



中國基建港口有限公司*

CIG Yangtze Ports PLC

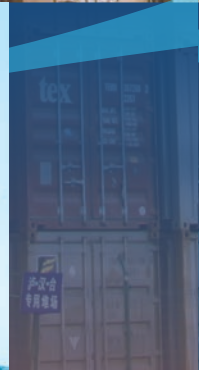
(incorporated in the Cayman Islands with limited liability Stock Code: 8233)

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

Annual Report 2013



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

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

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*This report, for which the directors (the “**Directors**”) of CIG Yangtze Ports PLC (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this report misleading.*

Corporate information

Directors

Chairman and non-executive Director:

Mr. Yan Zhi

Executive Directors:

Ms. Liu Qin

Mr. Duan Yan

Mr. Xie Bing Mu (appointed on 7 March 2014)

Non-executive Director:

Mr. Fang Yibing

Independent non-executive Directors:

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA*

Dr. Wong Tin Yau, Kelvin, *JP, FHKIoD*

Mr. Fan Chun Wah, Andrew

Audit committee members

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (Chairman)*

Dr. Wong Tin Yau, Kelvin, *JP, 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, *JP, FHKIoD*

Mr. Fan Chun Wah, Andrew

Mr. Fang Yibing

Nomination committee members

Dr. Wong Tin Yau, Kelvin, *JP, FHKIoD (Chairman)*

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA*

Mr. Fan Chun Wah, Andrew

Mr. Fang Yibing

Authorised representatives

Mr. Xie Bing Mu (appointed on 7 March 2014)

Ms. Lai Pik Chi, Peggy

Company secretary

Ms. Lai Pik Chi, Peggy

Auditors

Grant Thornton Hong Kong Limited

Certified Public Accountants

Legal advisers

Sidley Austin

Maples and Calder

Company website

www.cigyangtzeports.com

Stock code

8233

Principal bankers

Bank of Communications

Hubei Province, Wuhan

Jiangan Branch, PRC

Minsheng Bank

Wuhan Qiaokou Branch, PRC

China Merchants Bank

Wuhan Branch, PRC

Bank of Hankou

Yangluo Branch, PRC

CHINA CITIC Bank International Limited

Hong Kong

Head office

Suite 1606, 16/F., Two Exchange Square

8 Connaught Place

Central, Hong Kong

Principal share registrar and transfer office

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road

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

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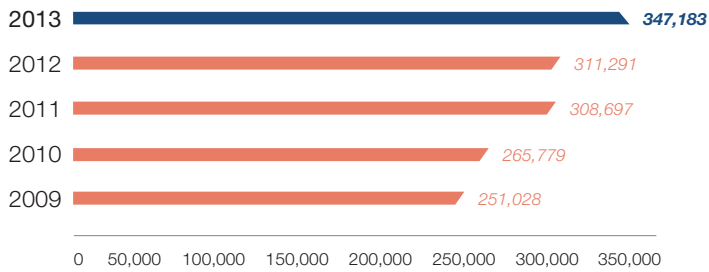
Financial highlights

Review highlights

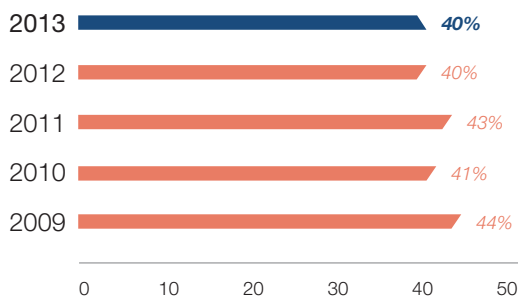
	Year ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Revenue	151,007	115,626
Cost of services rendered	(83,326)	(56,301)
Gross profit	67,681	59,325
Other income	4,633	1,743
General, administrative and other operating expenses	(29,858)	(26,119)
Operating profit/EBITDA	42,456	34,949
Finance costs	(18,846)	(15,719)
EBTDA	23,610	19,230
Depreciation and amortisation	(16,084)	(14,823)
Profit before income tax	7,526	4,407
Income tax expense	(32)	(161)
Profit for the year	7,494	4,246
Non-controlling interests	(2,756)	(2,135)
Profit attributable to owners of the Company	4,738	2,111



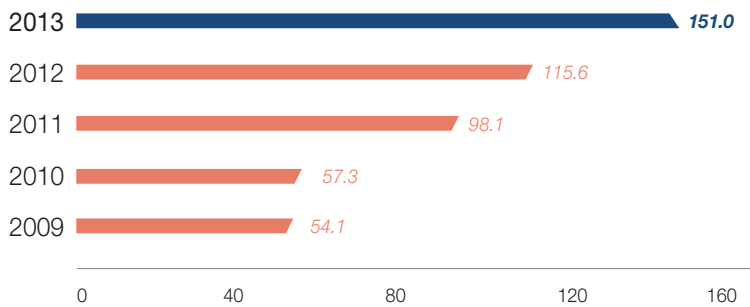
Financial highlights



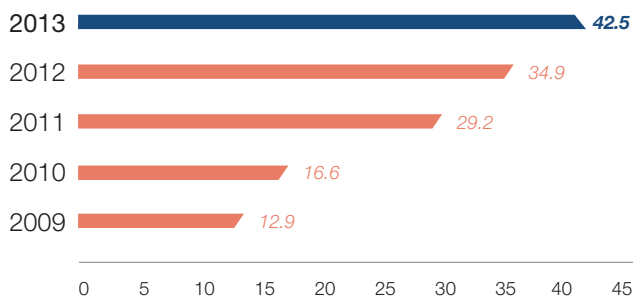
Throughput of container (TEU)



Market share (%)



Revenue (HK\$ million)



EBITDA (HK\$ million)



On behalf of the board (the “Board”) of Directors of the Company, I am pleased to present to our Shareholders the Company’s annual results for the year ended 31 December 2013.



Chairman's statement

Review of operations and results

2013 was a year of opportunities and challenges for the Company and its subsidiaries (collectively, the "Group"). With a rapid growth in ports throughput, the Group hit a record high for the ports throughput last year. The year saw the Group achieving another record high container throughput of 347,183 TEU, a 11.5% increase over the 311,291 TEU handled in 2012, capturing 40% of the market share in Wuhan. The container throughput is reaching our maximum capacity, whereas we focus on the gateway cargoes to increase our turnover and profit margin. This achievement is particularly pleasing. There is also growth in revenue in the integrated logistic business though it operated in loss in current year. The business is under development stage and we are working on the development of new customers to further expand the integrated logistic business so as to make the business become profitable in the future.

During the year under review, China economy continued to expand with a 7.7% increase in GDP as compared to 7.8% in 2012. However, the overall global economy development was shadowed with uncertainty as the debt crisis across European nations continued to evolve, fiscal and political issues in the US stayed unresolved, and the growth in emerging economics, which had been a driver for global economic recovery, had moderated. The Group grasped the opportunities emerged from China's growth and successfully met the challenges brought by the unstable elements worldwide.

The Group conducts its business mainly through WIT Ports in Wuhan, a very important transportation hub, and the biggest city in central China. In 2013, it increased four direct shipment from Chongqing to Shanghai each week in order to meet the increasing demand of customers. The WIP Port ranked top one along the Yangtze River since the third quarter this year. With the solid industry foundation and central role in transportation, Wuhan enjoyed a stable economic performance in 2013 with GDP growth of 10.0% (2012: 11.9%), which offered enormous business opportunities for the Group.

Chairman's statement

The results for the year under review was encouraging which demonstrated our effort invested in the past years had paid off. For the year ended 31 December 2013, revenue of the Group grew by HK\$35.38 million, or 30.6%, to HK\$151.01 million (2012: HK\$115.63 million). EBITDA helped by the HK\$4.63 million of other income generated reached HK\$42.46 million, representing an increase of 21.5% (2012: HK\$34.95 million). Profit attributable to shareholders rose 124.4% to HK\$4.74 million (2012: HK\$2.11 million).

Our terminal and related business saw an encouraging growth in 2013 with much of the increase in throughput reflected in the 16.6% increase in the handling of gateway cargo throughput which attracted higher tariff per TEU increased by 16.6% and trans-shipment cargo throughput rose by 4.8%. Being the first port to provide trans-shipment cargo service, WIT operates with advanced business model and process. We firmly believe that our terminal and related business will continue to stand out in the year of 2014.

As for the integrated logistics sector, the sector recorded a loss in the year of 2013 which prompted the Group to adjust its development strategy to focus on the opening up new businesses, such strategy saw the Group successfully developed the new agency service for Wuhan Zhongdong Phosphate Technology and the establishment of new logistic routes to rural areas.

Future outlooks

We remain cautiously optimistic about the ports business in China and the China economy as a whole. China played a significant role in the global economic recovery throughout the recent years. While the majority of the economies in the world remained uncertain, China economy is expected to manage to maintain an annual growth rate of 7%–8%.

Driven by the development of China economy, the domestic demand keeps growing, which brought ample space for the growth of ports business. Located in the central place in the trading network in China, WIT strives to take advantage of this and gears itself up to developing the level of its business to make full use of the new capacity of throughput for 360,000 TEUs which shall be completed in 2014.

In June 2013, the Sichuan-Wuhan-Taiwan shipping route project was brought into discussion. The new shipping route is expected to start operation in the near future. By then, shipping time for cargoes from Sichuan to Taiwan, will be greatly shortened from the present 10 days to 5 days. The Group is working on the development of service plans in accordance with this new route and will grasp the opportunities which are expected to come along with the new route once its service commences. The Group will increase its effort to build up relationship with the shipping companies in order to increase our container business.

