THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms of the Offers contained therein.

Zall Infrastructure Investments Company Limited

(a company incorporated in the BVI with limited liability)

**中國基建港口有限公司*
CIG Yangtze Ports PLC**

(a company incorporated in the Cayman Islands with limited liability)

(Stock code: 8233)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFERS BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED

廣發證券(香港)經紀有限公司
GF SECURITIES (HONG KONG) BROKERAGE LIMITED

FOR AND ON BEHALF OF ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED FOR ALL THE ISSUED SHARES IN, AND CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS OF, CIG YANGTZE PORTS PLC (OTHER THAN THOSE ALREADY OWNED BY ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

**Financial adviser to
Zall Infrastructure Investments Company Limited**

廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

**Independent Financial Adviser to
the Independent Board Committee**

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from GF Securities containing, among other things, details of the terms of the Offers are set out on pages 9 to 19 of this Composite Document.

A letter from the Board is set out on pages 20 to 29 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders and the Independent Optionholders is set out on pages 30 to 31 of this Composite Document.

A letter from Asian Capital containing its advice in respect of the Offers to the Independent Board Committee is set out on pages 32 to 57 of this Composite Document.

Further terms and procedures of acceptance of the Offers and other related information are set out on pages I-1 to I-8 in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar by no later than 4:00 p.m. on Friday, 11 November 2011 or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "6. Overseas Shareholders and Overseas Optionholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder or Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder or Overseas Optionholder is advised to seek professional advice on deciding whether to accept the Offers.

* *For identification purposes only*

21 October 2011

CONTENTS

Page

GEM has been positioned as a market designed to accommodate companies to which a higher 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"associates"	has the meaning ascribed thereto under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than Saturday, Sunday, public holiday and any day on which a typhoon signal 8 or above is hoisted or a black rainstorm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for general banking business
"BVI"	British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Chow Holdings"	Chow Holdings Limited, a company incorporated in BVI with limited liability and is ultimately beneficially owned by Mr. Chow, being one of the Vendors under the S&P Agreement
"CIG China"	CIG China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and is ultimately beneficially owned by Mr. Chow, being one of the Vendors under the S&P Agreement
"Circular"	the circular to be published by the Company containing, among other things, (i) the Service Agreement; (ii) the letter of recommendation from SD Independent Board Committee and letter of advice from the Independent Financial Adviser in respect of the Service Agreement; and (iii) notice convening the EGM
"Closing Date"	11 November 2011 or if the Offers are revised or extended, the closing date of the Offers as revised or extended by the Offeror in accordance with the Takeovers Code
"Company"	CIG Yangtze Ports PLC (stock code: 8233), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the S&P Agreement
"Completion Date"	the date on which Completion takes place

"Composite Document"	this composite offer and response document dated 21 October 2011 jointly issued by the Offeror and the Company in relation to the Offers
"Directors"	directors of the Company
"DTZ"	DTZ Debenham Tie Leung Limited, being an independent property valuer
"EGM"	extraordinary general meeting(s) to be convened by the Company to consider and, if thought fit, to approve, the Service Agreement by the SD Independent Shareholders
"Encumbrances"	any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form(s) of Acceptance"	the **WHITE** Form(s) of Acceptance and/or the **PINK** Form(s) of Acceptance (as the case may be)
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"GF Capital"	GF Capital (Hong Kong) Limited, a licensed corporation to carry out type 6 regulated activity under the SFO, being the financial adviser to the Offeror
"GF Securities"	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry out type 1 regulated activity under the SFO
"Group"	the Company and its subsidiaries
"Harbour Master"	Harbour Master Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of The Yangtze Ventures II Limited which, in turn, is an indirect, non-wholly-owned subsidiary of SOCAM Development Limited (formerly known as Shui On Construction and Materials Limited) (Stock code: 983), being one of the Vendors under the S&P Agreement
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	the independent committee of the Board comprising all the non-executive Directors other than Mr. Wong Yuet Leung, Frankie, namely Mr. Lee Jor Hung, Dannis, Mr. Goh Pek Yang, Michael, Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew, established to give recommendation to the Independent Shareholders and the Independent Optionholders in respect of the Offers
"Independent Financial Adviser" or "Asian Capital"	Asian Capital (Corporate Finance) Limited, a corporation licensed to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities as defined in the SFO, being the independent financial adviser to the Independent Board Committee and the SD Independent Board Committee for the purpose of advising and recommending the Independent Board Committee and the SD Independent Board Committee in respect of the Offers and the Service Agreement, respectively
"Independent Optionholders"	holders of the Share Options other than the Offeror, Mr. Yan and parties acting in concert with any one of them
"Independent Shareholders"	Shareholders other than the Offeror, Mr. Yan and parties acting in concert with any one of them
"Independent Third Parties"	the parties who, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, are independent of and not connected with any of the Director(s), chief executive(s) of the Company or substantial Shareholder(s) or any of the subsidiaries or their respective associate(s)
"Joint Announcement"	the announcement dated 30 September 2011 jointly issued by the Offeror and the Company in relation to, among others, the Offers and the Service Agreement
"Joint Clarification Announcement"	the announcement dated 12 October 2011 jointly issued by the Offeror and the Company in relation to clarification of certain contents of the Joint Announcement
"Last Trading Day"	21 September 2011, being the last trading day of the Shares immediately prior to the suspension in trading of the Shares on the Stock Exchange pending the release of the Joint Announcement
"Latest Practicable Date"	19 October 2011, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document

"Mr. Chow"	Mr. Chow Kwong Fai, Edward, the sole executive Director and the ultimate beneficial owner of the entire issued capital of each of Chow Holdings, CIG China and Unbeatable
"Mr. Yan"	Mr. Yan Zhi, the ultimate beneficial owner of the Offeror
"Offer Period"	the period commencing from the date of the Joint Announcement until the latest of: (i) the date when the Offers close for acceptance; and (ii) the date when the Offers lapse
"Offer Share(s)"	issued Share(s) and Shares which may be issued by the Company following the date of the Joint Announcement, other than those already owned by the Offeror and parties acting in concert with it
"Offeror"	Zall Infrastructure Investments Company Limited (卓爾基業投資有限公司*), a company incorporated in BVI with limited liability and is ultimately beneficially owned by Mr. Yan
"Offers"	the Share Offer and the Option Offer
"Option Offer"	the offer made by GF Securities on behalf of the Offeror for cancellation of the outstanding Share Options other than those already owned by or agreed to be acquired by the Offeror and its parties acting in concert pursuant to the Takeovers Code
"Optionholder(s)"	holder(s) of the Share Option(s)
"Overseas Optionholder(s)"	Independent Optionholder(s) whose address(es) as shown on the register of Optionholder(s) is(are) outside Hong Kong
"Overseas Shareholder(s)"	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
"**PINK** Form(s) of Acceptance"	the form(s) of acceptance of the Share Option(s) in **PINK** in respect of the Option Offer accompanying this Composite Document
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, excludes Hong Kong, Macau Special Administrative Regions of PRC and Taiwan
"Registrar"	Computershare Hong Kong Investor Services Limited, being the branch share registrar and transfer office of the Company whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

"Relevant Period"	the period commencing six months preceding the commencement of the Offer Period on the date of Joint Announcement, up to and including the Latest Practicable Date
"S&P Agreement"	the sale and purchase agreement dated 21 September 2011 entered into among the Offeror, the Vendors, the Vendors' Guarantor and Mr. Yan in relation to the sale and purchase of the Sale Shares
"Sale Shares"	599,888,141 Shares acquired by the Offeror from the Vendors pursuant to the terms and conditions of the S&P Agreement
"SD Independent Board Committee"	the independent committee of the Board comprising five non-executive Directors namely Mr. Lee Jor Hung, Dannis, Mr. Goh Pek Yang, Michael, Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew, established to give recommendation to the SD Independent Shareholders in respect of the Service Agreement
"SD Independent Shareholder(s)"	Shareholders other than (i) the Vendors, its associates and parties acting in concert with any of them; (ii) the Offeror, Mr. Yan and parties acting in concert with any one of them; and (iii) any Shareholders who are involved in or interested in the Service Agreement or any transactions contemplated therein (including Mr. Chow)
"Service Agreement"	the service agreement to be entered into between Mr. Chow and the Company in relation to the appointment of Mr. Chow as a consultant of the Company, following Completion. Details of the Service Agreement to be set out in the Circular
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Share Offer"	the unconditional mandatory cash offer made by GF Securities for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to the Takeovers Code
"Share Offer Price"	the price at which the Share Offer will be made, being HK$0.360 per Offer Share

"Share Option(s)"	option(s) to subscribe for Shares granted under the Share Option Scheme
"Share Option Offer Price"	the difference between the price agreed paid by the Offeror for each Sale Share under the S&P Agreement and the exercise price per Share relevant to that Share Option tranche
"Share Option Scheme"	the share option scheme adopted by the Company on 2 September 2005
"Shareholders"	holders of the issued Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Takeovers Code and the GEM Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Trading Day"	a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
"Unbeatable"	Unbeatable Holdings Limited, a company incorporated in BVI with limited liability and is ultimately beneficially owned by Mr. Chow, being one of the Vendors under the S&P Agreement
"Vendors"	collectively, Chow Holdings, CIG China, Harbour Master and Unbeatable
"Vendors' Guarantor"	Mr. Chow
"**WHITE** Form(s) of Acceptance"	the form(s) of acceptance and transfers of Share(s) in **WHITE** in respect of the Share Offer accompanying this Composite Document
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"US$"	United States dollar, the lawful currency of the United States of America
"%"	per cent.

