31,262)	(23,356)
Finance costs	10	(13,924)	(7,193)
Profit/(Loss) before income tax	7	2,989	(2,099)
Income tax expense	11	—	—
Profit/(Loss) for the year		2,989	(2,099)
Other comprehensive income			
Exchange gain on translation of foreign operations		4,635	3,703
Total comprehensive income for the year		7,624	1,604
Profit/(Loss) for the year attributable to:			
Shareholders of the Company	12	923	(2,930)
Non-controlling interests		2,066	831
		2,989	(2,099)
Total comprehensive income attributable to:			
Shareholders of the Company		4,935	263
Non-controlling interests		2,689	1,341
		7,624	1,604
Basic earnings/(loss) per share for profit/(loss) attributable to shareholders of the Company	13	HK$0.08 cents	(HK$0.25 cents)
Diluted earnings/(loss) per share for profit/(loss) attributable to shareholders of the Company	13	HK$0.08 cents	(HK$0.25 cents)

The notes on pages 46 to 85 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	**2011 HK$'000**	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**308,413**	285,067
Land use rights	*16*	**8,668**	8,588
Construction in progress	*17*	**19,490**	14,125
		336,571	307,780
Current assets			
Inventories	*18*	**2,233**	1,062
Trade receivables	*19*	**34,623**	14,840
Prepayments, deposits and other receivables		**13,220**	5,923
Government subsidy receivables	*20*	**8,420**	17,082
Cash and cash equivalents	*21*	**23,384**	49,648
		81,880	88,555
Current liabilities			
Accrued expenses and other payables	*22*	**13,979**	11,239
Current portion of interest-bearing borrowings	*23*	**24,388**	—
		38,367	11,239
Net current assets		**43,513**	77,316
Total assets less current liabilities		**380,084**	385,096
Non-current liabilities			
Long-term interest-bearing borrowings	*23*	**219,490**	235,400
Amount due to a director	*24*	**2,500**	—
		221,990	235,400
Net assets		**158,094**	149,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
EQUITY			
Share capital	25	117,706	117,015
Reserves	26	20,669	15,651
Equity attributable to shareholders of the Company		138,375	132,666
Non-controlling interests		19,719	17,030
Total equity		158,094	149,696

Approved and authorised for issue by the Board of Directors on 30 March 2012

Director *Director*

The notes on pages 46 to 85 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	27	50,897	50,897
Current assets			
Prepayments, deposits and other receivables		22	150
Due from subsidiaries	27	115,751	116,779
		115,773	116,929
Current liabilities			
Accrued expenses and other payables	22	1,102	141
Net current assets		114,671	116,788
Net assets		165,568	167,685
EQUITY			
Share capital	25	117,706	117,015
Reserves	26	47,862	50,670
Total equity		165,568	167,685

Approved and authorised for issue by the Board of Directors on 30 March 2012

Director *Director*

The notes on pages 46 to 85 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		2,989	(2,099)
Adjustments for:			
Depreciation and amortisation		12,256	11,513
Loss/(Gain) on disposal of property, plant and equipment		318	(26)
Bank interest income		(203)	(113)
Finance costs		16,169	13,219
Share-based payment transactions		83	233
Operating profit before working capital changes		31,612	22,727
(Increase)/Decrease in trade receivables		(19,241)	108
Increase in prepayments, deposits and other receivables		(7,237)	(1,100)
Decrease/(Increase) in government subsidy receivables		9,396	(2,257)
Increase in inventories		(1,132)	(111)
Increase in accrued expenses and other payables		2,341	2,206
Cash generated from operations		15,739	21,573
Interest paid		(16,169)	(13,219)
Net cash (used in)/from operating activities		(430)	8,354
Cash flows from investing activities			
Interest received		203	113
Purchase of property, plant and equipment		(11,029)	(2,457)
Proceeds from disposal of property, plant and equipment		95	357
Payment for construction in progress		(19,762)	(8,355)
Net cash used in investing activities		(30,493)	(10,342)
Cash flows from financing activities			
Proceeds from shares issued upon exercise of share options		691	—
Advance from a director		2,500	—
Drawdown of bank loans		—	105,342
Repayment of obligations under finance lease		—	(28)
Repayment of bank loans		(122)	(80,625)
Net cash from financing activities		3,069	24,689
Net (decrease)/increase in cash and cash equivalents		(27,854)	22,701
Cash and cash equivalents at 1 January		49,648	26,644
Effect for foreign exchange rate changes		1,590	303
Cash and cash equivalents at 31 December	21	23,384	49,648