Chairman's statement

Another year of diligence and intelligence has past, the Group will learn from the experience gained in 2013 and grasp the opportunities awaiting in 2014. We firmly believe that barring unforeseen circumstance, affecting the world economy and/or China's domestic and export demands with the continuing effort from the Board, the management team and of our staff, the Group is well positioned to repeat its success in 2013 into the 2014.

Acknowledgement

Finally, I would like to extend my sincere 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.

Yan Zhi

Chairman

Wuhan, the PRC, 24 March 2014



Management discussion and analysis

Below is a more detailed description of the Group's revenue segments:

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 cargoes to and from Wuhan and surrounding areas along the Yangtze River corridor, including the upstream areas of Chongqing and neighboring provinces.

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

Due to the inherent water-depth limitations along the upstream regions of the Yangtze River, it precludes bigger ships from navigating directly between those areas and Shanghai. The trans-shipment services provided by WIT offers a more economical alternative to ship container cargoes using bigger ships carrying more containers to and from Shanghai and overseas. Surrounding areas which are serviced by WIT include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. Strategic initiatives by the government for shipping companies and WIT promote direct shipment to Yangshan Port in Shanghai (江海直達) have further strengthened the position of WIT Port as a trans-shipment port at the mid-stream of the Yangtze River.

Management discussion and analysis

With the development and growth of the container business on track, the Group has also developed port related services including integrated logistics businesses to expand its revenue sources, including bonded warehousing, customs clearance, break bulk and distribution.

Container throughput

Total throughput achieved by WIT for 2013 was 347,183 TEUs, an increase of 35,892 TEUs or 11.5% over that of 311,291 TEUs for 2012. Of the 347,183 TEUs handled in 2013, 207,372 TEUs (2012: 177,878 TEUs) or 60% (2012: 57%) and 139,811 TEUs (2012: 133,413 TEUs) or 40% (2012: 43%) were attributed to gateway cargoes and trans-shipment cargoes respectively.

Average tariff

The average tariff for gateway cargoes for the year was RMB236 (HK\$303) per TEU (2012: RMB215 (HK\$275) per TEU), an increase of 10.2% year on year. And the average tariff for trans-shipment cargoes was RMB47 (HK\$60) per TEU (2012: RMB58 (HK\$75) per TEU) which saw a decrease of 20% from that of 2012.



Integrated logistics

Revenue generated from these sources increased to HK\$62.21 million (2012: HK\$32.05 million) which accounted for 41.2% (2012: 27.7%) of the Group's total revenue. The integrated logistics businesses included income from freight forwarding, customs clearance, transportation of containers, and the provision of bonded and general warehousing, stacking yard storage and repackaging. The loss during the year 2013 was attributable to the change of management team and now has brought to the normal track.

Management discussion and analysis



General cargo

Throughput of general cargo for 2013 was 49,895 tons (2012: 50,066 tons), representing an decrease of 0.3% over 2012. The contribution of general cargo was minimal and accounted for less than 1% of the revenue for the year under review.

Developing new port & logistics facilities

Being a port 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.

New multipurpose port & logistics facilities

The multipurpose port project, which is under construction, covers a land of 65 mou adjacent to the existing berths of the WIT Ports. The constructing port will provide heavy and bulky cargo handling services and the Group expects the port construction work to be completed by the end of year 2014 and there will be one berth with a maximum capacity of 200,000 TEU per year. We expected we need to invest RMB110 million on the construction in the coming year before the port put into operation. The source of fund will be from the banking facilities.

Operating results

Revenue

	2013		2012		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Terminal service	71,101	47	61,967	54	9,134	15
Container handling, storage & other service	17,051	12	20,848	18	(3,797)	(18)
Integrated logistics service	62,212	41	32,047	28	30,165	94
General and bulk cargo handling service	643	—	764	—	(121)	(16)
	151,007	100	115,626	100	35,381	31

Management discussion and analysis

For 2013, the Group's revenue amounted to HK\$151.01 million (2012: HK\$115.63 million), representing an increase of 30.6% as compared to 2012. The significant increase in revenue was mainly attributable to the increase in throughput of the higher tariff price gateway cargoes and provision of logistic service to a new customer. Gateway cargoes throughput increased to 207,372 TEUs (2012: 177,878 TEUs). Trans-shipment cargoes throughput slightly increased by 4.8% to 139,811 TEUs (2012: 133,413 TEUs) which was affected by the emergence of the competitor since the second quarter of last year and the average tariff price was dropped by 20% during the year. During the second quarter, the Group secured a new logistics customer which contributed 22.1% to our total revenue of the Group.

Container volume and throughput

	2013		2012		Increase	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	207,372	60	177,878	57	29,494	17
Trans-shipment cargoes	139,811	40	133,413	43	6,398	5
	347,183	100	311,291	100	35,892	12

The volume of throughput achieved for 2013 was 347,183 TEUs (2012: 311,291 TEUs), representing an increase of 11.5% as compared to that of 2012. In terms of market share, during the year 2013, the WIT Port's market share remained the same as 40% against an aggregate of 860,412 TEUs (2012: 771,660 TEUs) handled in 2013 for the whole of Wuhan.

Gross profit and gross profit margin

Gross profit for 2013 was HK\$67.68 million (2012: HK\$59.33 million), representing an increase of 14.1%. Gross profit margin for 2013 was 44.8% (2012: 51.3%), the decrease was mainly due to reducing price level on logistics service business and trans-shipment cargoes to attract new business.

Profit attributable to shareholders for the year

Profit attributable to shareholders for 2013 amounted to HK\$4.74 million (2012: HK\$2.11 million), representing an increase of 124.4%. This was mainly attributable to the increase in gross profit contributions resulting from the increase in TEUs of gateway cargos and increase in average selling price and increase in other income while partially offset by the increase in general, administrative and other operating expenses, finance costs and operating losses in integrated logistics business.

Earnings per share was HK 0.40 cents (2012: HK 0.18 cents), representing a substantial increase compared with 2012.

Management discussion and analysis

Employee information

Number of employees

Principal operating business of the Group is in Wuhan where most of the Group's employees are based while the Group finance function is carried out in the corporate office in Hong Kong. A breakdown of the number of employees of the Group by function and by geographical location as at 31 December 2013 and 2012 is shown below:

	As at 31 December 2013			As at 31 December 2012		
	Hong Kong	Wuhan	Total	Hong Kong	Wuhan	Total
Operation	—	150	150	—	156	156
Project planning and management	—	11	11	—	8	8
Corporate and business development	—	35	35	—	30	30
Finance	2	16	18	2	12	14
Engineering	—	34	34	—	32	32
Administration and personnel	—	34	34	2	23	25
	2	280	282	4	261	265

Remuneration of employees and policies

The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors' service contracts, the reviewing of Directors' and senior management's emoluments and the awarding of discretionary bonuses and share options of the Company to the remuneration committee of the Company (the "**Remuneration Committee**").

Total remuneration together with pension contributions incurred for the year ended 31 December 2013 amounted to HK\$29.94 million (2012: HK\$23.65 million). The Directors received remuneration of HK\$0.96 million (2012: HK\$0.96 million) during the year ended 31 December 2013.

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 2013, the Group recorded a net cash used in operating activities of HK\$16.38 million (2012: a net cash inflow of HK\$21.85 million).

At 31 December 2013, the Group had total outstanding bank borrowings of HK\$306.67 million (2012: HK\$248.42 million) provided by a PRC bank. The Group also had total cash and cash equivalents of HK\$46.25 million as at 31 December 2013 (2012: HK\$33.46 million) and consolidated net assets of HK\$177.78 million (2012: HK\$165.11 million).

At 31 December 2013, the Group's net gearing ratio was approximately 1.7 times (2012: 1.5 times). The calculation of the net gearing ratio was based on the total interest-bearing borrowings net of cash and cash equivalents over equity attributable to owners of the Company.

Management discussion and analysis

Exchange rate risk

The Group operates in PRC and its principal activities are mainly transacted in Renminbi. Therefore, the Directors consider the Group has no significant foreign currency risk.

Significant investments

Save as disclosed in this report, the Group did not hold any significant investment as at 31 December 2013.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed in this report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the year ended 31 December 2013.

Capital commitments

At 31 December 2013, the Group did not have capital commitments in respect of capital contribution to a subsidiary (2012: HK\$7.95 million) and the Group had capital commitments in respect of the construction of port facilities contracted for but not provided for amounting to approximately HK\$9.71 million (2012: HK\$5.69 million).

Contingent liabilities

In November 2013, a vessel operated by the shipping agent appointed by the subsidiary of the Company for the delivery of the goods with the value of RMB13.80 million from a customer collided with another vessel. The goods were damaged in this collision of vessels. The subsidiary of the Company then involved in a lawsuit in respect of the claim made by the customer for the damaged goods. Another claim was made by the subsidiary of the Company against the shipping agent for the failure of the delivery and the damaged goods. The goods were insured by the subsidiary of the Company with the amount of RMB12.30 million. The liabilities of the vessel collision were still subject to the judgement of the Court of Marine in Hong Kong the date of hearing of which has not been confirmed.

While the final outcome of this litigation cannot be predicted, having reviewed the insurance coverage and taken the legal advice, the directors and the management of the Company are of the view it is not probable that the material loss will be suffered by the Group. Therefore, no provision has been made for the claim.

Pledge of assets

The Group has pledged port facilities and land use rights with net book amount of HK\$256.25 million (2012: HK\$258.12 million) and HK\$8.61 million (2012: HK\$8.59 million), respectively to secure bank borrowings granted to a subsidiary.

At 31 December 2013, the Group has pledged bill receivables with net book amount of HK\$7.43 million (2012: Nil) to secure the bank guarantee granted to a customer.