* *for identification purpose only*

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Offers open for acceptance	Friday, 21 October 2011
Latest time and date for acceptance of the Offers *(Notes 1 and 3)*	4:00 p.m. on Friday, 11 November 2011
Closing Date *(Note 1)*	Friday, 11 November 2011
Announcement of the results of the Offers, on the website of the Stock Exchange *(Note 1)*	by 7:00 p.m. on Friday, 11 November 2011
Latest date for posting of remittance for the amounts due under the Offers in respect of valid acceptances received under the Offers *(Note 2)*	Monday, 21 November 2011

Notes:

1. The latest time for acceptance of the Offers is 4:00 p.m. on Friday, 11 November 2011. The Offers, which are unconditional in all respects, will be closed on Friday, 11 November 2011 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror will issue an announcement by 7:00 p.m. on Friday, 11 November 2011 as to whether the Offers have been revised, extended or expired and, in relation to any extension of the Offers, to state either the next closing date or that the Offers will remain open until further notice.

2. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and the Share Options under the Offers will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within 10 days of the date of receipt by the Registrar of all the relevant documents of title to render the acceptance by such Independent Shareholder and Independent Optionholders under the Offers complete and valid.

3. Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except in the circumstances as set out in paragraph 4 headed "Right of withdrawal" in Appendix I to this Composite Document.

All time and date references contained in this Composite Document refer to Hong Kong time and date.

廣發證券(香港)經紀有限公司
GF SECURITIES (HONG KONG) BROKERAGE LIMITED

Rooms 2301–2305, 2313
COSCO Tower
183 Queen's Road Central
Hong Kong

21 October 2011

To the Independent Shareholders and the Independent Optionholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED FOR ALL THE ISSUED SHARES IN, AND CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS OF, CIG YANGTZE PORTS PLC (OTHER THAN THOSE ALREADY OWNED BY ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement and Joint Clarification Announcement in relation to, among other things, the Offers and the Service Agreement.

On 30 September 2011, the Offeror and the Company jointly announced that pursuant to the S&P Agreement, the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire an aggregate of 599,888,141 Shares (as to 82,523,793 Shares from Chow Holdings, 53,521,466 Shares from CIG China, 185,164,427 Shares from Harbour Master and 278,678,455 Shares from Unbeatable respectively), representing approximately 50.97% of the entire issued share capital of the Company. The aggregate consideration for the Sale Shares was HK$215,959,730.76 (equivalent to HK$0.36 per Sale Share) which was agreed between the Offeror and the Vendors after arm's length negotiations. The Vendors' Guarantor, as the ultimate beneficial owner of Unbeatable, Chow Holdings and CIG China, agreed to guarantee the performance by the Vendors of their obligations under the S&P Agreement, whereas Mr. Yan, as the ultimate beneficial owner of the Offeror, agreed to guarantee the performance by the Offeror under the S&P Agreement.

Completion took place on 3 October 2011 (the date falling the first Business Day after the publication of the Joint Announcement) and the aggregate consideration of HK$215,959,730.76 was paid by the Offeror to the Vendors upon Completion.

Immediately before Completion, the Offeror was interested in 13,548,000 Shares, representing approximately 1.15% of the then entire issued share capital of the Company. As a result of the acquisition of the Sale Shares, immediately following Completion, the Offeror was interested in a total of 613,436,141 Shares, representing approximately 52.12% of the then entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms and procedures of acceptance of the Offers are set out in Appendix I to this Composite Document of which this letter forms part, and the accompanying Form(s) of Acceptance. Terms used in this letter have the same meanings defined in this Composite Document unless the context otherwise requires. The Independent Shareholders and Independent Optionholders are strongly advised to consider carefully the information contained in the "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from Asian Capital" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

GF Securities hereby makes the Offers, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

Principal terms of the Offers

Share Offer

The Share Offer Price is the same as the price paid by the Offeror for each Sale Share under the S&P Agreement.

For every Offer Share . . . . HK$0.360 in cash

Option Offer

The Share Option Offer Price is the difference between the price paid by the Offeror for each Sale Share under the S&P Agreement and the exercise price per Share relevant to that Share Option tranche.

For cancellation of each Share Option of outstanding 7,519,288 Share Options with exercise price at HK$0.100 . . . . HK$0.260 in cash

For cancellation of each Share Option of outstanding 914,508 Share Options with exercise price at HK$0.177 . . . . HK$0.183 in cash

For cancellation of each Share Option of outstanding 4,552,823 Share Options with exercise price at HK$0.182 . . . . HK$0.178 in cash

Save for the 914,508 outstanding Share Options with an exercise price of HK$0.100 per Share and 271,360 outstanding Share Options with an exercise price of HK$0.182 per Share held by Mr. Chow which he agreed under the S&P Agreement to sell to the Offeror under the Option Offer, neither the Offeror, Mr. Yan nor any parties acting in concert with any one of them has entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor has any outstanding derivative in respect of any securities in the Company as at the Latest Practicable Date.

None of the Offeror, Mr. Yan and any parties acting in concert with any one of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Comparison of value

The Share Offer Price of HK$0.360 per Share is the same as the price paid by the Offeror to the Vendors for each Sale Share under the S&P Agreement, and represents:

(a) a premium of approximately 62.9% over the closing price of HK$0.221 per Share on the Stock Exchange on 21 September 2011, being the Last Trading Day;

(b) a premium of approximately 71.4% over the average closing price of HK$0.210 per Share on the Stock Exchange over the last 5 consecutive Trading Days up to and including the Last Trading Day;

(c) a premium of approximately 86.5% over the average closing price of HK$0.193 per Share on the Stock Exchange over the last 10 consecutive Trading Days up to and including the Last Trading Day;

(d) a premium of approximately 1.4% over the average closing price of HK$0.355 per Share on the Stock Exchange on the Latest Practicable Date; and

(e) a premium of approximately 218.6% over the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK$0.113 per Share as at 31 December 2010 as shown in the annual report of the Company for the year ended 31 December 2010.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.360 per Share (on 4 October 2011 and 17 October) and HK$0.074 per Share (on 15 February 2011) respectively.

Value of the Offers

On the basis of the Share Offer Price of HK$0.360 per Offer Share and 1,177,056,180 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK$423,740,225. Excluding 599,888,141 Shares acquired by the Offeror pursuant to the S&P Agreement and 40,888,000 Shares acquired by the Offeror during the Relevant Period, 536,280,039 Shares are subject to the Share Offer and are valued at HK$193,060,814 on the basis of the Share Offer Price. Assuming that all 12,986,619 outstanding Share Options are tendered at the Share Option Offer Price as detailed above, the aggregate amount payable by the Offeror under the Option Offer is approximately HK$2,932,772.

Assuming that all 12,986,619 outstanding Share Options are fully exercised prior to the Closing Date, 549,266,658 Shares would be subject to the Share Offer and valued at HK$197,735,997 on the basis of the Share Offer Price.

Financial resources available to the Offeror

As at the Latest Practicable Date, GF Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offers. The Offers will be satisfied by internal resources of the Offeror.

Effects of accepting the Offers

Acceptance of the Offers by any Shareholders and/or Optionholders will be deemed to constitute a warranty by such Shareholders and/or Optionholders that all existing Shares and Share Options sold under the Offers are free from all Encumbrances and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the Completion Date.

Acceptance of the Offers shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code. The further terms and procedures of acceptance of the Offers are set out in Appendix I to this Composite Document.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror on behalf of the relevant Independent Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

Overseas Shareholders and Overseas Optionholders

The Offers are in respect of securities of a company incorporated in the Cayman Islands and are subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. Overseas Shareholders or Overseas Optionholders who wish to participate in the Offers but with a registered address outside Hong Kong are also subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offers.

Overseas Shareholders and Overseas Optionholders shall be fully responsible for the payment of any transfer or other taxes and duties due by them in respect of the relevant jurisdictions.

Acceptance of Offers by such person will constitute a warranty by such person that such person is permitted under all applicable laws to accept the Offers and any recision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

As at the Latest Practicable Date, other than (i) the Share Options entitling the grantees to subscribe for an aggregate of 7,519,288 Shares with at an exercise price of HK$0.100 per Share; (ii) the Share Options entitling the grantees to subscribe for an aggregate of 914,508 Shares with an exercise price of HK$0.177 per Share; and (iii) the Share Options entitling the grantees to subscribe for an aggregate of 4,552,823 Shares with at an exercise price of HK$0.182 per Share granted under the Share Option Scheme which remains outstanding as at the date hereof, the Company has no other outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

THE SHARE OPTIONS

As at the Latest Practicable Date, the Company had 12,986,619 Share Options outstanding, of which the 914,508 outstanding Share Options with an exercise price of HK$0.100 per Share and 271,360 outstanding Share Options with an exercise price of HK$0.182 per Share held by Mr. Chow which he agreed under the S&P Agreement to sell to the Offeror under the Option Offer. In accordance with the terms of the Share Option Scheme, the grantee (or where appropriate, his legal personal representatives) shall be entitled to exercise the Share Options in full (to the extent not already exercised) at any time within 21 days of the notice given by the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. (i.e. any time during the period from 21 October 2011 to 11 November 2011), after which the Share Options shall lapse according to the terms of the Share Option Scheme.