The notes on pages 46 to 85 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	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 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 and 1 January 2011	117,015	63,018	619	18,461	(66,447)	132,666	17,030	149,696
Profit for the year	—	—	—	—	923	923	2,066	2,989
Other comprehensive income for the year	—	—	—	4,012	—	4,012	623	4,635
Total comprehensive income for the year	—	—	—	4,012	923	4,935	2,689	7,624
Share issued upon exercise of share options	691	—	—	—	—	691	—	691
Share-based payment transactions	—	—	83	—	—	83	—	83
Cancellation of share options	—	—	(702)	—	702	—	—	—
Transaction with owners	691	—	(619)	—	702	774	—	774
At 31 December 2011	**117,706**	**63,018**	**—**	**22,473**	**(64,822)**	**138,375**	**19,719**	**158,094**

The notes on pages 46 to 85 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. General Information

CIG Yangtze Ports PLC is a limited liability company incorporated in the Cayman Islands. The Company's registered office is located at P.O. Box 309, GT Ugland House, South Church Street, George Town, Grand Cayman, the Cayman Islands. The principal place of business of the Company is 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 Company's immediate holding company is Zall Infrastructure Investments Company Limited, a limited liability company incorporated in the British Virgin Islands. The directors consider the ultimate holding company to be Zall Holdings Company Limited, a company incorporated in the British Virgin Islands.

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

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

In the current year, the Group has applied for the first time, all new standards, amendments and interpretation issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011. The adoption of these new standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

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

3.2 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

3. Principal Accounting Policies *(continued)*

3.3 Basis of consolidation *(continued)*

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.

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.

3. Principal Accounting Policies *(continued)*

3.4 Foreign currency translation *(continued)*

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.

3.5 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 equipment	5–20 years, straight line method
Furniture and equipment	1–5 years, straight line method
Motor vehicles	5 years, straight line method
Leasehold improvements	Shorter of unexpired lease term or useful lives

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

The gain or loss arising on retirement or disposal is determined as the difference between the 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 equipment under construction and is stated at cost less any 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

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 PRC for a periods of 50 years. Land use rights are recognised as prepayments for operating leases and amortised on a straight line basis to profit or loss over the lease terms.

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;

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

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

3. Principal Accounting Policies *(continued)*

3.8 Financial assets *(continued)*

Impairment of financial assets *(continued)*

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

If objective evidence exists, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

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

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

3.9 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

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 amount due to a director. 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.

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

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

Accrued expenses, other payables and amount due to a director
Accrued expenses, other payables and amount due to a director 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.

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

3.13 Share capital

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

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

3.14 Revenue recognition

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

Container handling, general and bulk cargo handling, agency and integrated logistics services rendered are recognised when services are rendered.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

3. Principal Accounting Policies *(continued)*

3.15 Government subsidies

Government subsidies are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions. Government subsidies are deferred and recognised in 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.

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

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

3. Principal Accounting Policies *(continued)*

3.17 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 average salary of the local community which set by the local government to the employees.

Short-term employee benefits

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

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

3.18 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2011

3. Principal Accounting Policies *(continued)*

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.

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. Principal Accounting Policies *(continued)*

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.

3.22 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

3. Principal Accounting Policies *(continued)*

3.22 Critical accounting estimates and judgements *(continued)*

(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 reportable operating segment. All the Group's revenue and contribution to profit/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 2011 and 2010 were sourced from external customers located in the PRC. In addition, over 99% (2010: 99%) of the non-current assets of the Group as at the reporting date were physically located in the PRC.

During 2011, there were two (2010: three) customers with whom transactions have exceeded 10% of the Group's revenue. Total revenue from these customers accounted for 14% and 12% (2010: 18%, 13% and 13%) of the Group's revenue for the year. As at the reporting date, total trade receivables due from these customers accounted for 26% (2010: 44%) of such balance.