Future plans for material investments or capital assets

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

Directors and senior management

Directors

The board of directors of the Company comprises three 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 41, was appointed as a non-executive Director and the Chairman of the Company in November 2011. Mr. Yan has extensive experience in logistics, project planning, business and operation management. He has approximately 9 years of experience in the commercial property and wholesale shopping mall industries, as well as, approximately 18 years of experience in the advertising and media industry and business management. Mr. Yan received a master's degree in business administration for senior executives from Wuhan University (武漢大學) in February 2008 and is currently studying for his executive master of business administrative degree at Cheung Kong Graduate School of Management (長江商學院). Mr. Yan is the chairman and executive director of Zall Development Group Ltd, a company listed on the Main Board of the Stock Exchange.

Executive Directors

Ms. Liu Qin (劉琴), aged 45, was appointed as an executive Director in November 2011. Ms. Liu is an assistant to the chairman of Zall Development Group Ltd. (stock code: 2098), a company listed on the Main Board of the Stock Exchange. Ms. Liu graduated from Wuhan Radio and TV University (武漢市廣播電視大學) with a diploma in economic management. Ms. Liu is currently studying for an executive master of business administration degree at Tsinghua University (清華大學). Ms. Liu has extensive experience in human resources and administration management.

Mr. Duan Yan (段岩), aged 34, was appointed as an executive Director, the chief executive officer and an authorised representative of the Company in November 2011. Mr. Duan resigned as chief executive officer and an authorised representative of the Company on 7 March 2014. 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. Xie Bing Mu (謝炳木), aged 51, was appointed as an executive Director, chief executive officer and an authorised representative on 7 March 2014. He has been the manager of WIT since November 2003 and a director of WIT since January 2004. He completed the professional studies in business administration at Fujian Broadcasting University (福建廣播電視大學) in 1986 and completed a postgraduate course conducted by Xiamen University in 2001. He is an accountant in the PRC. Mr. Xie have over 30 years' experience in port and container terminal business in 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 for the years between 1997 and 2001.

Non-executive Director

Mr. Fang Yibing (方一兵), aged 59, was appointed as a non-executive Director and a member of the audit committee (the "Audit Committee") and the Remuneration Committee of the Company in November 2011 and he is a member of the nomination committee of the Company (the "Nomination Committee") since March 2012. Mr. Fang is a solicitor admitted in the PRC. He received a bachelor degree in Law from Hubei Huanggang Radio & TV University (湖北黃岡廣播電視大學), the PRC and holds an executive master of business administration degree from Wuhan University.

Directors and senior management

Independent non-executive Directors

Mr. Lee Kang Bor, Thomas (李鏡波), aged 60, took office as an independent non-executive Director in September 2005. He has been a member and the chairman of the Audit Committee and the Remuneration Committee since September 2005 and is a member of the Nomination Committee of the Group since March 2012. 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 President of Asia Oceania Tax Consultants' Association. Mr. Lee is the chairman of Thomas Lee & Partners Limited, Certified Tax Advisers. Mr. Lee is an independent non-executive director of Sparkle Roll Group Limited (stock code 0970), the shares are listed on the Stock Exchange.

Dr. Wong Tin Yau, Kelvin (黃天祐) JP, aged 53, took office as an independent non-executive Director in September 2005. He has been a member of the Audit Committee and the Remuneration Committee since September 2005 and a member and the Chairman of the Nomination Committee of the Group since March 2012. 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 (stock code: 1199), a company listed on The Stock Exchange of Hong Kong Limited. Dr. Wong is the chairman of The Hong Kong Institute of Directors, a non-executive director of the Securities and Future Commission, a former member of the Main Board and GEM Listing Committee of The Stock Exchange of Hong Kong Limited from 2007 to 2013, a convenor-cum-member of the Financial Reporting Review Panel, a member of the Standing Committee on Company Law Reform, a member of the Corruption Prevention Advisory Committee of Independent Commission Against Corruption, a member of the Appeal Board Panel (Town Planning), a board director of the Hong Kong Sports Institute Limited, a council member of The Hong Kong Management Association, a member of OECD/World Bank Asian Corporate Governance Roundtable and a council advisor and past chairman of the Hong Kong Chinese Orchestra Limited. Dr. Wong 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 Zheng Tong Auto Services Holdings Limited (stock code: 1728), I.T. Limited (stock code: 0999) and Xinjiang Goldwind Science & Technology Co., Ltd. (stock code: 2208). He was also an independent non-executive director and chairman of the audit committee of China Metal International Holdings Inc. (stock code: 0319) from 2004 to 2013. All the aforementioned companies are listed on The Stock Exchange of Hong Kong Limited.

Mr. Fan Chun Wah, Andrew (范駿華), aged 35, was appointed as an independent non-executive Director and member of the Audit Committee and Remuneration Committee on February 2009. He is a member of Nomination Committee of the Group since March 2012. He is a practicing certified public accountant in Hong Kong with over 8 years of experience. He holds a Bachelor degree of Business Administration (Accounting and Finance) from the University of Hong Kong and a Bachelor degree in Laws from the University of London. Mr. Fan is a practicing certified public accountant under the name of C. W. Fan & Co. Limited 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. He is a council member of The Society of Chinese Accountants & Auditors. He is also a committee member of the Tenth and Eleventh Chinese People's Political Consultative Conference of Zhejiang Province, a committee member of the Fourth and Fifth Chinese People's Political Consultative Conference of Shenzhen, a vice chairman of the Zhejiang Province United Young Association and a vice chairman of the Hong Kong United Youth Association. Mr. Fan is an independent non-executive director of Milan Station Holdings Limited (stock code: 1150), Chung's China Investments Limited (stock code: 0298), and LT Holdings Limited (stock code: 0112), all of them are the companies listed on the Main Board of the Stock Exchange.

Directors and senior management

Senior management

Head office

Ms. Lai Pik Chi, Peggy (黎碧芝), was appointed as the chief financial officer, the company secretary and authorised representative of the Group on 19 April 2012. Ms. Lai obtained a master of business administration degree from University of Manchester. Ms. Lai has over 20 years' experience in auditing, accounting, financial management and corporate finance spanning a diverse range of business. Ms. Lai is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Wuhan

Mr. Liu Shou Liang (劉守樑), has been 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. 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 master of business administration degree from the Zhongnan University of Economics and Law (中南財經政法大學) in the PRC and is an 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.

Yu Chang Fei (余昌飛), is an assistant general manager of WIT since February 2011 and is in charge of engineering, operation, information technology and documentation centre. He graduated from Wuhan University and holds a master degree in engineering. Mr. Yu joined the Group in July 2005 and has 10 years' experience in engineering management in PRC.

Han Qin (韓秦), is administration officer of WIT and is in charge of administration and information technology department. She graduated from the Ukrainian National P.I. Tchaikovsky Academy of Music and holds master degree of Arts Management. Ms. Han joined the Group since November 2012.

Corporate governance report

Introduction

The Board and the management team of the Company are committed to maintaining 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 has, throughout the financial year ended 31 December 2013, has complied with the code provisions (the “**CG Code Provisions**”) set out in Appendix 15 of Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) of the GEM Listing Rules.

The Board of Directors

The Board, which currently comprises eight Directors, is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, preparing and 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; three executive Directors, namely Ms. Liu Qin, Mr. Duan Yan and Mr. Xie Bing Mu 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-eighths of the Board. Independent non-executive Directors currently represent three-eighths of the Board.

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.

Chairman and chief executive officer

In order to have a clear division between the management of the Board and the day-to-day management of the business operation of the Group, the role of the chairman is separate from that of the chief executive officer. The chairman, Mr. Yan Zhi, focuses on overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board. The chief executive officer, Mr. Xie Bing Mu, is responsible for all day-to-day corporate management matters as well as assisting the Chairman in planning and developing the Group’s strategies. Such division of responsibilities helps to reinforce their independence and to ensure a balance of power and authority.

Corporate governance report

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 13 May 2013 until the Company's annual general meeting in 2014. 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.

Remuneration committee

The Remuneration Committee comprises of four Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin, Mr. Fan Chun Wah, Andrew, Mr. Fang Yibing.

The terms of reference of the Remuneration Committee have been determined with reference to the CG Code. Under the terms of reference of the Remuneration Committee, the responsibilities of the Remuneration Committee include, inter alia, assisting the Company in the administration of a formal and transparent procedure for developing remuneration policies, making recommendations to the Board on the remuneration packages of individual executive directors and senior management, and ensuring that no director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2013, the work performed by the Remuneration Committee includes, inter alia, the review of Group's remuneration policy for its executive directors and senior management and their levels of remuneration.

Audit committee

The Audit Committee comprises of four Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin, Mr. Fan Chun Wah, Andrew and Mr. Fang Yibing.

Under its terms of reference, the Audit Committee is required, among other things, to oversee the relationship with the independent auditor, to review the Group's first-quarterly, interim, third-quarterly and 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 qualified functions. The Audit 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 2013, 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.

Nomination committee

The Nomination Committee comprises of four directors, namely Dr. Wong Tin Yau, Kelvin (Chairman), Mr. Lee Kang Bor, Thomas, Mr. Fan Chun Wah, Andrew and Mr. Fang Yibing.

Corporate governance report

The terms of reference of the Nomination Committee have been determined with reference to the CG Code. Under its terms of reference, the Nomination Committee is responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board. No new director was nominated for appointment during the year ended 31 December 2013.