Independent Optionholders accepting the Option Offer will be deemed to agree to the cancellation of the Share Option(s) and to forfeit and surrender all rights accrued or attached thereto with effect from the Completion Date.

ISSUED SHARES AND SHARE OPTIONS OF THE COMPANY

Set out below are the shareholding structure of the Company (i) immediately before the Completion; and (ii) as at the Latest Practicable Date:

Shareholders	**Immediately before Completion**		**As at the Latest Practicable Date**	
	Number of Shares	*Approximate % of issued Shares (Note 1)*	*Number of Shares*	*Approximate % of issued Shares*
Chow Holdings	82,523,793	7.01%	—	—
CIG China	53,521,466	4.55%	—	—
Harbour Master	185,164,427	15.73%	—	—
Unbeatable	278,678,455	23.68%	—	—
Offeror and parties acting in concert with it	13,548,000	1.15%	640,776,141	54.44%
Subtotal	613,436,141	52.12%	640,776,141	54.44%
Ramweath Company Limited *(Note 2)*	11,725,127	1.00%	11,725,127	1.00%
Public Shareholders	551,894,912	46.89%	524,554,912	44.56%
Total	1,177,056,180	100.00%	1,177,056,180	100.00%

Notes:

1. Total percentage may not add up 100% due to rounding.

2. Mr. Lee Jor Hung, Dannis, a non-executive Director, is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Ramweath Company Limited. Mr. Lee is therefore deemed to be interested in all the Shares held by Ramweath Company Limited by virtue of the SFO.

Set out below are details of the Share Options as at the Latest Practicable Date:

Name of Directors	Date of grant	Exercise Price per share HK$	Number of Share Options	As at the Latest Practicable Date
Directors				
Mr. Chow	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Lee Jor Hung, Dannis	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Sub-total			**8,301,076**	**8,301,076**
Employees (in aggregate)	10.11.2008	0.100	11,990,216	2,032,240
	13.04.2010	0.182	3,557,839	2,653,303
Sub-total			**15,548,055**	**4,685,543**
Total			**23,849,131**	**12,986,619**

DEALINGS IN SECURITIES OF THE COMPANY

Save for 599,888,141 Shares acquired by the Offeror pursuant to the S&P Agreement and 40,888,000 Shares acquired by the Offeror during the Relevant Period, none of the Offeror, Mr. Yan and parties acting in concert with the Offeror has dealt with during the Relevant Period any Shares, Share Options, derivates, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares. Please refer to the section headed "5. Dealings in securities" in Appendix IV to this Composite Document for details of the dealings in the Shares by the Offeror during the Relevant Period.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in BVI on 5 July 2011 with limited liability. The Offeror is wholly and ultimately beneficially owned by Mr. Yan. Mr. Yan is the sole director of the Offeror. Before the date of the S&P Agreement, the Offeror has not conducted any business since its incorporation, and save for the cash to be used for the settlement of the consideration for the Offers and 640,776,141 Shares held by it, does not have any material assets as at the Latest Practicable Date.

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

INFORMATION ON THE GROUP

The Group is principally engaged in the businesses of port construction and operation and the management has regarded port construction and operation as the only dominant reportable operating segment.

The Group recorded audited loss attributable to equity holders of the Company of approximately HK$6.004 million for the financial year ended 31 December 2009 and audited loss attributable to equity holders of the Company of approximately HK$2.93 million for the financial year ended 31 December 2010. The unaudited net loss attributable to equity holders of the Company as at 30 June 2011 was approximately HK$4.04 million. Further financial information on the Group is set out in Appendix II to this Composite Document.

On 8 April 2011, the Company made an announcement in relation to the entering into of a letter of intent ("LOI") regarding a possible disposal of the entire equity interests in CIG Port Holdings Limited, a wholly owned subsidiary of the Company incorporated in BVI, to Ningbo Port Co., Ltd. which is a third party independent of and not connected with the Company and its connected persons. CIG Port Holdings Limited holds the entire port assets of the Group.

The LOI had lapsed and the Company had been in the process of negotiating the terms of a sale and purchase agreement with Ningbo Port Co., Ltd.. As at the Latest Practicable Date, no legally binding agreement has been signed. If the possible disposal materializes, it is expected that the disposal may constitute a notifiable transaction for the Company under the GEM Listing Rules.

It was noted that according to Rule 4.1 of the Takeovers Code, once the Offers had been communicated to the Board, no action which could effectively result in an offer being frustrated, or in the Shareholders being denied an opportunity to decide on the merits of an offer, shall be taken by the

Board in relation to the affairs of the Company without approval of the Shareholders in a general meeting. In particular, the Company must not, without such approval, do or agree to sell, dispose of or acquire assets of a material amount.

Taking into account the implications under Rule 4 of the Takeovers Code and the fact that no legal binding agreement has been reached, the Board unanimously resolved to withhold the negotiation regarding the proposed disposal until further determination by the Board after the close of the Offers.

OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company or re-deploy the employees of the Group by reason only of the Offers. The Offeror also has no intention to re-deploy the fixed assets of the Group. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Group and will explore other business opportunities. Subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the Latest Practicable Date, the Offeror had no intention or plan for any acquisition or disposal of assets and/or business by the Group or any material changes to the continued employment of the employees of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror has neither entered into any agreement, arrangement, understanding or negotiation about any acquisition of assets nor has any assets injection agreed or under negotiation. As Mr. Yan has extensive experience in logistic sector and is interested in expanding its investment into port business, it is believed by the Offeror that the Offers for the securities of the Company which is engaged in the business of port construction and operation are commercially justifiable.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of seven Directors, comprising one executive Director, three non-executive Directors and three independent non-executive Directors.

Under the S&P Agreement, Mr. Chow and Mr. Wong Yuet Leung, Frankie, an existing non-executive Director, will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being the Closing Date). The Offeror has nominated Mr. Yan as a non-executive Director, and Mr. Duan Yan ("Mr. Duan") as an executive Director to the Board with effect on a day which is no earlier than the posting of this Composite Document.

The brief biographies of the new Directors nominated by the Offeror are set out below:

Mr. Yan, aged 39, the biographical details of Mr. Yan are set out in the paragraph headed "Information on the Offeror" in this letter above.

Mr. Duan, aged 32, is an executive director of 卓爾大新華物流有限公司 (Wuhan Zall Grand China logistics Co., Ltd*) and the chairman of 卓爾寶沃勤(武漢)物流有限公司 (Zall Power Chain (Wuhan) logistics Co., Ltd*). Mr. Duan is also the vice president of 漢南港實業集團有限公司 (Hubei

Hannan Port Industrial Co., Ltd*). In addition, Mr. Duan is the assistant to the chairman of Zall Holdings Company Limited. Mr. Duan holds a Master Degree of E-Commerce from Middlesex University in London and has extensive experience in logistics as well as business and operation management.

Since Mr. Chow, the existing sole executive Director, will resign as a Director, for the purpose ensuring continuity of the Group's business, it is proposed that subject to compliance with the requirement under Rule 25 of the Takeovers Code with respect to special deal, Mr. Chow will enter into the Service Agreement with the Company in relation to his appointment as a consultant of the Company for a term of two years with effect upon the resignation of Mr. Chow as an executive Director becoming effective. Further details of the Service Agreement to be set out in the Circular.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to compulsorily acquire any outstanding Offer Shares not acquired under the Share Offer after the close of the Share Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. As at the Latest Practicable Date, the Offeror was interested in approximately 54.44% of the issued share capital of the Company. Accordingly, a total of 524,554,912 Shares, representing approximately 44.56% of the issued share capital of the Company, was held by the public. The Offeror and the Company undertake to the Stock Exchange to take appropriate steps to ensure that minimum public float of not less than 25% of the Company's entire issued ordinary share capital as required under the applicable GEM Listing Rules will be restored or maintained (as applicable) following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage of the Company's issued share capital currently applicable to the Company is held by the public, or if the Stock Exchange believes that:

— a false market exists or may exist in the trading of the Shares; or

— there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offers, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

The Offeror and the Company will take appropriate steps (including but not limited to placing of existing Shares and/or issue of new Shares) to ensure that there will be not less than 25% of the Company's entire issued ordinary share capital held by the public in compliance with the relevant GEM Listing Rules and Takeovers Code.

As at the Latest Practicable Date, the Company and the Offeror have not finalized any arrangement to restore the public float.