5. Revenue

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

6. Other Income

	2011 HK$'000	2010 HK$'000
Bank interest income	203	113
Gain on disposal of property, plant and equipment	—	26
Sundry income	515	460
Government subsidies	5,075	11,194
	5,793	11,793

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

7. Profit/(Loss) Before Income Tax

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

	2011 HK$'000	2010 HK$'000
Staff costs (including directors' emoluments)		
— Salaries and allowances	20,046	16,081
— Share-based payment transactions	83	233
— Pension contributions	1,284	726
	21,413	17,040
Costs of services rendered	56,251	40,877
Government subsidies	(8,209)	(7,026)
	48,042	33,851
Auditors' remuneration	395	394
Amortisation of prepaid lease payment for land use rights	234	227
Cost of inventories recognised as an expense	13,886	7,691
Depreciation	12,022	11,286
Loss/(Gain) on disposal of property, plant and equipment	318	(26)
Net foreign exchange loss/(gain)	1	(32)
Operating lease rental	1,111	949

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

8. Directors' Remuneration

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

	Number of directors	
	2011	2010
Executive directors	**3**	1
Non-executive directors	**3**	3
Independent non-executive directors	**3**	3
	9	7

Details of directors' emoluments for the year ended 31 December 2011 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
Duan Yan	Executive director	—	27	—	—	27
Liu Qin	Executive director	—	27	—	—	27
Chow Kwong Fai, Edward	Executive director	—	1,750	2	11	1,763
Wong Yuet Leung, Frankie	Non-executive director	—	—	2	—	2
Lee Jor Hung, Dannis	Non-executive director	—	—	2	—	2
Goh Pek Yang, Michael	Non-executive director	—	—	2	—	2
Wong Tin Yau, Kelvin	Independent non-executive director	160	—	2	—	162
Lee Kang Bor, Thomas	Independent non-executive director	160	—	2	—	162
Fan Chun Wah, Andrew	Independent non-executive director	160	—	33	—	193
		480	1,804	45	11	2,340

8. Directors' Remuneration *(continued)*

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

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group as compensation for loss of office during the year (2010: Nil).

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

The value of share options granted to directors is measured according to the Group's accounting policy for share-based compensation set out in note 3.18. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

9. Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include one director (2010: one director) whose emoluments are reflected in the analysis presented in note 8 above. The emoluments payable to the remaining four (2010: four) individuals during the year were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and allowances	1,990	1,721
Share-based payment transactions	12	58
Pension contributions	16	12
	2,018	1,791

The remuneration of each of the non-directors and highest paid employees for the years ended 31 December 2011 and 2010 fell within the band of Nil to HK$1,000,000.

10. Finance Costs

	2011 HK$'000	2010 HK$'000
Interests on bank loans wholly repayable within 5 years	16,169	5,426
Interests on bank loans not wholly repayable within 5 years	—	7,788
Finance charges on obligations under finance lease	—	5
Total borrowing costs	16,169	13,219
Less: Government subsidies	(2,245)	(6,026)
	13,924	7,193

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 exceed 15 years and upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") and a 50% reduction for five years thereafter (the "5-Year 50% Tax Reduction Entitlement"). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, 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 profit/(loss) at applicable tax rates:

	2011 HK$'000	2010 HK$'000
Profit/(Loss) before income tax	**2,989**	(2,099)
Tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the tax jurisdiction concerned	**1,640**	114
Tax effect of non-deductible expenses	**1,537**	737
Tax effect of non-taxable revenue	**(15)**	(22)
Tax effect of tax losses not recognised	**1,289**	910
Tax effect of temporary differences not recognised	**(111)**	(74)
Tax concession	**(4,340)**	(1,665)
Income tax expense	**—**	—

The Group has not recognised deferred tax assets in respect of tax losses of HK$60,651,000 (2010: HK$61,579,000). Under the current tax legislation, tax losses of HK$7,834,000 (2010: HK$16,058,000) can be carried forward for five years from the year when the loss is incurred, while tax losses of HK$52,817,000 (2010: HK$45,521,000) have no expiry date under the current tax legislation. All tax losses are subject to the agreement from the relevant tax bureau.

12. Profit/(Loss) for the Year Attributable to Shareholders of the Company

Of the consolidated profit/(loss) for the year attributable to shareholders of the Company, a loss of HK$2,891,000 (2010: HK$1,536,000) has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

13. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share for the year is based on the profit of HK$923,000 (2010: loss of HK$2,930,000) for the year attributable to shareholders of the Company, and the weighted average number of 1,174,107,483 (2010: 1,170,146,564) ordinary shares in issue during the year.