Attendance records at meetings

The attendance records of each Director at the various meetings of the Company during the year ended 31 December 2013 are set out as below:

	Annual general meeting	Attended/Eligible to attend			
		Board meetings	Remuneration committee meetings	Audit committee meetings	Nomination committee meetings
Number of meetings	1	5	1	4	0
Chairman and Non-executive Director					
Mr. Yan Zhi	1/1	5/5	N/A	N/A	N/A
Executive Directors					
Ms. Liu Qin	0/1	5/5	N/A	N/A	N/A
Mr. Duan Yan	0/1	5/5	N/A	N/A	N/A
Non-executive Director					
Mr. Fang Yibing	0/1	5/5	1/1	3/4	N/A
Independent Non-executive Directors					
Mr. Lee Kang Bor, Thomas	1/1	5/5	1/1	4/4	N/A
Dr. Wong Tin Yau, Kelvin	1/1	5/5	1/1	4/4	N/A
Mr. Fan Chun Wah, Andrew	1/1	5/5	1/1	3/4	N/A

Directors' securities transactions

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code of conduct regarding for securities transactions the Directors (the "Code of Conduct").

The Company has made specific enquiry to all Directors, and the Directors have confirmed compliance with the Code of Conduct during the year ended 31 December 2013.

Specific employees who are likely to be in possession of unpublished inside information of the Group are also subject to the same Code of Conduct. No incident of non-compliance was noted by the Company for the year ended 31 December 2013.

Corporate governance report

Nomination of Directors

For the purpose of nomination of directors, the task of nomination of Directors has vested with the Board. 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.

Continuous professional development

All Directors have been given relevant guideline materials regarding duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials would also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstance, at the Company's expenses.

The Directors confirmed that they have completed with the Code Provision A6.5 of the CG Code and Report on Directors' training. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge during the year under review.

Name of Directors	Training received
Yan Zhi	Reading materials
Liu Qin	Reading materials
Duan Yan	Reading materials
Fang Yibing	Reading materials
Lee Kang Bor, Thomas	Reading materials/attending training course
Wong Tin Yau, Kelvin	Reading materials/attending training course
Fan Chun Wah, Andrew	Reading materials/attending training course

Auditors' remuneration

Remuneration in respect of audit and other services provided by the Auditors to the Group for the year ended 31 December 2013 was HK\$474,000 and HK\$75,000, respectively.

Company secretary

The Company does not engage an external service provider as its company secretary.

Corporate governance report

Internal control

The Board is responsible for maintaining sound and effective systems of internal control to safeguard the Group's assets and shareholders' interests, as well as reviewing the effectiveness of such systems. The internal control system of the Group is designed for the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure maintenance of proper books and record for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The management and various departments conduct periodic self-assessment of the effectiveness of the internal control policies and procedures. Besides, the Board reviews at least annually the overall effectiveness of the Group's internal control system.

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 internal control system.

Shareholders value

The Board and senior management recognise their responsibility to represent the interests of all shareholders and to enhance 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.

Constitutional documents

The Board is not aware of any change in the Company's constitutional documents. An updated version of the Company's memorandum and articles of association is available on both the websites of the Stock Exchange and the Company.

Shareholder's rights and relations

Investor relations

The Company believes that shareholders' rights should be well respected and protected. The Company endeavours 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.

Corporate governance report

Communication with Shareholders of the Company

The Board and senior management recognise the responsibility of safeguarding the interest of Shareholders and provide highly transparent and real-time information on the Company so as to keep the Shareholders and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with Shareholders can facilitate their understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of Shareholders. In order to safeguard the interest of the Shareholders, the Company reports its financial and operating performance to shareholders through annual reports and interim reports. Shareholders can also obtain information of the Group in time through annual reports, quarterly reports interim reports, announcements, circulars, press releases and the Company's website at www.cigyangtzeports.com.

The annual general meetings are an appropriate forum for direct communications between the Board and Shareholders. Shareholders can raise questions directly to the Board in respect of the performance and future development of the Group at annual general meetings.

Shareholder's right

Procedures for putting forward proposals at general meeting by Shareholders

In accordance with the requirements under Article 79 of the Articles, extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 116 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The minimum length of the period, during which the notices required under the articles of association of the Company will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing Shareholders' enquiries to the Board

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

Attention:	The company secretary CIG Yangtze Ports PLC
By post:	Suite 1606, 16/F., Two Exchange Square, Central, Hong Kong
Email:	cigyp@cigyangtzeports.com

The company secretary shall forward the Shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the Shareholders.

Report of the board of directors

The Board submits herewith the report of the Board together with the audited consolidated financial statements of the Company for the year ended 31 December 2013.

Principal activities

The principal activities of the Company during the year was investment holding and those of the subsidiaries are set out in note 29 to the financial statements.

Results

The results of the Group for the year ended 31 December 2013 and the state of affairs of the Company and of the Group at that date are set out on pages 35 to 81 of the financial statements.

Dividend, appropriations and reserves

The Directors do not recommend any payment of a dividend for the year ended 31 December 2013.

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 28 to the financial statements.

Major customers and suppliers

During the year under review, services provided to the Group's five largest customers accounted for 56.0% of total revenue of the Group with services provided to the largest customer included therein accounted for 22.1% of total revenue of the Group. Purchases from the Group's five largest suppliers accounted for 51.9% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 19.7% of total purchases of the Group for the year.

During the year ended 31 December 2013, 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

Based on information available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the GEM Listing Rules throughout the year ended 31 December 2013.

Report of the board of directors

Directors' interest in contracts and connected transactions

(i) *Connected transactions*

During the year ended 31 December 2013, the Group has entered into transactions which constituted connected transactions under the GEM listing Rules. Details are set out below:

The Group and Mr. Yan Zhi ("**Mr. Yan**"), a controlling Shareholder, chairman and a non-executive Director of the Company, entered into several loan agreements in relation to granting of loans by Mr. Yan to the Group in the total principal amount of HK\$16,000,000. The loans are unsecured and interest free with repayment terms of over one year. The total outstanding amount outstanding as at 31 December 2013 was HK\$26,700,000.

(ii) *Continuing connected transactions*

On 4 October 2013, the Group entered into a sub-license agreement with Zall Development (HK) Holding Company Limited controlled by Mr. Yan, a controlling Shareholder, chairman and a non-executive Director of the Company, in relation to the sub-lease of the office premises situated at Suite 1606, 16th floor of Two Exchange Square, Central, Hong Kong for the period from 9 October 2013 to 31 May 2016 at a monthly sub-license fee of HK\$34,402. The total amount for the year ended 31 December 2013 was HK\$103,206.

The aforesaid continuing connected transaction has been reviewed by the independent non-executive Directors. The independent non-executive Directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (d) had been determined to be HK\$103,206 which, did not exceed the annual cap of HK\$125,000 for the year ended 31 December 2013.

The Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued a letter containing findings and with paragraph 20.38 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited. Based on the work performed, the Auditors have confirmed that the aforesaid continuing connected transaction (a) have been approved by the Board; (b) have been entered into in accordance with the terms of the relevant agreements governing the transaction; and (c) had been determined to be HK\$103,206 which, did not exceed the annual cap of HK\$125,000 for the year ended 31 December 2013.

Other than disclosed above, no other contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

Report of the board of directors

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.

Property, plant and equipment

Details of movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

Share capital

Details of the movements in share capital of the Company during the year are set out in note 27 to the financial statements.

Directors

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

Chairman and non-executive Director:

Mr. Yan Zhi

Executive Directors:

Ms. Liu Qin

Mr. Duan Yan

Mr. Xie Bing Mu (appointed on 7 March 2014)

Non-executive Director:

Mr. Fang Yibing

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.

Report of the board of directors

Directors' service contracts

Each of the Executive Directors, namely Ms. Liu Qin, and Mr. Duan Yan, and the 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. Mr. Xie Bing Mu has entered into a service agreement with the Company for a term of three years commencing from 7 March 2014. 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 13 May 2013 until the Company's annual general meeting in 2014.

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 17 to 19 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 ended 31 December 2013.

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 9 and 10 to the financial statements.

Report of the board of directors

Directors', chief executives' interests in shares and short positions in the shares of the Company (the "Share(s)")

As at 31 December 2013, 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 XV 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 2013

Name of Director	Capacity	Number of Shares (Note 1)	Approximate percentage of total number of Shares in issue
Yan Zhi	Interest through controlled corporations (Note 2)	882,440,621 (L)	74.97%

Notes:

- The letter "L" denotes a long position.
- The 882,440,621 (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 2013, 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.

Report of the board of directors

Substantial shareholders and other persons

So far as was known to the Directors, as at 31 December 2013, 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	882,440,621 (L)	74.97%
Zall Holdings Company Limited (Note 2)	Interest of controlled corporation	882,440,621 (L)	74.97%

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

The Company's share option scheme adopted on 2 September 2005 was cancelled in the year 2011. There is no option outstanding held by any Directors, employees of the Group or any eligible persons as defined in the scheme as at 31 December 2013.

Competing interests

For the year ended 31 December 2013, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders of the Company as defined in the GEM Listing Rules had any interest in a business which compete with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

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 2013, no advances had been made to any entity which exceeded 8% of the Group's consolidated total assets or market capitalisation of the Company.

Report of the board of directors

Purchase, redemption or sale of listed securities

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2013 are set out in note 25 and 26 to the financial statements.

Five year summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 82 of the annual report.

Code of conduct regarding securities transactions by Directors

The Company adopted a code of conduct regarding securities transactions by directors (the "**Code of Conduct**") on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). The Company has also made specific enquiry to all Directors, who have confirmed that, during the year ended 31 December 2013, they were in compliance with the Code of Conduct and the Required Standard of 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.