GENERAL

Acceptance of the Offers by the Independent Shareholders and Independent Optionholders will be deemed to constitute a warranty by such person to the Offeror that such Offer Share acquired under the Offers are sold by the Independent Shareholders and Independent Optionholders free from all Encumbrances and together with all rights accruing or attaching thereto on or after the Completion Date or subsequently becoming attached to it, including, without limitation, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after Completion Date.

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders and Independent Optionholders who hold any Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to accept the Offers, it is essential that they provide instructions to their nominees of their intentions with regard to the Offers. The attention of the Independent Shareholders and Independent Optionholders with registered addresses in jurisdiction outside Hong Kong is drawn to the section headed "Overseas Shareholders" in Appendix I to this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of
GF Securities (Hong Kong) Brokerage Limited
Danny Wan
Managing Director

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)

Executive Director:
Mr. Chow Kwong Fai, Edward

Non-Executive Directors:
Mr. Wong Yuet Leung, Frankie
Mr. Goh Pek Yang, Michael
Mr. Lee Jor Hung, Dannis

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

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

Head Office and Principal place of business in Hong Kong:
2909A Bank of America Tower
12 Harcourt Road
Central
Hong Kong

21 October 2011

To the Independent Shareholders and the Independent Optionholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFERS BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED FOR ALL THE ISSUED SHARES IN, AND CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS OF, CIG YANGTZE PORTS PLC (OTHER THAN THOSE ALREADY OWNED BY ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement and Joint Clarification Announcement in relation to, among other things, the Offers and the Service Agreement.

On 30 September 2011, the Offeror and the Company jointly announced that pursuant to the S&P Agreement, the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire an aggregate of 599,888,141 Shares (as to 82,523,793 Shares from Chow Holdings, 53,521,466 Shares from CIG China, 185,164,427 Shares from Harbour Master and 278,678,455 Shares from Unbeatable respectively), representing approximately 50.97% of the entire issued share capital of the Company. The

* *For identification purpose only*

aggregate consideration for the Sale Shares is HK$215,959,730.76 (equivalent to HK$0.360 per Sale Share) which was agreed between the Offeror and the Vendors after arm's length negotiations. The Vendors' Guarantor, as the ultimate beneficial owner of Unbeatable, Chow Holdings and CIG China, agreed to guarantee the performance by the Vendors of their obligations under the S&P Agreement, whereas Mr. Yan, as the ultimate beneficial owner of the Offeror, agreed to guarantee the performance by the Offeror under the S&P Agreement.

Completion took place on 3 October 2011 (the date falling the first Business Day after the publication of the Joint Announcement) and the aggregate consideration of HK$215,959,730.76 was paid by the Offeror to the Vendors upon Completion.

Immediately before Completion, the Offeror was interested in 13,548,000 Shares, representing approximately 1.15% of the then entire issued share capital of the Company. As a result of the acquisition of the Sale Shares, immediately following Completion, the Offeror was interested in a total of 613,436,141 Shares, representing approximately 52.12% of the then entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as to set out the "Letter from the Independent Board Committee" containing its recommendation to the Independent Shareholders and Independent Optionholders in respect of the Offers and the "Letter from Asian Capital" containing its advice to the Independent Board Committee in respect of the Offers.

THE OFFERS

GF Securities hereby makes the Offers, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

Principal terms of the Offers

Share Offer

The Share Offer Price is the same as the price paid by the Offeror for each Sale Share under the S&P Agreement.

For every Offer Share . . . . HK$0.360 in cash

Option Offer

The Share Option Offer Price is the difference between the price paid by the Offeror for each Sale Share under the S&P Agreement and the exercise price per Share relevant to that Share Option tranche.

For cancellation of each Share Option of outstanding 7,519,288 Share Options with exercise price at HK$0.100 . . . . HK$0.260 in cash

For cancellation of each Share Option of outstanding 914,508 Share Options with exercise price at HK$0.177 . . . . HK$0.183 in cash

For cancellation of each Share Option of outstanding 4,552,823 Share Options with exercise price at HK$0.182 . . . . HK$0.178 in cash

Save for the 914,508 outstanding Share Options with an exercise price of HK$0.100 per Share and 271,360 outstanding Share Options with an exercise price of HK$0.182 per Share held by Mr. Chow which he agreed under the S&P Agreement to sell to the Offeror under the Option Offer, neither the Offeror, Mr. Yan nor any parties acting in concert with any one of them has entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor has any outstanding derivative in respect of any securities in the Company as at the Latest Practicable Date.

None of the Offeror, Mr. Yan and any parties acting in concert with any one of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Comparison of value

The Share Offer Price of HK$0.360 per Share is the same as the price paid by the Offeror to the Vendors for each Sale Share under the S&P Agreement, and represents:

(a) a premium of approximately 62.9% over the closing price of HK$0.221 per Share on the Stock Exchange on 21 September 2011, being the Last Trading Day;

(b) a premium of approximately 71.4% over the average closing price of HK$0.210 per Share on the Stock Exchange over the last 5 consecutive Trading Days up to and including the Last Trading Day;

(c) a premium of approximately 86.5% over the average closing price of HK$0.193 per Share on the Stock Exchange over the last 10 consecutive Trading Days up to and including the Last Trading Day;

(d) a premium of approximately 1.4% over the average closing price of HK$0.355 per Share on the Stock Exchange on the Latest Practicable Date; and

(e) a premium of approximately 218.6% over the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK$0.113 per Share as at 31 December 2010 as shown in the annual report of the Company for the year ended 31 December 2010.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.360 per Share (on 4 October 2011 and 17 October 2011) and HK$0.074 per Share (on 15 February 2011) respectively.

Value of the Offers

On the basis of the Share Offer Price of HK$0.360 per Offer Share and 1,177,056,180 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK$423,740,225. Excluding 599,888,141 Shares acquired by the Offeror pursuant to the S&P Agreement and 40,888,000 Shares acquired by the Offeror during the Relevant Period, 536,280,039 Shares are subject to the Share Offer and are valued at HK$193,060,814 on the basis of the Share Offer Price. Assuming that all 12,986,619 outstanding Share Options are tendered at the Share Option Offer Price as detailed above, the aggregate amount payable by the Offeror under the Option Offer is approximately HK$2,932,772.

Assuming that all 12,986,619 outstanding Share Options are fully exercised prior to the Closing Date, 549,266,658 Shares would be subject to the Share Offer and valued at HK$197,735,997 on the basis of the Share Offer Price.

Financial resources available to the Offeror

As at the Latest Practicable Date, GF Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offers. The Offers will be satisfied by internal resources of the Offeror.

Effects of accepting the Offers

Acceptance of the Offers by any Shareholders and/or Optionholders will be deemed to constitute a warranty by such Shareholders and/or Optionholders that all existing Shares and Share Options sold under the Offers are free from all Encumbrances and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the Completion Date.

Acceptance of the Offers shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code. The further terms and procedures of acceptance of the Offers are set out in Appendix I to this Composite Document.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror on behalf of the relevant Independent Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

Overseas Shareholders and Overseas Optionholders

The Offers are in respect of securities of a company incorporated in the Cayman Islands and are subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. Overseas Shareholders or Overseas Optionholders who wish to participate in the Offers but with a registered address outside Hong Kong are also subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offers.

Overseas Shareholders and Overseas Optionholders shall be fully responsible for the payment of any transfer or other taxes and duties due by them in respect of the relevant jurisdictions.

Acceptance of Offers by such person will constitute a warranty by such person that such person is permitted under all applicable laws to accept the Offers and any recision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

As at the Latest Practicable Date, other than (i) the Share Options entitling the grantees to subscribe for an aggregate of 7,519,288 Shares with at an exercise price of HK$0.100 per Share; (ii) the Share Options entitling the grantees to subscribe for an aggregate of 914,508 Shares with an exercise price of HK$0.177 per Share; and (iii) the Share Options entitling the grantees to subscribe for an aggregate of 4,552,823 Shares with at an exercise price of HK$0.182 per Share granted under the Share Option Scheme which remains outstanding as at the date hereof, the Company has no other outstanding options, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares.

THE SHARE OPTIONS

As at the Latest Practicable Date, the Company had 12,986,619 Share Options outstanding, of which the 914,508 outstanding Share Options with an exercise price of HK$0.100 per Share and 271,360 outstanding Share Options with an exercise price of HK$0.182 per Share held by Mr. Chow which he agreed under the S&P Agreement to sell to the Offeror under the Option Offer. In accordance with the terms of the Share Option Scheme, the grantee (or where appropriate, his legal personal representatives) shall be entitled exercise the Share Options in full (to the extent not already exercised) at any time within 21 days of the notice given by the Offeror acquire the all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Share Options not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. (i.e. any time during the period from 21 October 2011 to 11 November 2011), after with the Share Options shall lapse according to the terms of the Share Option Scheme.

Independent Optionholders accepting the Option Offer will be deemed to agree to the cancellation of the Share Option(s) and to forfeit and surrender all rights accrued or attached thereto with effect from the Completion Date.