Diluted earnings/(loss) per share for the year is based on the profit of HK$923,000 (2010: loss of HK$2,930,000) for the year attributable to shareholders of the Company, and the weighted average number ordinary shares in issue during the year after adjusting for the number of dilutive potential ordinary shares arising from the share options granted under the Company's share option scheme.

Reconciliation of weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share:

	2011 **No. of shares**	2010 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**1,174,107,483**	1,170,146,564
Effect of dilutive ordinary shares — share options	**2,507,862**	—
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**1,176,615,345**	1,170,146,564

The computation of diluted loss per share for the year ended 31 December 2010 did not assume the exercise of the Company's share options outstanding during the year ended 31 December 2010 as the effect on their exercise is anti-dilutive.

14. Dividend

The directors do not recommend the payment of a dividend for the year (2010: 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 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
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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

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 2011						
Opening net book amount	244,923	38,155	899	983	107	285,067
Additions	5,181	4,728	832	288	—	11,029
Transferred from construction in progress	14,869	43	—	_	_	14,912
Disposal	(29)	(333)	(38)	(13)	—	(413)
Depreciation	(7,787)	(3,425)	(324)	(486)	—	(12,022)
Exchange differences on consolidation	8,428	1,350	31	27	4	9,840
Closing net book amount	265,585	40,518	1,400	799	111	308,413
At 31 December 2011						
Cost	302,474	64,846	4,452	3,810	201	375,783
Accumulated depreciation	(36,889)	(24,328)	(3,052)	(3,011)	(90)	(67,370)
Closing net book amount	265,585	40,518	1,400	799	111	308,413

Property, plant and equipment with net book amount of HK$261,604,000 (2010: HK$261,570,000) were pledged to secure a bank loan granted to WIT.

16. Land Use Rights

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

	2011 **HK$'000**	2010 HK$'000
Opening net carrying amount	**8,588**	8,538
Amortisation	**(234)**	(227)
Exchange differences on consolidation	**314**	277
Closing net carrying amount	**8,668**	8,588
At reporting date		
Cost	**10,425**	10,057
Accumulated amortisation	**(1,757)**	(1,469)
Closing net carrying amount	**8,668**	8,588

Land use rights with net carrying amount of HK$8,668,000 (2010: HK$8,588,000) 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

	2011 **HK$'000**	2010 HK$'000
At cost		
At beginning of the year	**14,125**	6,926
Additions	**19,762**	8,355
Transferred to property, plant and equipment	**(14,912)**	(1,381)
Exchange differences on consolidation	**515**	225
At end of the year	**19,490**	14,125

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

18. Inventories

	2011 HK$'000	2010 HK$'000
Consumables, at cost	2,233	1,062

19. Trade Receivables

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

	2011 HK$'000	2010 HK$'000
0–30 days	11,791	5,114
31–60 days	7,050	4,684
61–90 days	6,691	3,481
Over 90 days	9,091	1,561
	34,623	14,840

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 2011 and 2010.

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:

	2011 HK$'000	2010 HK$'000
1 to 90 days past due	8,740	1,446
Over 90 days past due	416	95
	9,156	1,541

As at 31 December 2011, trade receivables of HK$25,467,000 (2010: HK$13,299,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

19. Trade Receivables *(continued)*

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 comprised of bank balances and cash of HK$23,384,000 (2010: HK$49,648,000). Bank balances earn interest at floating rates based on daily bank deposit rates.

22. Accrued Expenses and Other Payables

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Payables to contractors and equipment suppliers	**1,751**	1,011	**—**	—
Accrued expenses and other payables	**12,228**	10,228	**1,102**	141
	13,979	11,239	**1,102**	141

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

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Within 30 days	**7,045**	5,295	**1,102**	141
31–60 days	**1,066**	2,007	**—**	—
61–90 days	**449**	738	**—**	—
91–180 days	**895**	211	**—**	—
Over 180 days	**4,524**	2,988	**—**	—
	13,979	11,239	**1,102**	141

Included in the over 180 days balance of HK$4,524,000 is an amount of HK$869,000 relating to retentions on the construction of port and related facilities of WIT.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

23. Interest-Bearing Borrowings

	2011 HK$'000	2010 HK$'000
Bank loans		
Unsecured	73,175	70,620
Secured	170,703	164,780
	243,878	235,400
Current portion	(24,388)	—
Non-current portion	219,490	235,400

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

	2011 HK$'000	2010 HK$'000
Amount repayable:		
Within one year	24,388	—
In the second year	73,175	23,540
In the third to fifth year	146,315	70,620
After the fifth year	—	141,240
	243,878	235,400

The unsecured bank loan of HK$73,175,000 (RMB59,980,000) (2010: HK$70,620,000 (RMB60,000,000)), which is granted to WIT, is supported by a corporate guarantee for a maximum sum of HK$80,520,000 (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 34 to the financial statements. All bank loans are denominated in RMB and interest-bearing in the range of 5.6% to 7.05% (2010: 5.6% to 6.14%) per annum.