Auditors

The financial statements of the Company for the year ended 31 December 2011 was audited by Grant Thornton (formerly known as Grant Thornton Jingdu Tianhua). In 2012, Grant Thornton resigned as auditors of the Company due to the internal corporate reorganisation of their accounting practice and Grant Thornton Hong Kong Limited was appointed as the Company's auditor to fill the causal vacancy on 13 November 2012. The financial statements of the Company for the year ended 31 December 2013 was audited by Grant Thornton Hong Kong Limited. A resolution for re-appointment of Messrs Grant Thornton Hong Kong Limited as auditors of the Company for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Yan Zhi
Chairman

Wuhan, the PRC, 24 March 2014

Independent auditors' report



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 (collectively referred to as the "Group") set out on pages 35 to 81, which comprise the consolidated and company statements of financial position as at 31 December 2013, 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 of consolidated financial statements that give a true and fair view 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 misstatement, whether due to fraud or error.

Auditors' responsibility

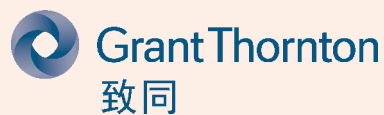
Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 of consolidated financial statements that give a true and fair view 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.

Independent auditors' report



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 2013 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 Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

24 March 2014

Lin Ching Yee Daniel

Practising certificate number: P02771

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Revenue	5	151,007	115,626
Cost of services rendered		(83,326)	(56,301)
Gross profit		67,681	59,325
Other income	7	4,633	1,743
Other operating expenses		(14,462)	(13,478)
General and administrative expenses		(31,480)	(27,464)
Finance costs	11	(18,846)	(15,719)
Profit before income tax	8	7,526	4,407
Income tax expense	12	(32)	(161)
Profit for the year		7,494	4,246
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of foreign operations		5,175	2,774
Other comprehensive income for the year		5,175	2,774
Total comprehensive income for the year		12,669	7,020
Profit for the year attributable to:			
Owners of the Company	13	4,738	2,111
Non-controlling interests		2,756	2,135
		7,494	4,246
Total comprehensive income attributable to:			
Owners of the Company		9,231	4,509
Non-controlling interests		3,438	2,511
		12,669	7,020
Earnings per share for profit attributable to owners of the Company during the year			
— Basic and diluted	14	HK0.40 cents	HK0.18 cents

The notes on pages 41 to 81 are an integral part of these financial statements.

Consolidated statement of financial position

At 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	334,269	309,728
Land use rights	17	26,318	26,132
Construction in progress	18	27,130	19,952
		387,717	355,812
Current assets			
Inventories	19	3,403	2,929
Trade and bills receivables	20	81,509	40,701
Prepayments, deposits and other receivables		7,695	7,056
Government subsidy receivables	21	3,107	2,124
Restricted cash	22	1,429	—
Cash and cash equivalents	23	46,254	33,462
		143,397	86,272
Current liabilities			
Trade and other payables	24	18,702	16,571
Income tax payable		32	—
Bank borrowings	25	41,002	75,785
		59,736	92,356
Net current assets (liabilities)		83,661	(6,084)
Total assets less current liabilities		471,378	349,728
Non-current liabilities			
Bank borrowings	25	265,671	172,631
Other payables	24	1,224	1,283
Amount due to a shareholder	26	26,700	10,700
		293,595	184,614
Net assets		177,783	165,114

Consolidated statement of financial position

At 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
EQUITY			
Share capital	27	117,706	117,706
Reserves		34,409	25,178
Equity attributable to owners of the Company		152,115	142,884
Non-controlling interests		25,668	22,230
Total equity		177,783	165,114

Yan Zhi
Director

Xie Bing Mu
Director

The notes on pages 41 to 81 are an integral part of these financial statements.

Statement of financial position

At 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	29	50,897	50,897
Current assets			
Prepayments, deposits and other receivables		150	—
Amounts due from subsidiaries	29	111,143	113,242
		111,293	113,242
Current liabilities			
Trade and other payables	24	567	514
Net current assets			
		110,726	112,728
Net assets			
		161,623	163,625
EQUITY			
Share capital	27	117,706	117,706
Reserves	28	43,917	45,919
Total equity			
		161,623	163,625

Yan Zhi
Director

Xie Bing Mu
Director

Consolidated statement of cash flows

For the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities			
Profit before income tax		7,526	4,407
Adjustments for:			
Depreciation and amortisation		16,084	14,823
Finance costs		18,846	15,719
Loss on disposal of property, plant and equipment		61	43
Bank interest income		(201)	(82)
Written back of other payables		2,171	—
Operating profit before working capital changes		44,487	34,910
Increase in trade and bills receivables		(39,561)	(5,420)
Increase in prepayments, deposits and other receivables		(436)	(933)
(Increase) Decrease in government subsidy receivables		(918)	6,456
Increase in inventories		(384)	(654)
(Decrease) Increase in trade and other payables		(723)	3,374
Cash generated from operations		2,465	37,733
Interest paid		(18,846)	(15,719)
Income tax paid		—	(161)
<i>Net cash (used in) generated from operating activities</i>		(16,381)	21,853
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,420)	(3,412)
Purchase of land use rights		—	(10,517)
Payment for construction in progress		(18,041)	(6,634)
Proceeds from disposal of property, plant and equipment		—	166
Increase in restricted cash		(1,429)	—
Interest received		201	82
<i>Net cash used in investing activities</i>		(38,689)	(20,315)
Cash flows from financing activities			
Loan from a related company		—	14,918
Repayment of loan from a related company		—	(14,918)
Advance from a shareholder		16,000	8,200
Proceeds from bank borrowings		144,787	24,864
Repayment of bank borrowings		(94,143)	(24,963)
<i>Net cash generated from financing activities</i>		66,644	8,101
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		33,462	23,384
Effect for foreign exchange rate changes		1,218	439
Cash and cash equivalents at 31 December	23	46,254	33,462

The notes on pages 41 to 81 are an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Attributable to owners of the Company				Total HK\$'000	Non- controlling Interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Foreign exchange reserve HK\$'000	Accumulated losses HK\$'000			
Balance at 1 January 2012	117,706	63,018	22,473	(64,822)	138,375	19,719	158,094
Profit for the year	—	—	—	2,111	2,111	2,135	4,246
Other comprehensive income:							
Exchange gain on translation of foreign operations	—	—	2,398	—	2,398	376	2,774
Total comprehensive income for the year	—	—	2,398	2,111	4,509	2,511	7,020
Balance at 31 December 2012 and 1 January 2013	117,706	63,018	24,871	(62,711)	142,884	22,230	165,114
Profit for the year	—	—	—	4,738	4,738	2,756	7,494
Other comprehensive income:							
Exchange gain on translation of foreign operations	—	—	4,493	—	4,493	682	5,175
Total comprehensive income for the year	—	—	4,493	4,738	9,231	3,438	12,669
Balance at 31 December 2013	117,706	63,018	29,364	(57,973)	152,115	25,668	177,783

Notes to the financial statements

For the year ended 31 December 2013

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, Uglan House, South Church Street, George Town, Grand Cayman, the Cayman Islands. The principal place of business of the Company is Suite 1606, 16/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's immediate holding company is Zall Infrastructure Investments Company Limited, a limited liability company incorporated in the British Virgin Islands. The Directors 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 Company Limited ("WIT"), the major operating subsidiary, are port construction and operation.

The financial statements for the year ended 31 December 2013 were approved for issue by the board of directors on 24 March 2014.

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 2013. 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 anticipate that the application of these IFRSs in issue but not yet effective will have no material impact on the results and the financial position of the Group.

3. Summary of significant 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.

A summary of the significant accounting policies adopted by the Group is set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.2 Basis of preparation

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

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 controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in 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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 3.11 depending on the nature of the liability.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.3 Basis of consolidation *(Continued)*

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3.8).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3.16), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

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.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies (Continued)

3.4 Foreign currency translation (Continued)

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all the cumulative translation differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

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 estimated useful lives using the following methods and rates per annum:

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 sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.6 Construction in progress

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

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

3.7 Land use rights

Land use rights represent amounts paid for the acquisition of the rights to use land located in the People's Republic of China ("PRC") for a period 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

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into loans and receivables. 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.

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.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.8 Financial assets *(Continued)*

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.

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.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.9 Inventories

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

3.10 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.

3.11 Financial liabilities

The Group's financial liabilities include trade and other payables, amount due to a shareholder and bank borrowings. They are included in line items in the statements of financial position 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 3.18).

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.

Trade and other payables

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

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant 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 basis:

Terminal service, container handling, storage and other service, integrated logistic service, general and bulk cargo handling service are recognized when services are rendered.

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

Rental income receivable from operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant 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 assets and those not directly attributable to any specific asset or expense 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.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant 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 retirement benefit 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 fixed rate 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 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.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.19 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.

3.20 Related parties

A party is considered to be related to the Group if:

- (a) the party, is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.20 *Related parties (Continued)*

(b) *(Continued)*

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

3.21 *Financial guarantee contracts*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair value, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the reporting date.

3.22 *Other provisions and contingent liabilities*

Provisions are recognised for other liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liability unless the probability of outflow of economic benefit is remote.

Notes to the financial statements

For the year ended 31 December 2013

3. Summary of significant accounting policies *(Continued)*

3.23 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a major of criteria.

4. 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.

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:

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 judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer and debtors. If the financial conditions of these customers or debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance would be required.

Impairment of non-financial assets

Port facilities, terminal equipment and construction in progress are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates on uncertain matters, such as the amount of tariffs which may have changed, the throughput capacity of the WIT Port, etc. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan.

Notes to the financial statements

For the year ended 31 December 2013

5. Revenue

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

6. Segment information

During the year ended 31 December 2013, the Group added a new segment namely, integrated logistic business, with a view to assist the assessment of segment performance by the Group's chief operating decision maker. Therefore the segment information for the year ended 31 December 2012 has been restated.

The Group has presented into two reportable segments — terminal and related business, integrated logistic business. No operating segments have been aggregated to form the following reportable segments.