ISSUED SHARES AND SHARE OPTIONS OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company (i) immediately before Completion; and (ii) as at the Latest Practicable Date:

Shareholders	**Immediately before Completion**		**As at the Latest Practicable Date**	
	Number of Shares	*Approximate % of issued Shares (Note 1)*	*Number of Shares*	*Approximate % of issued Shares*
Chow Holdings	82,523,793	7.01%	—	—
CIG China	53,521,466	4.55%	—	—
Harbour Master	185,164,427	15.73%	—	—
Unbeatable	278,678,455	23.68%	—	—
Offeror and parties acting in concert with it	13,548,000	1.15%	640,776,141	54.44%
Subtotal	613,436,141	52.12%	640,776,141	54.44%
Ramweath Company Limited *(Note 2)*	11,725,127	1.00%	11,725,127	1.00%
Public Shareholders	551,894,912	46.89%	524,554,912	44.56%
Total	1,177,056,180	100.00%	1,177,056,180	100.00%

Notes:

1. Total percentage may not add up 100% due to rounding.

2. Mr. Lee Jor Hung, Dannis, a non-executive Director, is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Ramweath Company Limited. Mr. Lee is therefore deemed to be interested in all the Shares held by Ramweath Company Limited by virtue of the SFO.

Set out below are details of the Share Options as at the Latest Practicable Date:

Name of Directors	Date of grant	Exercise Price per share HK$	Number of Share Options	As at the Latest Practicable Date
Directors				
Mr. Chow	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Lee Jor Hung, Dannis	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	914,508
	13.04.2010	0.182	271,360	271,360
Sub-total			**8,301,076**	**8,301,076**
Employees (in aggregate)	10.11.2008	0.100	11,990,216	2,032,240
	13.04.2010	0.182	3,557,839	2,653,303
Sub-total			**15,548,055**	**4,685,543**
Total			**23,849,131**	**12,986,619**

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in BVI on 5 July 2011 with limited liability. The Offeror is wholly and ultimately beneficially owned by Mr. Yan. Mr. Yan is the sole director of the Offeror. Before the date of the S&P Agreement, the Offeror has not conducted any business since its incorporation, and save for the cash to be used for the settlement of the consideration for the Offers and 640,776,141 Shares held by it, does not have any material assets as at the Latest Practicable Date.

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

INFORMATION ON THE GROUP

The Group is principally engaged in the businesses of port construction and operation and the management has regarded port construction and operation as the only dominant reportable operating segment.

The Group recorded audited loss attributable to equity holders of the Company of approximately HK$6.004 million for the financial year ended 31 December 2009 and audited loss attributable to equity holders of the Company of approximately HK$2.93 million for the financial year ended 31 December 2010. The unaudited net loss attributable to equity holders of the Company as at 30 June 2011 was approximately HK$4.04 million. Further financial information on the Group is set out in Appendix II to this Composite Document.

On 8 April 2011, the Company made an announcement in relation to the entering into of a letter of intent ("LOI") regarding a possible disposal of the entire equity interests in CIG Port Holdings Limited, a wholly owned subsidiary of the Company incorporated in BVI, to Ningbo Port Co., Ltd which is a third party independent of and not connected with the Company and its connected persons. CIG Port Holdings Limited holds the entire port assets of the Group.

The LOI had lapsed and the Company had been in the process of negotiating the terms of a sale and purchase agreement with the intended purchaser. As at the Latest Practicable Date, no legally binding agreement has been signed. If the possible disposal materializes, it is expected that the disposal may constitute a notifiable transaction for the Company under the GEM Listing Rules.

It was noted that according to Rule 4.1 of the Takeovers Code, once the Offers had been communicated to the Board, no action which could effectively result in an offer being frustrated, or in the Shareholders being denied an opportunity to decide on the merits of an offer, shall be taken by the Board in relation to the affairs of the Company without approval of the Shareholders in a general meeting. In particular, the Company must not, without such approval, do or agree to sell, dispose of or acquire assets of a material amount.

Taking into account the implications under Rule 4 of the Takeovers Code and the fact that no legal binding agreement has been reached, the Board unanimously resolved to withhold the negotiation regarding the proposed disposal until further determination by the Board after the close of the Offers.

OFFEROR'S INTENTION ON THE GROUP

The Board notes from the paragraph headed "Offeror's Intention on the Group" in the "Letter from GF Securities" that it is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company or re-deploy the employees of the Group by reason only of the

Offers. The Offeror also has no intention to re-depoly the fixed assets of the Group. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Group and will explore other business opportunities. Subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the Latest Practicable Date, the Offeror had no intention or plan for any acquisition or disposal of assets and/or business by the Group or any material changes to the continued employment of the employees of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror has neither entered into any agreement, arrangement, understanding or negotiation about any acquisition of assets nor has any assets injection agreed or under negotiation.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of seven Directors, comprising one executive Director, three non-executive Directors and three independent non-executive Directors.

Under the S&P Agreement, Mr. Chow and Mr. Wong Yuet Leung, Frankie, an existing non-executive Director, will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being the Closing Date). The Offeror has nominated Mr. Yan as a non-executive Director, and Mr. Duan Yan ("Mr. Duan") as an executive Director to the Board with effect from on a day which is no earlier than the posting of this Composite Document.

The brief biographies of the new Directors nominated by the Offeror are set out below:

Mr. Yan, aged 39, the biographical details of Mr. Yan are set out in the paragraph headed "Information on the Offeror" in this letter above.

Mr. Duan, aged 32, is an executive director of 卓爾大新華物流有限公司 (Wuhan Zall Grand China logistics Co., Ltd*) and the chairman of 卓爾寶沃勤(武漢)物流有限公司 (Zall Power Chain (Wuhan) logistics Co., Ltd*). Mr. Duan is also the vice president of 漢南港實業集團有限公司 (Hubei Hannan Port Industrial Co., Ltd*). In addition, Mr. Duan is the assistant to the chairman of Zall Holdings Company Limited. Mr. Duan holds a Master Degree of E-Commerce from Middlesex University in London and has extensive experience in logistics as well as business and operation management.

Since Mr. Chow, the existing sole executive Director, will resign as a Director, for the purpose ensuring continuity of the Group's business, it is proposed that subject to compliance with the requirement under Rule 25 of the Takeovers Code with respect to special deal, Mr. Chow will enter into the Service Agreement with the Company in relation to his appointment as a consultant of the Company for a term of two years with effect upon the resignation of Mr. Chow as an executive Director becoming effective. Further details of the Service Agreement to be set out in the Circular.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. As at the Latest Practicable Date, the Offeror was interested in approximately 54.44% of the issued share capital of the Company. Accordingly, a total of 524,554,912 Shares, representing approximately 44.56% of the issued share capital of the Company, was held by the public. The Offeror and the Company undertake to the Stock Exchange to take appropriate steps to ensure that minimum public float of not less than 25% of the Company's entire issued ordinary share capital as required under the applicable GEM Listing Rules will be restored or maintained (as applicable) following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage of the Company's issued share capital currently applicable to the Company is held by the public, or if the Stock Exchange believes that:

— a false market exists or may exist in the trading of the Shares; or

— there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offers, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

The Offeror and the Company will take appropriate steps (including but not limited to placing of existing Shares and/or issue of new Shares) to ensure that there will be not less than 25% of the Company's entire issued ordinary share capital held by the public in compliance with the relevant GEM Listing Rules and Takeovers Code.

As at the Latest Practicable Date, the Company and the Offeror have not finalized any arrangement to restore the public float.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and Asian Capital, respectively, which set out their recommendations and opinions in relation to the Offers and the principal factors considered by them before arriving at their recommendations.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form(s) of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of the Board
CIG Yangtze Ports PLC
Chow Kwong Fai, Edward
Executive Director

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)

21 October 2011

To the Independent Shareholders and the Independent Optionholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED FOR ALL THE ISSUED SHARES IN, AND CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS OF, CIG YANGTZE PORTS PLC (OTHER THAN THOSE ALREADY OWNED BY ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the Composite Document dated 21 October 2011 jointly issued by the Company and the Offeror of which this letter forms part. Terms defined in this Composite Document shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Independent Optionholders are concerned. Asian Capital has been appointed to advise us in this respect, and details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from Asian Capital on pages 32 to 57 of this Composite Document.

We also wish to draw your attention to the letter from the Board, the letter from GF Securities and the additional information set out in the appendices to this Composite Document.

* *For identification purpose only*

Taking into account the terms of the Offers and the advice from the Asian Capital, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders and Independent Optionholders to accept the Offers.

Yours faithfully,
Independent Board Committee
CIG Yangtze Ports PLC

Mr. Lee Kang Bor, Thomas	**Mr. Fan Chun Wah, Andrew**	**Dr. Wong Tin Yau, Kelvin**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Mr. Lee Jor Hung, Dannis	**Mr. Goh Pek Yang, Michael**
Non-executive Director	*Non-executive Director*

The following is the text of a letter of advice from the Independent Financial Adviser, which has been prepared for the purpose of incorporation into this Composite Document in respect of the Offers.