24. Amount due to a director

The amount due to a director was unsecured, interest free and repayable over one year.

25. Share Capital

	2011 Number of shares	2011 HK$'000	2010 Number of shares	2010 HK$'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**	1,170,146,564	117,015
Share issued upon exercise of share options	**6,909,616**	**691**	—	—
At end of the year	**1,177,056,180**	**117,706**	1,170,146,564	117,015

During the year, 6,909,616 ordinary shares were issued at par as a result of the exercise of share options to subscribe for shares of the Company under the share options schemes of the Company, all these shares rank pari passu with existing shares in all respect.

26. Reserves

The Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 and 1 January 2011	63,018	619	(12,967)	50,670
Share-based payment transactions	—	83	—	83
Cancellation of share options	—	(702)	702	—
Loss for the year	—	—	(2,891)	(2,891)
At 31 December 2011	63,018	—	(15,156)	47,862

26. Reserves *(continued)*

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 2011, in the opinion of the directors, the aggregate amount of reserves available for distribution to shareholders of the Company was HK$47,862,000 (2010: HK$50,051,000).

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.

27. Interest in Subsidiaries

	2011 **HK$'000**	2010 HK$'000
Unlisted shares, at cost	**50,897**	50,897
Due from a subsidiary	**115,751**	116,779
	166,648	167,676

Particulars of the principal subsidiaries at 31 December 2011 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**		**Principal activities**
				Direct	**Indirect**	
CIG Port Holdings Limited	The British Virgin Islands ("BVI")	Limited liability company	12,000 ordinary shares of US$1 each	100%	—	Investment holding
Wuhan Investment Holdings Limited	BVI	Limited liability company	100 ordinary shares of US$1 each	100%	—	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong	Limited liability company	100 ordinary shares of HK$1 each	100%	—	Provision of treasury, general and administrative services to Group companies
Wuhan International Container Transshipment Company Limited*	The PRC	Sino-foreign equity joint-venture enterprise	RMB130,000,000 registered capital	—	85%	Port construction and operations
CIG Wuhan Multipurpose Port Limited*	The PRC	Wholly-owned foreign enterprise	RMB9,607,000 registered capital	—	100%	Port construction and operations
Wuhan Yangluo Logistic Company Limited (Formerly known as Wuhan Yanglou Customs Clearance Company Limited)*	The PRC	Limited liability company	RMB5,000,000 registered capital	—	85%	Provision of customs clearance and logistic services

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

* *For identification only*

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

28. 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:

28.1 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.

28. Share Option Scheme *(continued)*

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

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$0.130 was adjusted to HK$0.064 per share and the remaining number of outstanding options was adjusted from 8,600,000 to 17,477,264 accordingly as stipulated under the terms and conditions of the Share Option Scheme.

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.

28.2 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.

28. Share Option Scheme *(continued)*

28.3 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

(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.

28. Share Option Scheme *(continued)*

The movements in the share options of the Company during the year ended 31 December 2011 were set out as follows:

Eligible participants	Grant date	Exercise price per share	As at 1 January 2011	Granted during the year	Adjustment on rights Issue	Exercised during the year	Lapsed or Cancelled during the year	As at 31 December 2011	Period during which option outstanding as at 31 December 2011 are exercisable
Directors	10 November 2008	HK$0.100	5,487,048	—	—	—	(5,487,048)	—	(a), (b), (c)
	16 November 2009	HK$0.177	914,508	—	—	—	(914,508)	—	(c), (e)
	13 April 2010	HK$0.182	1,628,160	—	—	—	(1,628,160)	—	(c), 28.1
	13 April 2010	HK$0.182	271,360	—	—	—	(271,360)	—	(c), (f)
Employees	10 November 2008	HK$0.100	11,990,216	—	—	(6,909,616)	(5,080,600)	—	(a), (b), (c), (d)
	13 April 2010	HK$0.182	3,557,839	—	—	—	(3,557,839)	—	(c), 28.1
			23,849,131	—	—	(6,909,616)	(16,939,515)	—	