Terminal & related business: Provision of terminal service, container handling, storage and other service, general and bulk cargo handling service.

Integrated logistic business: Rendering agency and logistic service.

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3 above. Segment profit represents the profit earned by each segment without allocation of corporate income and expenses and directors' emoluments. Segment assets include all tangible assets and current assets with the exception of other corporate assets. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group's reportable segments is set out below.

All revenues for 2013 and 2012 were sourced from external customers located in the PRC. In addition, over 99% (2012: 99%) of the non-current assets of the Group as at the reporting date were physically located in the PRC. No geographic information is presented.

During the year ended 31 December 2013, there were two customers (2012: nil) with whom transactions have exceeded 10% of the Group's revenue. The revenue generated from these two single customers from terminal and related business, and integrated logistics business, amounted to HK\$18,355,000 and HK\$33,435,000.

Notes to the financial statements

For the year ended 31 December 2013

6. Segment information (Continued)

Consolidated income statement

For the year ended 31 December 2013

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Elimination HK\$'000	Unallocated corporate expenses HK\$'000	Total HK\$'000
Revenue from external customers	88,795	62,212	—	—	151,007
Inter-segment revenue	2,648	—	(2,648)	—	—
Reportable segment revenue	91,443	62,212	(2,648)	—	151,007
Segment results	32,100	147	—	—	32,247
Interest income	192	9	—	—	201
Finance costs	(17,439)	(1,407)	—	—	(18,846)
Corporate and other unallocated expenses	—	—	—	(6,076)	(6,076)
Profit (Loss) before income tax	14,853	(1,251)	—	(6,076)	7,526
Income tax expense	—	(32)	—	—	(32)
Profit (Loss) for the year	14,853	(1,283)	—	(6,076)	7,494

Consolidated statement of financial position

At 31 December 2013

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	473,128	56,823	1,163	531,114
Segment liabilities	(306,323)	(19,365)	(27,643)	(353,331)
	166,805	37,458	(26,480)	177,783

Notes to the financial statements

For the year ended 31 December 2013

6. Segment information (Continued)

Other information

For the year ended 31 December 2013

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Capital additions	37,401	129	—	37,530
Depreciation and amortisation	15,407	599	78	16,084

Consolidated income statement

For the year ended 31 December 2012

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Elimination HK\$'000	Unallocated corporate expenses HK\$'000	Total HK\$'000
Revenue from external customers	83,579	32,047	—	—	115,626
Inter-segment revenue	2,976	—	(2,976)	—	—
Reportable segment revenue	86,555	32,047	(2,976)	—	115,626
Segment results	26,900	608	—	—	27,508
Interest income	73	9	—	—	82
Finance costs	(15,719)	—	—	—	(15,719)
Corporate and other unallocated expenses	—	—	—	(7,470)	(7,470)
Other unallocated income	—	—	—	6	6
Profit (Loss) before income tax	11,254	617	—	(7,464)	4,407
Income tax expense	—	(161)	—	—	(161)
Profit (Loss) for the year	11,254	456	—	(7,464)	4,246

Notes to the financial statements

For the year ended 31 December 2013

6. Segment information *(Continued)*

Consolidated statement of financial position

At 31 December 2012

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Assets and liabilities				
Segment assets	425,413	12,173	4,498	442,084
Segment liabilities	(258,964)	(6,117)	(11,889)	(276,970)
	166,449	6,056	(7,391)	165,114

Other information

For the year ended 31 December 2012

	Terminal & related business HK\$'000	Integrated logistic business HK\$'000	Unallocated corporate assets (liabilities) HK\$'000	Total HK\$'000
Capital additions	28,057	82	—	28,139
Depreciation and amortisation	14,299	434	90	14,823

Notes to the financial statements

For the year ended 31 December 2013

7. Other income

	2013 HK\$'000	2012 HK\$'000
Bank interest income	201	82
Rental income	839	507
Sundry income	11	70
Government subsidies	1,411	1,084
Written back of other payables	2,171	—
	4,633	1,743

Note: Government subsidies are mainly in respect of the subsidies granted by the Wuhan Municipal government to provide financial support to Group's subsidiaries for the year ended 31 December 2013 (2012: granted by Hubei Provincial and Wuhan Municipal governments).

8. Profit before income tax

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

	2013 HK\$'000	2012 HK\$'000
Staff costs (including directors' emoluments)		
— Salaries and allowances	27,998	22,253
— Pension contributions	1,943	1,394
	29,941	23,647
Cost of services rendered	92,280	65,355
Less: Government subsidies	(8,954)	(9,054)
	83,326	56,301
Auditors' remuneration		
— Audit service	474	422
— Other service	75	—
Amortisation of prepaid lease payment for land use rights	614	555
Cost of inventories recognised as an expense	11,041	14,583
Depreciation	15,470	14,268
Loss on disposal of property, plant and equipment	61	43
Net foreign exchange loss (gain)	149	(6)
Operating lease charges on rented premises	1,052	1,089

Notes to the financial statements

For the year ended 31 December 2013

9. Directors' remuneration

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension contribution HK\$'000	Total HK\$'000
2013				
Executive Directors				
Mr. Duan Yan	240	—	—	240
Ms. Liu Qin	240	—	—	240
Non-executive Directors				
Mr. Yan Zhi	—	—	—	—
Mr. Fang Yibing	—	—	—	—
Independent non-executive Directors				
Dr. Wong Tin Yau, Kelvin	160	—	—	160
Mr. Lee Kang Bor, Thomas	160	—	—	160
Mr. Fan Chun Wah, Andrew	160	—	—	160
	960	—	—	960
2012				
Executive Directors				
Mr. Duan Yan	240	—	—	240
Ms. Liu Qin	240	—	—	240
Non-executive Directors				
Mr. Yan Zhi	—	—	—	—
Mr. Fang Yibing	—	—	—	—
Independent non-executive Directors				
Dr. Wong Tin Yau, Kelvin	160	—	—	160
Mr. Lee Kang Bor, Thomas	160	—	—	160
Mr. Fan Chun Wah, Andrew	160	—	—	160
	960	—	—	960

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 current year and the prior year.

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

Notes to the financial statements

For the year ended 31 December 2013

10. Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year did not include (2012: Nil) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the five (2012: Five) individuals during the year were as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries and allowances	2,189	1,985
Pension contributions	73	18
	2,262	2,003

The remuneration of each of the non-Directors and highest paid employees for the years ended 31 December 2013 and 2012 fell within the band of nil to HK\$1,000,000.

11. Finance costs

	2013 HK\$'000	2012 HK\$'000
Interest on loan from a related company	—	602
Interests on bank loans wholly repayable within 5 years	15,413	15,719
Interests on bank loans wholly repayable over 5 years	3,433	—
Total borrowing costs	18,846	16,321
Less: Interest expense capitalised in construction in progress (note)	—	(602)
	18,846	15,719

Note: The borrowing costs were capitalised at a rate of 6.56% per annum in 2012.

Notes to the financial statements

For the year ended 31 December 2013

12. Income tax expense

	2013 HK\$'000	2012 HK\$'000
Current tax:		
– Hong Kong profits tax	–	–
– PRC enterprise income tax	32	161
	32	161

No provision for Hong Kong profits tax has been provided during the year (2012: Nil) as the Company and its subsidiaries which are subject to Hong Kong profits tax incurred a loss for taxation purpose.

Other than WIT, the Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (2012: 25%) on the estimated assessable profits.

In accordance with the relevant income tax laws applicable to sino-foreign joint ventures in the PRC engaging in port and dock construction which exceed 15 years and upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") and a 50% reduction for five years thereafter (the "5-Year 50% Tax Reduction Entitlement"). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, ended on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2013 HK\$'000	2012 HK\$'000
Profit before income tax	7,526	4,407
Tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdiction concerned	457	1,798
Tax effect of non-deductible expenses	2,090	1,049
Tax effect of non-taxable revenue	(2,052)	(2,882)
Tax effect of tax losses not recognised	341	1,325
Tax effect of temporary differences not recognised	128	(128)
Tax loss utilised	(932)	(109)
Tax concession	–	(892)
Income tax expense	32	161

Notes to the financial statements

For the year ended 31 December 2013

12. Income tax expense (Continued)

The Group has not recognised deferred tax assets in respect of tax losses of HK\$62,180,000 (2012: HK\$68,256,000). Under the current tax legislation, tax losses of HK\$1,782,000 (2012: HK\$7,858,000) can be carried forward for five years from the year when the loss is incurred, while tax losses of HK\$60,398,000 (2012: HK\$60,398,000) have no expiry date under the current tax legislation. All tax losses are subject to the agreement from the relevant tax bureau.

13. Profit attributable to owners of the Company

Of the consolidated profit attributable to owners of the Company, a loss of HK\$2,002,000 (2012: HK\$1,943,000) has been dealt with in the financial statements of the Company.

14. Earnings per share

The calculation of basic earnings per share for the year is based on the profit of HK\$4,738,000 (2012: HK\$2,111,000) for the year attributable to owners of the Company, and the weighted average number of 1,177,056,180 (2012: 1,177,056,180) ordinary shares in issue during the year.

There are no dilutive potential ordinary shares in issue for the year ended 31 December 2013 and 31 December 2012, hence, the basic earnings per share are equal to the diluted earnings per share.

Reconciliation of weighted average number of ordinary shares used in calculating diluted earnings per share:

	2013 No. of shares	2012 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,177,056,180	1,177,056,180
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,117,056,180	1,177,056,180

15. Dividend

The directors do not recommend the payment of a dividend for the year (2012: Nil).