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Suite 1006, Bank of America Tower
12 Harcourt Road Central
Hong Kong

21 October 2011

To: The Independent Board Committee of CIG Yangtze Ports PLC

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED
FOR ALL THE ISSUED SHARES IN, AND CANCELLATION OF
ALL OUTSTANDING SHARE OPTIONS OF,
CIG YANGTZE PORTS PLC
(OTHER THAN THOSE ALREADY OWNED BY
ZALL INFRASTRUCTURE INVESTMENTS COMPANY LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee of CIG Yangtze Ports PLC as to whether the respective terms of the Offers are fair and reasonable and the Independent Shareholders and Independent Optionholders as to acceptance in respect of the Offers respectively. On 21 October 2011, the Company and the Offeror dispatched to the Shareholders and the Optionholders the Composite Document of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We are independent from, and are not connected with, the Company, the Offeror or any parties acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee, the Independent Shareholders and the Independent Optionholders for the purposes of Rule 2.1 of the Takeovers Code. Our appointment has been approved by the Independent Board Committee.

We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee in relation to the Offers. Apart from this normal professional fee payable to us in connection with this appointment and a related appointment in respect of the Service Agreement, no arrangements exist whereby we will receive any fees or benefits from the Company, the Offeror or any parties acting in concert with any of them.

BACKGROUND

On 30 September 2011, the Offeror and the Company jointly announced, among other things, that pursuant to the S&P Agreement entered into among the Offeror (as purchaser), the Vendors, the Vendors' Guarantor and Mr. Yan, the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire an aggregate of 599,888,141 Shares (as to 82,523,793 Shares from Chow Holdings, 53,521,466 Shares from CIG China, 185,164,427 Shares from Harbour Master and 278,678,455 Shares from Unbeatable respectively), representing approximately 50.97% of the entire issued share capital of the Company. The aggregate consideration for the Sale Shares was HK$215,959,730.76 (equivalent to HK$0.360 per Sale Share) which was agreed between the Offeror and the Vendors after arm's length negotiations. The Vendors' Guarantor, as the ultimate beneficial owner of Unbeatable, Chow Holdings and CIG China, agreed to guarantee the performance by the Vendors of their obligations under the S&P Agreement, whereas Mr. Yan, as the ultimate beneficial owner of the Offeror, agreed to guarantee the performance by the Offeror under the S&P Agreement. Completion took place on 3 October 2011 (the date falling on the first Business Day after the publication of the Joint Announcement) and the aggregate consideration of HK$215,959,730.76 was paid by the Offeror to the Vendors upon Completion.

Immediately before Completion, the Offeror was interested in 13,548,000 Shares, representing approximately 1.15% of the then entire issued share capital of the Company. As a result of the acquisition of the Sale Shares, immediately following Completion, the Offeror was interested in a total of 613,436,141 Shares, representing approximately 52.12% of the then entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer to the Independent Shareholders to acquire all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. In addition, the Offeror is also obliged to extend the Option Offer to the Independent Optionholders to cancel all the Share Options not held by the Offeror and parties acting in concert with it in accordance with Rule 13 of the Takeovers Code.

BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied to us by the Company, the Board and/or the management of the Group. We have assumed that all the information, facts, opinions, intention and representations supplied to us or referred to in the Joint Announcement, the Joint Clarification Announcement and the Composite Document are true, complete and accurate in all material respects at the time they were supplied to us and continue to be true and accurate as at the date of the Composite Document and we have relied on the same for the basis of our advice and recommendation. We have also assumed that all statements of belief, opinions, intention and representations made by the Directors in the Joint Announcement, the Joint Clarification Announcement and the Composite Document were reasonably made after due enquiries and consideration. We note that the Directors have confirmed that they accept full responsibility for the contents of the Joint Announcement, the Joint Clarification Announcement and the Composite Document (other than that relating to the Offeror, the terms and the conditions of the Offers and the Offeror's intention regarding the Group), and have made all reasonable enquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the facts and information as set out in the Joint Announcement, the Joint Clarification Announcement and the Composite Document and of the information and representations supplied to us by the Company, the Board and/or the management of the Group. Furthermore, we have no reason to doubt the reasonableness of the opinions and representations expressed by the Company, the Board and/or the management of the Group which have been supplied to us. In line with normal practice, we have not, however, conducted any independent verification process of the facts and information supplied to us, nor have we conducted any independent investigation into the business and affairs, financial conditions and future prospects of the Group. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Offers.

The Independent Board Committee comprising Mr. Lee Jor Hung, Dannis, Mr. Goh Pek Yang, Michael, Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew, being all the non-executive Directors, other than Mr. Wong Yuet Leung, Frankie, has been established to advise the Independent Shareholders and the Independent Optionholders in respect of the Offers, in particular as to whether the respective terms of the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers. As Mr. Wong Yuet Leung, Frankie, the remaining non-executive Director, is a director of Harbour Master, one of the Vendors in the S&P Agreement, he will not serve as a member of the Independent Board Committee as his significant connection with Harbour Master and the Company within the 2 years prior to the commencement of the Offer Period for the Offers may reasonably likely affect the objectivity of his advice.

PRINCIPAL TERMS OF THE OFFERS

In accordance with the Takeovers Code, the Offers are unconditional and the principal terms of the Offers are as follow:

1. Share Offer

The Share Offer Price of HK$0.360 per Share is the same as the price paid by the Offeror to the Vendors for each Sale Share under the S&P Agreement and is the highest price paid by the Offeror during the Relevant Period.

For every Offer Share. . . . . HK$0.360 in cash

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature together with all rights attaching thereto as at the Completion Date, including all dividends and distributions declared, made or paid on or after the Completion Date.

2. Option Offer

The respective Share Option Offer Price is the difference between the Share Offer Price and the exercise price per Share relevant to that Share Option tranche.

For cancellation of each Share Option of the outstanding 7,519,288 Share Options with exercise price at HK$0.100 . . . . HK$0.260 in cash

For cancellation of each Share Option of the outstanding 914,508 Share Options with exercise price at HK$0.177 . . . . HK$0.183 in cash

For cancellation of each Share Option of the outstanding 4,552,823 Share Options with exercise price at HK$0.182 . . . . HK$0.178 in cash

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion with regard to the Offers, we have taken into consideration the following principal factors and reasons:

1. Past results of the Group

The Group is principally engaged in the investment in and the development, operation and management of container ports, which are conducted through the port (the "WIT Port") of Wuhan International Container Transshipment Company Limited (the "WIT"), which is 85% owned by the Group.

Set out below are the summary of income statements of the Group, which are extracted from the Company's interim report for the six months ended 30 June 2011 (the "2011 Interim Report"), annual reports for the year ended 31 December 2010 (the "2010 Annual Report"), 31 December 2009 (the "2009 Annual Report") and 31 December 2008 (the "2008 Annual Report"). Further details of the results and other financial information of the Group are set out in Appendix II to the Composite Document.

Table 1 — Summary of income statements of the Group for the three years ended 31 December 2010 and the six months ended 30 June 2011

	For the six months ended 30 June	For the year ended 31 December		
	2011	**2010**	**2009**	**2008**
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Revenue	41,918	57,291	54,136	42,304
Cost of services rendered	(21,581)	(33,851)	(27,518)	(19,213)
Gross profit	20,337	23,440	26,618	23,091
Gross profit margin	*49%*	*41%*	*49%*	*55%*
Other income	308	11,793	6,865	6,429
Other operating expenses	(3,479)	(6,783)	(9,870)	(5,785)
General and administrative expenses	(13,693)	(23,356)	(21,125)	(23,353)
Finance costs	(7,522)	(7,193)	(8,455)	(10,845)
Loss before taxation	(4,049)	(2,099)	(5,967)	(10,463)
Exchange gain on translation of financial statements of foreign operations	1,194	3,703	23	6,393
Total comprehensive loss for the year/period	(2,855)	1,604	(5,944)	(4,070)
Loss for the year attributable to:				
Shareholders of the Company	(4,043)	(2,930)	(6,004)	(10,516)
Minority interest	(6)	831	37	(53)
	(4,049)	(2,099)	(5,967)	(10,463)
Total comprehensive loss attributable to:				
Shareholders of the Company	(3,008)	263	(5,981)	(5,074)
Minority interests	153	1,341	37	1,004
	(2,855)	1,604	(5,944)	(4,070)
Basic and diluted loss per share for loss attributable to shareholders of the Company	HK0.35 cents	HK0.25 cents	HK0.58 cents	HK1.11 cents

As set out in the Table 1 above, despite the continued increase in the revenue, the Group has been making a loss attributable to the Shareholders.

We noted that the general and administrative expenses of the Group have increased continuously since the financial year ended 31 December 2009 and have discussed this with the management of the Group. As advised by the management of the Group, it was mainly due to continued increase in the volume of transshipment cargo handled by the Group which not only led to high turnover of the Group but also higher general and administrative expense.

Based on the discussion with the management of the Group, we understand that in order to solve this issue, the management of the Group has been continuing its effort to handle more local sourced cargo, which carry higher tariff, thus has higher profit margin, whilst on the other hand, control the costs of the Group. Although currently the Company has no concrete measures to reduce the operating costs, as illustrated in the Table 1 above, the loss attributable to the shareholders of the Company has been continuously decreasing.