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

28. Share Option Scheme *(continued)*

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	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), (b), (c)
	16 November 2009	HK$0.177	914,508	—	—	—	—	914,508	(c), (e)
	13 April 2010	HK$0.182	—	—	1,628,160	—	—	1,628,160	(c), 28.1
	13 April 2010	HK$0.182	—	271,360	—	—	—	271,360	(c), (f)
Employees	10 November 2008	HK$0.100	11,990,216	—	—	—	—	11,990,216	(a), (b), (c), (d)
	13 April 2010	HK$0.182	—	—	3,557,839	—	—	3,557,839	(c), 28.1
			18,391,772	271,360	5,185,999	—	—	23,849,131	

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

(c) *During the year 3,952,896 share options were lapsed upon the resignation of an employee, in addition 12,986,619 share options were cancelled upon the acceptance of option offer by the option holders in respect of option offer made by the offeror. Weighted average exercise price for share options cancelled and lapsed during the year was HK$0.13 and HK$0.1 respectively (2010: No share options have been lapsed or cancelled during the year).*

(d) *Weighted average exercise price for share options exercised during the year was HK$0.10 (2010: No share options have been exercised during in the year).*

(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.*

28. Share Option Scheme *(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 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.*

(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.*

29. 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.

29.1 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	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans and receivables at amortised cost				
Trade receivables	**34,623**	14,840	**—**	—
Other receivables	**4,199**	2,036	**22**	—
Government subsidy receivables	**8,420**	17,082	**—**	—
Cash and cash equivalents	**23,384**	49,648	**—**	—
Amount due from a subsidiary	**—**	—	**115,751**	116,779
	70,626	83,606	**115,773**	116,779
Financial liabilities at amortised cost				
Accruals and other payables	**13,979**	11,239	**1,102**	141
Bank loan	**243,878**	235,400	**—**	—
Amount due to a director	**2,500**	—	**—**	—
	260,357	246,639	**1,102**	141

29 Financial Risk Management and Fair Value Measurements *(continued)*

29.2 Interest rate risk

The Group's interest rate risk arises from its interest-bearing borrowings subject to adjustments in line with movements in the applicable lending rates of the 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 its interest-bearing borrowings as at 31 December 2011, 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 profit/loss for the year ended 31 December 2011 and accumulated losses as at 31 December 2011 by approximately HK$1,219,000 (2010: HK$1,177,000).

The changes in interests rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowings as at 31 December 2011 and 2010 existed throughout the whole respective financial year.

29.3 Liquidity risk

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

The Company has entered into a guarantee with a bank providing guarantees amounting to HK$80,520,000 (2010: HK$77,682,000) with respect to bank loans granted by the bank to one of the subsidiaries of the Company, of which HK$73,175,000 (2010: HK$70,620,000) 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.

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

29.3 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 2011					
Accrued expenses and other payables	13,979	—	—	—	13,979
Amount due to a director	—	2,500	—	—	2,500
Bank loans	25,628	79,285	194,784	—	299,697
	39,607	81,785	194,784	—	316,176
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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

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

29.4 Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group'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. Currently the Group does not have foreign currency hedging policy but the management continuously monitor foreign exchange exposure and will consider hedging against significant foreign currency should the need arise.

Financial assets and liabilities denominated in Renminbi, translated into Hong Kong dollars at the closing rates, are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Trade receivables	**34,167**	14,225
Other receivables	**3,617**	1,015
Government subsidy receivables	**8,420**	17,082
Cash and cash equivalents	**21,063**	39,974
Accruals and other payables	**(12,322)**	(10,916)
Bank loan	**(243,878)**	(235,400)
Overall net exposure	**(188,933)**	(174,020)

Based on the overall net exposure of HK$188,933,000 (2010: HK$174,020,000) at the reporting date, it is estimated that should Renminbi weakened/strengthened by 5% against the Hong Kong dollar with all other variables being held constant, the Group's reserve as at 31 December 2011 would have been increased/ decreased by approximately HK$9,447,000 (2010: HK$8,701,000)

29.5 Credit risk

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

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

The Group allows a credit period of 60 days to 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.

29.6 Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2011 and 2010.

30. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, 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 2011 and 2010 were as follows:

At 31 December 2011, the Group has a gross gearing ratio of approximately 1.8 times (2010: 1.8 times) and a net gearing ratio of approximately 1.6 times (2010: 1.4 times). The calculation of the gross gearing ratio was based on total bank borrowings over equity attributable to shareholders of the Company as at 31 December 2011 and 2010 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 2011 and 2010 respectively.

	2011 **HK$'000**	2010 HK$'000
Total borrowings	**243,878**	235,400
Cash and cash equivalents	**(23,384)**	(49,648)
	220,494	185,752
Equity attributable to shareholders of the Company	**138,375**	132,666
Gross gearing ratio	**1.8**	1.8
Net gearing ratio	**1.6**	1.4

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2011

31. 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:

	2011 HK$'000	2010 HK$'000
Within one year	1,140	1,269
In the second to fifth year inclusive	966	1,914
	2,106	3,183

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

32. Capital Commitments

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

	2011 HK$'000	2010 HK$'000
Capital contribution to a subsidiary	7,799	—
Construction of port facilities and acquisition of land	2,940	18,017
	10,739	18,017

33. Related Party Transactions

In addition to the tractions/information disclosed elsewhere in the financial statements, during the year, the Group has transactions with related parities as follows:

	2011 **HK$'000**	2010 HK$'000
Compensation to key management personnel		
Salaries, allowances and benefits in kind	**4,910**	3,896
Equity-settled share-based compensation	**40**	90
Post-employment benefits	**39**	86
	4,989	4,072

34. Pledge Of Assets

The Group has pledged port facilities and land use rights owned by WIT with net book amount of approximately HK$261,604,000 (2010: HK$261,570,000) and HK$8,668,000 (2010: HK$8,588,000) respectively to secure bank loans granted to WIT.

35. Contingent Liabilities

At 31 December 2011, the Group did not have any significant contingent liabilities.

36. Post Balance Sheet Events

Subsequent to the reporting date, the Group has successfully procured an addition of 65 mou of land from Wuhan Xinzhou District Bureau of Land and Resources (武漢新洲區國土資源管理局) at a consideration of approximately HK$13,493,000.

37. Approval of Financial Statements

The financial statements for the year ended 31 December 2011 were approved for issue by the Board of directors on 30 March 2012.

Financial Summary

	For the year ended 31 December				
	2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
Revenue	33,521	42,304	54,136	57,291	**98,086**
Cost of services rendered	(18,075)	(19,213)	(27,518)	(33,851)	**(48,042)**
Gross profit	15,446	23,091	26,618	23,440	**50,044**
Other income	2,587	6,429	6,865	11,793	**5,793**
General, administrative and other operating expenses	(17,727)	(19,311)	(20,618)	(18,626)	**(26,668)**
Operating profit/EBITDA	306	10,209	12,865	16,607	**29,169**
Finance costs	(9,417)	(10,845)	(8,455)	(7,193)	**(13,924)**
EBTDA	(9,111)	(636)	4,410	9,414	**15,245**
Depreciation and amortisation	(8,135)	(9,827)	(10,377)	(11,513)	**(12,256)**
(Loss)/Profit for the year	(17,246)	(10,463)	(5,967)	(2,099)	**2,989**
Attributable to:					
Shareholders of the Company	(16,283)	(10,516)	(6,004)	(2,930)	**923**
Non-controlling interests	(963)	53	37	831	**2,066**
	(17,246)	(10,463)	(5,967)	(2,099)	**2,989**

	As at 31 December				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
ASSETS AND LIABILITIES					
Non-current assets	279,276	296,029	299,573	307,780	**336,571**
Current assets	53,405	34,638	61,092	88,555	**81,880**
Current liabilities	(120,777)	(37,294)	(8,746)	(11,239)	**(38,367)**
Net current assets/(liabilities)	(67,372)	(2,656)	52,346	77,316	**43,513**
Non-current liabilities	(85,694)	(171,028)	(204,060)	(235,400)	**(221,990)**
Total equity	126,210	122,345	147,859	149,696	**158,094**

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 2011, 31 December 2010, 31 December 2009, 31 December 2008 and 31 December 2007 and its assets and liabilities as at 31 December 2011, 31 December 2010, 31 December 2009, 31 December 2008 and 31 December 2007 are set out in the respective year's annual reports.