Notes to the financial statements

For the year ended 31 December 2013

16. Property, plant and equipment

	Port facilities HK\$'000	Terminal equipment HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
At 1 January 2012						
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)
Net book amount	265,585	40,518	1,400	799	111	308,413
Year ended 31 December 2012						
Opening net book amount	265,585	40,518	1,400	799	111	308,413
Exchange differences on consolidation	4,787	774	25	11	2	5,599
Additions	1,976	994	375	67	—	3,412
Transferred from construction in progress	6,781	—	—	—	—	6,781
Disposal	(28)	(158)	(23)	—	—	(209)
Depreciation	(9,183)	(4,182)	(487)	(416)	—	(14,268)
Closing net book amount	269,918	37,946	1,290	461	113	309,728
At 31 December 2012						
Cost	316,580	65,998	4,768	3,942	203	391,491
Accumulated depreciation	(46,662)	(28,052)	(3,478)	(3,481)	(90)	(81,763)
Net book amount	269,918	37,946	1,290	461	113	309,728
Year ended 31 December 2013						
Opening net book amount	269,918	37,946	1,290	461	113	309,728
Exchange differences on consolidation	7,858	1,168	37	10	3	9,076
Additions	4,237	14,584	285	314	—	19,420
Transferred from construction in progress	11,062	514	—	—	—	11,576
Disposal	—	(27)	(34)	—	—	(61)
Depreciation	(9,945)	(4,640)	(509)	(376)	—	(15,470)
Closing net book amount	283,130	49,545	1,069	409	116	334,269
At 31 December 2013						
Cost	341,100	82,855	4,819	4,014	469	433,257
Accumulated depreciation	(57,970)	(33,310)	(3,750)	(3,605)	(353)	(98,988)
Net book amount	283,130	49,545	1,069	409	116	334,269

Certain of the Group's port facilities have been pledged to secure bank borrowings (note 36).

Notes to the financial statements

For the year ended 31 December 2013

17. 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:

	2013 HK\$'000	2012 HK\$'000
Opening net carrying amount	26,132	8,668
Exchange differences on consolidation	800	165
Additions	—	17,854
Amortisation	(614)	(555)
Closing net carrying amount	26,318	26,132
At the reporting date		
Cost	29,349	28,477
Accumulated amortisation	(3,031)	(2,345)
	26,318	26,132

Certain of the Group's land use rights have been pledged to secure bank borrowings (note 36). All the land use rights were outside Hong Kong and held on leases of between 10 and 50 years.

18. Construction in progress

	2013 HK\$'000	2012 HK\$'000
At cost		
At beginning of the year	19,952	19,490
Exchange differences on consolidation	644	370
Additions	18,110	6,873
Transferred to property, plant and equipment	(11,576)	(6,781)
At end of the year	27,130	19,952

Notes to the financial statements

For the year ended 31 December 2013

19. Inventories

	2013 HK\$'000	2012 HK\$'000
Consumables, at cost	3,403	2,929

20. Trade and bills receivables

	2013 HK\$'000	2012 HK\$'000
Trade receivables due from third parties	61,341	35,994
Bills receivables	20,168	4,707
	81,509	40,701

The Group allows a credit period of 60 days to 150 days to its trade customers. The following is the ageing analysis of the trade and bills receivables based on the invoice dates:

	2013 HK\$'000	2012 HK\$'000
0 – 30 days	38,524	14,549
31 – 60 days	11,898	8,184
61 – 90 days	11,153	4,930
Over 90 days	19,934	13,038
	81,509	40,701

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

	2013 HK\$'000	2012 HK\$'000
1 to 90 days past due	14,176	11,309
Over 90 days past due	1,027	1,867
	15,203	13,176

Notes to the financial statements

For the year ended 31 December 2013

20. Trade and bills receivables *(Continued)*

At 31 December 2013, trade and bills receivables of HK\$66,306,000 (2012: HK\$27,525,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

All of the Group's trade and bills receivables have been reviewed for indicators of impairment and no impairment losses has been recognised on trade and bills receivables for the year ended 31 December 2013 and 2012.

Trade and bills 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.

All bills receivables are denominated in Renminbi ("RMB") and are bills received from third parties for settlement of trade receivable balances. As at 31 December 2013 and 2012, all bills receivables are guaranteed by established banks in the PRC. Certain of the bill receivables have been pledged (note 36).

21. Government subsidy receivables

These are subsidies granted by Wuhan Municipal government to WIT for the year ended 31 December 2013 (2012: granted by the Hubei Provincial and Wuhan Municipal governments).

22. Restricted cash

Included in restricted cash was an aggregate carrying amount of HK\$1,429,000 (2012: Nil) pledged to secure the bank guarantee granted to a customer.

23. Cash and cash equivalents

Cash and cash equivalents comprised of bank balances and cash of HK\$46,254,000 (2012: HK\$33,462,000). Bank balances earn interest at floating rates based on daily bank deposit rates.

Notes to the financial statements

For the year ended 31 December 2013

24. Trade and other payables

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Trade payables	10,520	6,799	—	—
Other payables				
— Payables to subcontractors	1,457	1,388	—	—
— Deferred government subsidies	1,322	1,378	—	—
— Accruals and sundry payables	6,627	8,289	567	514
	9,406	11,055	567	514
	19,926	17,854	567	514
Less: Deferred government subsidies included in non-current other payables	(1,224)	(1,283)	—	—
	18,702	16,571	567	514

The average credit period granted by the suppliers is 90 days. The following is the ageing analysis of the Group's trade payables based on the invoice dates:

	2013 HK\$'000	2012 HK\$'000
0 – 30 days	5,940	1,607
31 – 60 days	1,745	1,801
61 – 90 days	1,103	2,105
Over 90 days	1,732	1,286
	10,520	6,799

Notes to the financial statements

For the year ended 31 December 2013

25. Bank borrowings

	2013 HK\$'000	2012 HK\$'000
Bank borrowings		
— Unsecured	141,648	74,542
— Secured	165,025	173,874
	306,673	248,416

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

	2013 HK\$'000	2012 HK\$'000
Within one year or on demand	41,002	75,785
After 1 year but within 2 years	71,753	23,621
After 2 years but within 5 years	179,119	149,010
Over 5 years	14,799	—
	306,673	248,416
Less: Amount due within one year shown under current liabilities	(41,002)	(75,785)
	265,671	172,631

Details of guarantees provided to banks for unsecured bank borrowings are set out in note 37 to the financial statements.

Details of securities provided to banks for secured bank borrowings are set out in note 36 to the financial statements.

All bank borrowings are denominated in RMB and interest-bearing in the range of 6.40% to 7.53% (2012: 6.15% to 7.07%) per annum.

26. Amount due to a shareholder

The amount due to a shareholder, also a director of the Company, was unsecured, interest free and will not be repayable within 12 months from the reporting date.

Notes to the financial statements

For the year ended 31 December 2013

27. Share capital

	2013		2012	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	1,177,056,180	117,706	1,177,056,180	117,706

28. Reserves

Details of movements in reserves of the Group are set out in the "Consolidated statement of changes in equity" on page 40.

The Company

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2012	63,018	(15,156)	47,862
Loss for the year	—	(1,943)	(1,943)
Balance at 31 December 2012 and 1 January 2013	63,018	(17,099)	45,919
Loss for the year	—	(2,002)	(2,002)
Balance at 31 December 2013	63,018	(19,101)	43,917

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.

Foreign 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.

Notes to the financial statements

For the year ended 31 December 2013

28. Reserves (Continued)

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.

At 31 December 2013, in the opinion of the Directors, the aggregate amount of reserves available for distribution to shareholders of the Company was HK\$43,917,000 (2012: HK\$45,919,000).

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, shall maintain statutory reserves for specific purposes. Appropriations to such reserve are made out of the profit for the year based on the results of WIT and the allocation basis is decided by the respective board of directors annually. No appropriation to such reserve has been allocated during the year as WIT did not have any distributable profits as at the reporting date.

29. Investments in subsidiaries

	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	50,897	50,897
Amounts due from subsidiaries	111,143	113,242
	162,040	164,139

Notes to the financial statements

For the year ended 31 December 2013

29. Investments in subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 December 2013 are as follows:

Name of company	Place/country of incorporation and operation	Type of legal entity	Particulars of issued and paid-up shares/ registered 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 Company Limited	The PRC	Sino-foreign equity joint-venture enterprise	RMB130,000,000	—	85%	Port construction and operations
CIG Wuhan Multipurpose Port Limited*	The PRC	Wholly-owned foreign enterprise	RMB16,000,000	—	100%	Port construction and operations
Wuhan Yangluo Logistic Company Limited*	The PRC	Limited liability company	RMB5,000,000	—	85%	Provision of agency and logistic services

For identification purpose only *

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

Notes to the financial statements

For the year ended 31 December 2013

29. Investments in subsidiaries (Continued)

The following table lists out the information relating to WIT and Wuhan Yangluo Logistic Company Limited (Yangluo) which the Company has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination

WIT:

	2013 HK\$'000	2012 HK\$'000
NCI percentage	15%	15%
Current assets	142,351	98,278
Non-current assets	327,812	301,938
Current liabilities	(38,493)	(84,282)
Non-current liabilities	(266,895)	(173,914)
Net assets	164,775	142,020
Carrying amount of NCI	24,716	21,303
Revenue	91,443	86,555
Profit for the year	18,396	13,782
Profit allocated to NCI	2,759	2,067
Total comprehensive income	22,756	16,179
Total comprehensive income allocated to NCI	3,413	2,427
Dividend paid to NCI	—	—
Cash flows (used in) from operating activities	(2,077)	10,055
Cash flow used in investing activities	(29,296)	(5,294)
Cash flow from (used in) financing activities	40,393	(99)

Notes to the financial statements

For the year ended 31 December 2013

29. Investments in subsidiaries (Continued)

Yangluo:

	2013 HK\$'000	2012 HK\$'000
NCI percentage	15%	15%
Current assets	54,892	13,636
Non-current assets	2,057	2,452
Current liabilities	(50,603)	(9,906)
Non-current liabilities	—	—
Net assets	6,346	6,182
Carrying amount of NCI	952	927
Revenue	62,212	32,047
(Loss) Profit for the year	(25)	454
(Loss) Profit allocated to NCI	(3)	68
Total comprehensive income	164	561
Total comprehensive income allocated to NCI	25	84
Dividend paid to NCI	—	—
Cash flow (used in) from operating activities	(9,128)	3,647
Cash flow (used in) from investing activities	(120)	24
Cash flow from financing activities	10,250	—

Notes to the financial statements

For the year ended 31 December 2013

30. 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.