The Group's revenue is mainly derived from four categories of related businesses/services, namely, container handling services, agency services, integrated logistics services, and general and bulk cargo handling services. Set out below are breakdown of the Group's revenue by different businesses/services for each of three years ended 31 December 2010 and for the six months ended 30 June 2011, which are extracted from the Company's respective annual reports and interim report.

Table 2 — Analysis of revenue of the Group for the three years ended 31 December 2010 and the six months ended 30 June 2011

	For the six months ended 30 June 2011		For the year ended 31 December 2010		2009		2008	
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*
— Container handling services	21,125	(50)	27,855	(49)	26,939	(50)	26,249	(62)
— Agency services	12,506	(30)	19,627	(34)	15,979	(30)	5,479	(13)
— Integrated logistics services	7,552	(18)	8,758	(15)	8,450	(15)	7,654	(18)
— General and bulk cargo handling services	735	(2)	1,051	(2)	2,768	(5)	2,922	(7)
Total	41,918	(100)	57,291	(100)	54,136	(100)	42,304	(100)

Note: () percentage share to total revenue generated.

Set out below are our analysis of the financial performance of the Group for the three years ended 31 December 2010 and the six months ended 30 June 2011.

(i) ***For the financial year ended 31 December 2008***

As shown in Table 1 and Table 2 above, the Group recorded a turnover of approximately HK$42.3 million for the year ended 31 December 2008, representing an increase of approximately HK$8.8 million or 26% over that of approximately HK$33.5 million for the preceding financial year. As explained by the Board in the 2008 Annual Report, the increase in turnover for the year ended 31 December 2008 was mainly attributable to extra revenue from additional containers handled and higher average tariff rates.

We noted that there was a reduction in revenue generated from agency services. As advised by the management of the Group, such reduction was mainly due to the reduced import of fertilizers as a result of unstable supply and price control problems. Furthermore, the increase in integrated logistics services income reflected the increased demand for bonded warehousing services from manufacturers which have established their manufacturing plants in the Yanglou area where the WIT Port is situated.

As explained by the management of the Group, due to the increased contributions from the increase in volume of containers handled, higher average container tariff rates achieved and the continuing contributions from general and bulk cargo handling, the agency and integrated logistics services business segments, the Group recorded a gross profit of approximately HK$23.1 million for the year ended 31 December 2008, representing a significant improvement compared with that of HK$15.4 million for the year ended 31 December 2007.

Despite the fact that the Group recorded an increase in its turnover, owing to the increase in the general and administrative expenses as a result of the additional marketing and business development efforts to promote the WIT Port and the increase in the finance costs as a result of the increased capital expenditures, the increase in interest rates and the increase in amortization charge, the Group recorded a loss of approximately HK$10.5 million for the year ended 31 December 2008.

(ii) ***For the financial year ended 31 December 2009***

For the year ended 31 December 2009, the Group's revenue amounted to approximately HK$54.1 million, representing an increase of approximately HK$11.8 million or 28% over that of approximately HK$42.3 million for 2008. We noted from the 2009 Annual Report that the increase in revenue was mainly attributable to extra revenue from additional containers handled and increased revenue from agency services as more agency agreements were entered into with shipping companies for the year under review.

Despite higher turnover achieved by the Group, owing to the higher mix of transshipment containers being handled which commanded lower tariffs, as explained by the management of the Group, the Group recorded gross profit of approximately HK$26.6 million for the year ended 31 December 2009, which represents a lower gross profit margin of approximately 49% compared with that of approximately 55% for the year ended 31 December 2008.

However, the increased amount of the turnover and the gross profit was not sufficient to cover the operating expenses and the finance costs of the Group. The loss attributable to the Shareholders amounted to approximately HK$6.0 million, representing a reduction of approximately HK$4.5 million or approximately 43% from that of approximately HK$10.5 million, for the year ended 31 December 2008. As advised by the management of the Group, these were attributable to a combination of factors, including the increase in revenue, subsidies granted by local PRC government, the decrease in general and administrative expenses as a result of the implementation of cost cutting measures and the decrease in finance costs due to reduction in interest rates.

(iii) ***For the financial year ended 31 December 2010***

For the year ended 31 December 2010, the Group's revenue amounted to approximately HK$57.3 million, representing an increase of approximately 6% over that of approximately HK$54.1 million for the preceding financial year. As advised by the management of the Group, the increase in revenue was mainly attributable to extra revenue from additional containers handled and increased revenue from agency services as more agency agreements were entered into with shipping companies to extend the Group's services.

As set out in the Table 2 above in relation to the breakdown of the revenue of the Group, revenue generated from the container handling and agency services increased to approximately HK$27.9 million and HK$19.6 million, representing an increase of approximately 3% and 23% from that of 2009 respectively. Revenue generated from the container handling and agency services respectively accounted for approximately 49% and 34% of the Group's turnover for the year ended 31 December 2010. The Group recorded revenue of approximately HK$1.1 million from general and bulk cargo services for the year ended 31 December 2010, representing a decrease of approximately 62% compared with that of approximately HK$2.8 million for the year ended 31 December 2009.

Despite of the increase in the revenue, due to the higher mix of transshipment container handled by the Group which commanded lower tariffs and higher operating costs, the Group recorded a gross profit of approximately HK$23.4 million, representing a decrease of approximately HK$3.2 million compared with that of approximately HK$26.6 million recorded for the year ended 31 December 2009. We were advised by the management of the Company, the decrease in gross margin was mainly attributable to the growth in agency services which generally have a lower gross margin.

Although the Group generated higher other income, which was mainly due to subsidies granted by the local government, and incurred lower other operating expenses and finance costs, due to the lower gross profit margin and higher general and administrative expenses (mainly due to the increase in the volume of containers handled by the Group and higher depreciation expenses of port facilities incurred), the Group recorded a loss attributable to the Shareholders of approximately HK$2.9 million for the year ended 31 December 2010, representing a decrease of approximately 51% from that of approximately HK$6.0 million for the year ended 31 December 2009.

(iv) ***For the six months ended 30 June 2011***

For the six months ended 30 June 2011, the Group's revenue amounted to approximately HK$41.9 million, representing an increase of approximately HK$15.2 million or approximately 57% over that of approximately HK$26.8 million for the corresponding period of 2010.

Growth had been recorded in every business segment of the Group for the six months ended 30 June 2011. As illustrated in Table 2 above, revenue generated from container handling service increased to approximately HK$21.1 million for the six months ended 30 June 2011, representing an increase of approximately 63% compared with that of the corresponding period in 2010. As disclosed in the 2011 Interim Report, higher tariff rates took effect from beginning of 2011 following the conclusion of the new tariff agreement with a major customer in May 2011. In addition, as advised by the management of the Group, there was an increase in transshipment throughput due to higher level of containers from upstream of the Yangtze River at the WIT port. The increase in tariff and throughput had resulted in the increase in container handling service income for the six months ended 30 June 2011. Further, the increase in Wuhan sourced containers led to the substantial growth in integrated logistics services which included largely cargo consolidation and de-consolidation, storage and transportation. Also, more fertilizers were being imported for break-bulk and storage. The increase in agency service income was attributable to the increase in business volume.

Gross profit for the six months ended 30 June 2011 was approximately HK$20.3 million, an increase of approximately HK$9.3 million from the corresponding period of 2010. Gross profit margin for the six months ended 30 June 2011 was approximately 49% compared with a gross profit margin of approximately 41% in the corresponding period in 2010. These mainly reflected the increase in average tariff and throughput.

Loss for the six months ended 30 June 2011 amounted to approximately HK$4.1 million, representing a decrease of approximately HK$3.9 million or approximately 49% on that of approximately HK$7.9 million for the same period in 2010. Net loss attributable to the Shareholders for the six months ended 30 June 2011 amounted to approximately HK$4.0 million, representing a decrease of approximately HK$3.2 million or approximately 44% on that of approximately HK$7.2 million for the same period in 2010. These were mainly attributable to the increase in gross profit contributions while partially offset by the increases in general and administrative expenses and other operating expenses.

2. Industry overview

The Group's business activities are conducted through the WIT Port, which is built on the Yangluo port, an important gateway of Wuhan and the only natural deep-water harbour in 200-kilometer-long section of Yangtze River. As set out in the 2010 Annual Report, the management of the Group considers that, 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 neighbouring provinces.

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

Based on the published information available from the government website of Wuhan Yangluo Economic Development Zone, the cargo throughput of Wuhan new port reached a record high of over 100 million tonnes and container throughput reached 650,000 twenty-foot equivalent units ("TEUs") as at the end of 2010. The local government intends to develop WIT Port into one of the major regional logistic hubs in China. According to《武漢新港總體規劃》(the "Wuhan New Port Plan") and 《武漢新港"十二五"發展規劃》(the "12th 5-year Plan of Wuhan New Port"), it is intended by the local government that the cargo throughput and container throughput of WIT Port will reach 200 million tonnes and 2 million TEUs by 2015, 230 million tonnes and 5 million TEUs by 2020, and 430 million tonnes and 13 million TEUs by 2030 respectively.