30.1 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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Loans and receivables				
— Trade and bills receivables	81,509	40,701	—	—
— Other receivables	5,289	2,437	—	—
— Government subsidy receivables	3,107	2,124	—	—
— Amounts due from subsidiaries	—	—	111,143	113,242
Restricted cash	1,429	—	—	—
Cash and cash equivalents	46,254	33,462	—	—
	137,588	78,724	111,143	113,242
Financial liabilities at amortised cost				
Trade and other payables	18,604	16,476	567	514
Amount due to a shareholder	26,700	10,700	—	—
Bank borrowings	306,673	248,416	—	—
	351,977	275,592	567	514

Notes to the financial statements

For the year ended 31 December 2013

30. Financial risk management and fair value measurements *(Continued)*

30.2 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 PRC. 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 2013, it is estimated that should there be a general increase/decrease of 50 basis points in lending rates of the People's Bank of China with all other variables being held constant, this would have the effect of decreasing/increasing the Group's profit for the year ended 31 December 2013 and accumulated losses as at 31 December 2013 by approximately HK\$1,533,000 (2012: HK\$1,242,000).

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 2013 and 2012 existed throughout the whole respective financial year.

30.3 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 banks providing guarantees amounting to HK\$140,943,000 (2012: HK\$82,051,000) with respect to general banking and loan facilities granted by the bank to one of the subsidiaries of the Company, of which HK\$131,397,000 (2012: HK\$74,542,000) has been utilised. Under the guarantee agreement, the Company would be liable to pay the banks 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 2014. 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.

Notes to the financial statements

For the year ended 31 December 2013

30. Financial risk management and fair value measurements *(Continued)*

30.3 Liquidity risk *(Continued)*

The Group

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

	Weighted- average effective interest rate %	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
At 31 December 2013							
Trade and other payables	—	18,604	—	—	—	18,604	18,604
Amount due to a shareholder	—	—	26,700	—	—	26,700	26,700
Bank borrowings	6.93	61,306	85,927	194,556	15,581	357,370	306,673
		79,910	112,627	194,556	15,581	402,674	351,977
At 31 December 2012							
Trade and other payables	—	16,476	—	—	—	16,476	16,476
Amount due to a shareholder	—	—	10,700	—	—	10,700	10,700
Bank borrowings	6.51	76,636	25,377	186,179	—	288,192	248,416
		93,112	36,077	186,179	—	315,368	275,592

The Company

At 31 December 2013 and 2012, the Company's contractual maturity for its financial liabilities is within one year or on demand. The carrying amounts of its financial liabilities approximate their contractual undiscounted cash flows.

30.4 Foreign currency risk

Foreign 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 operates in the PRC and its principal activities are mainly transacted in RMB. Therefore, the directors consider the Group has no significant foreign currency risk.

Notes to the financial statements

For the year ended 31 December 2013

30. Financial risk management and fair value measurements *(Continued)*

30.5 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 150 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 6 to the financial statements.

30.6 Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012.

31. Capital management

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

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 owners 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 2013 and 2012 were as follows:

At 31 December 2013, the Group has a gross gearing ratio of approximately 2.0 times (2012: 1.7 times) and a net gearing ratio of approximately 1.7 times (2012: 1.5 times). The calculation of the gross gearing ratio was based on total bank borrowings over equity attributable to owners of the Company as at 31 December 2013 and 2012 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 2013 and 2012 respectively.

Notes to the financial statements

For the year ended 31 December 2013

31. Capital management (Continued)

	2013 HK\$'000	2012 HK\$'000
Total bank borrowings	306,673	248,416
Less: cash and cash equivalents	(46,254)	(33,462)
	260,419	214,954
Equity attributable to owners of the Company	152,115	142,884
Gross gearing ratio	2.0	1.7
Net gearing ratio	1.7	1.5

32. Operating lease commitment

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

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Within one year	380	966	—	—
In the second to fifth year inclusive	538	—	—	—
	918	966	—	—

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

Notes to the financial statements

For the year ended 31 December 2013

33. Future operating lease arrangement

At the reporting date, the total future minimum lease income receivables under non-cancellable operating leases of land and buildings with its tenants are as follows:

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Within one year	371	249	—	—

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

34. Capital commitments

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Contracted but not provided for:				
– Capital contribution to a subsidiary	—	7,947	—	—
– Construction of port facilities	9,707	5,693	—	—
	9,707	13,640	—	—

Notes to the financial statements

For the year ended 31 December 2013

35. Connected and related party transactions

A transaction fell under the definition of continuing connected transactions (as defined in the GEM Listing Rules) are disclosed in Report of the Board of Directors.

In addition to the transactions/information disclosed elsewhere in the financial statements, during the year, the Group have transactions with connected and related parties as follows:

(a) Transactions

	2013 HK\$'000	2012 HK\$'000
Loan interest paid/payable to a related company controlled by a director of the Company	—	602
Rental and building management fee paid to a related company controlled by a director of the Company	103	—

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries, allowances and benefits in kind	3,560	3,530
Pension contributions	90	28
	3,650	3,558

36. Pledge of assets

As at 31 December 2013, the Group has pledged port facilities and land use rights with net book amounts of approximately HK\$256,246,000 (2012: HK\$258,120,000) and HK\$8,611,000 (2012: HK\$8,594,000) respectively to secure bank borrowings granted to a subsidiary.

As at 31 December 2013, the Group has pledged bill receivables with net book amount of HK\$7,431,000 (2012: Nil) to secure the bank guarantee granted to a customer.

Notes to the financial statements

For the year ended 31 December 2013

37. Financial guarantee contracts

As at 31 December 2013, the Group has provided guarantees with respects with respect to banking facilities granted to subsidiaries amounting to HK\$179,382,000 (2012: HK\$82,051,000) and the amount of such facilities utilised was HK\$141,648,000 (2012: HK\$74,542,000).

As at 31 December 2013, the Company has provided guarantees with respect to banking facilities granted to a subsidiary amounting to HK\$140,943,000 (2012: HK\$82,051,000) and the amount of such facilities utilised was HK\$131,397,000 (2012: HK\$74,542,000).

No provision for the Group and Company's obligation under the financial guarantee contracts have been made as the directors of the Company consider that it is not probable for a claim to be made against the Group and Company under any of these guarantees as at the reporting date.

38. Contingent liabilities

In November 2013, a vessel operated by the shipping agent appointed by the subsidiary of the Company for the delivery of the goods with the value of RMB13.80 million from a customer collided with another vessel. The goods were damaged in this collision of vessels. The subsidiary of the Company then involved in a lawsuit in respect of the claim made by the customer for the damaged goods. Another claim was made by the subsidiary of the Company against the shipping agent for the failure of the delivery and the damaged goods. The goods were insured by the subsidiary of the Company with the amount of RMB12.30 million. The liabilities of the vessel collision were still subject to the judgement of the Court of Marine in Hong Kong the date of hearing of which has not been confirmed.

While the final outcome of this litigation cannot be predicted, having reviewed the insurance coverage and taken the legal advice, the directors and the management of the Company are of the view it is not probable that the material loss will be suffered by the Group. Therefore, no provision has been made for the claim.

Five year summary

	For the year ended 31 December				2013 HK\$'000
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	
Revenue	54,136	57,291	98,086	115,626	151,007
Cost of services rendered	(27,518)	(33,851)	(48,042)	(56,301)	(83,326)
Gross profit	26,618	23,440	50,044	59,325	67,681
Other income	6,865	11,793	5,793	1,743	4,633
General and administrative expenses	(20,618)	(18,626)	(26,668)	(26,119)	(29,858)
EBITDA	12,865	16,607	29,169	34,949	42,456
Finance costs	(8,455)	(7,193)	(13,924)	(15,719)	(18,846)
EBTDA	4,410	9,414	15,245	19,230	23,610
Depreciation and amortisation	(10,377)	(11,513)	(12,256)	(14,823)	(16,084)
Income tax paid	—	—	—	(161)	(32)
Profit (Loss) for the year	(5,967)	(2,099)	2,989	4,246	7,494
Attributable to:					
Owners of the Company	(6,004)	(2,930)	923	2,111	4,738
Non-controlling interests	37	831	2,066	2,135	2,756
	(5,967)	(2,099)	2,989	4,246	7,494

	At 31 December				2013 HK\$'000
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	
ASSETS AND LIABILITIES					
Non-current assets	299,573	307,780	336,571	355,812	387,717
Current assets	61,092	88,555	81,880	86,272	143,397
Current liabilities	(8,746)	(11,239)	(38,367)	(92,356)	(59,736)
Net current assets (liabilities)	52,346	77,316	43,513	(6,084)	83,661
Non-current liabilities	(204,060)	(235,400)	(221,990)	(184,614)	(293,595)
Total equity	147,859	149,696	158,094	165,114	177,783

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 2013, 2012, 2011, 2010 and 2009 and its assets and liabilities as at 31 December 2013, 2012, 2011, 2010 and 2009 are set out in the respective year's annual reports.