As set out in 2010 Annual Report, the strong and well established industrial base of Wuhan featuring operators in major industries, including vehicle and engine manufacturers such as Nissan, Honda, Citreon, Renault and Cummins and liquid crystal display and electronics manufacturers such as Foxconn Technology Group and TPV Technology Limited as well as those in the construction materials and farm products businesses have been and will continue to be the principal providers of Wuhan sourced container cargoes to the WIT Port. As many of the manufacturing/assembly plants of these international companies are in their early stage of business development, their planned production expansion is expected to continue to contribute to the growth in throughput at the WIT Port.

With the development and growth of the container business on track, as advised by the management of the Group, the Group has been developing its agency and integrated logistics businesses to expand its revenue sources, including bonded warehousing, customs clearance, break-bulk and distribution.

3. Business prospects of the Group

Set out below is the volume of container throughput in units of TEUs and general and bulk cargoes in units of tonnes handled by the Group for each of the three financial years ended 31 December 2010 and the six months ended 30 June 2011, which are extracted from the Company's respective annual reports and interim report.

Table 3 — Volume of container throughput and general and bulk cargoes handled by the Group for the three financial years ended 31 December 2010 and the six months ended 30 June 2011

	For the six months ended 30 June 2011	For the year ended 31 December 2010	2009	2008
	(TEUs)	*(TEUs)*	*(TEUs)*	*(TEUs)*
Container throughput				
— Wuhan sourced	42,551	59,503	57,730	45,451
— Transshipment	113,824	206,276	193,298	114,586
Total	156,375	265,779	251,028	160,037
	(Tonnes)	*(Tonnes)*	*(Tonnes)*	*(Tonnes)*
General and bulk cargo	30,253	43,015	143,231	139,384

With the development and growth of the container business on track, the Group has been developing its agency and integrated logistics business to expand its revenue sources. As illustrated in Table 3 above, due to the achievements in marketing and business development of the WIT's management team and its ability to handle transshipment cargoes from neighbouring and upstream provinces of Wuhan, for the year ended 31 December 2009, the Group's throughput volume reached 251,028 TEUs, representing approximately 57% over that of 160,037 TEUs for the year ended 31 December 2008.

The throughput volume of the Group continued to increase to 265,779 TEUs for the year ended 31 December 2010, and reached 156,375 TEUs for the six months ended 30 June 2011, an increase of 37,131 TEUs or 31% over that of 119,244 TEUs for the same period in 2010.

However, volume of general and bulk cargoes handled by the Group decreased from approximately 139,384 tonnes for the year ended 31 December 2008 to 43,015 tonnes for the year ended 31 December 2010. The total general and bulk cargoes handled in the six months ended 30 June 2011 was 30,253 tonnes. As advised by the management of the Group, with the growth in container throughput, the container handling and agency services will continue to make important contributions to the revenue of the Group, and revenue from general and bulk cargo business will no longer be considered as one of the mainstream income of the Group.

According to the "Bulletin of Container Throughput of Major Ports in China" (中國主要港口集裝箱碼頭吞吐量快報) compiled by Secretary Department of China Ports and Harbors Association (中國港口協會秘書處) (the only official information that we can locate), for the six months ended 30 June 2011, the market share of the Group increased from 40% to 43% out of the total of 360,235 TEUs (2010: 301,119 TEUs) handled in the whole of Wuhan. As a result of the relocation of the competiting port, Hanyang Port, to the Yanglou area, WIT Port is able to compete on an equal footing with it for the first time for Wuhan sourced containers, which attract higher tariff rates, and thereby increase the Group's Wuhan sourced cargo market share. As partly reflected in the throughput figures for the six months ended 30 June 2011, WIT Port is already gaining ground on the competition for Wuhan sourced containers. The Group expects its business growth and financial performance to continue to improve.

As disclosed in the 2010 Annual Report, despite the Group having been granted the right of first refusal for the development of phase II of the WIT Port by the PRC joint venture partners who are Wuhan government agencies at the inception of the WIT project; the signing of a heads of agreement in 2005 (together with a supplemental agreement in April 2007), and the subsequent approval of the development plan by the PRC Central Government for the Group to take a 44% equity interest in the Phase II development with the rest of the equity interest to be taken by the two PRC joint venture partners of WIT, negotiations of the terms of the joint venture agreement had grinded to a halt resulting in the Group not being able to participate in the development of the project as intended.

Notwithstanding the Group's right to participate in the Phase II development, with the backing from the Wuhan Municipal Government, the two PRC joint venture partners of WIT took over the design and construction of the Phase II development. As advised by the management of the Group, Phase II port has become operational since June 2011. The operation of Hanyang Port has terminated accordingly and has migrated to the new site.

As advised by the management of the Group, the Group has procured 25 mou of 124 mou of land reserved for the development of a multipurpose port and is awaiting the Wuhan Xinzhou District Government to complete the relocation of residents on the remaining site to pave the way for the procurement of the remaining land for the pre-construction activities to take place.

Furthermore, pursuant to a letter of intent (the "Letter of Intent") entered into between the Company and an intended purchaser (the "Intended Purchaser") in relation to a possible disposal (the "Possible Disposal") of the entire equity interests in CIG Port Holdings Limited (the "Target Company"), the Intended Purchaser was granted an exclusive due diligence and negotiation period of 90 days from the date of the Letter of Intent i.e. 8 April 2011. The Target Company holds an 85% interest in WIT and the entire equity interest in CIG Wuhan Multipurpose Port Limited (武漢中基通用港口發展有限公司) ("MPP"). Both WIT and MPP are incorporated in the PRC and are engaged in the development and operation of container and general cargo ports in Wuhan, the PRC. WIT has been operational since February 2004 and MPP is currently under development and construction. The Letter of Intent had lapsed and the Company had been in the process of negotiating the terms of a sale and purchase agreement with the Intended Purchaser. However, following the notification of the Offers to the Company and the implication of Rule 4.1 of the Takeovers Code and the fact that no legal binding agreement had been reached, the Board unanimously resolved to withhold the negotiation regarding the Possible Disposal until further determination by the Board after the close of the Offers.

Although the revenue of the Group is growing, the gross profit generated by the Group is not sufficient to sustain the general and administrative expenses, other operating expenses and finance costs. Based on the past track records of the Group, the industry outlook and that the Offeror has not formulated a concrete plan in relation to the future development of the Group (other than the retention of Mr. Chow by way of the Service Agreement), there is a lack of certainty to the immediate turnaround of the financial performance of the Group.

4. Financial position of the Group

Set out below are the financial positions of the Group as at 30 June 2011, 31 December 2010, 31 December 2009 and 31 December 2008, which are extracted from the Company's respective annual reports and interim report.

Table 4 — Financial positions of the Group as at 30 June 2011, 31 December 2010, 31 December 2009 and 31 December 2008

	As at 30 June 2011 (unaudited) (HK$'000)	As at 31 December 2010 (audited) (HK$'000)	2009 (audited) (HK$'000)	2008 (audited) (HK$'000)
NON-CURRENT ASSETS				
Property, plant and equipment	286,894	285,067	284,109	282,755
Land use rights	8,551	8,588	8,538	8,756
Construction in progress	20,358	14,125	6,926	4,518
	315,803	307,780	299,573	296,029
CURRENT ASSETS				
Inventories	1,773	1,062	921	933
Trade receivables	27,807	14,840	14,478	11,252
Prepayments, deposits and other receivables	12,357	5,923	4,656	2,727
Government subsidy receivables	17,029	17,082	14,393	11,115
Cash and cash equivalents	19,975	49,648	26,644	8,611
	78,941	88,555	61,092	34,638
CURRENT LIABILITIES				
Accrued expenses and other payables	9,344	11,239	8,718	8,728
Current portion of interest-bearing borrowings	—	—	28	28,566
	9,344	11,239	8,746	37,294
NET CURRENT ASSETS(LIABILITIES)	69,597	77,316	52,346	(2,656)
TOTAL ASSETS LESS CURRENT LIABILITIES	385,400	385,096	351,919	293,373
NON-CURRENT LIABILITIES				
Long-term interest-bearing borrowings	(237,941)	(235,400)	(204,060)	(171,028)
NET ASSETS	147,459	149,696	147,859	122,345
EQUITY				
Share capital	117,706	117,015	117,015	50,149
Reserves	12,570	15,651	15,155	56,544
Equity attributable to shareholders of the Company	130,276	132,666	132,170	106,693
Minority interests	17,183	17,030	15,689	15,652
TOTAL EQUITY	147,459	149,696	147,859	122,345

The Group had total assets of approximately HK$330.7 million, HK$360.7 million, HK$396.3 million and HK$394.7 million as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 respectively. Property, plant and equipment (mainly comprising port facilities and terminal equipment) had been one of the major assets of the Group, which accounted for approximately 85.5%, 78.8%, 71.9% and 72.7% of the total assets of the Group as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 respectively.

As advised by the management of the Group, the Group finances its operations and capital expenditure with internal financial resources, long-term and short-term bank borrowings. The Group had total outstanding bank borrowing of approximately HK$199.5 million, HK$204.1 million, HK$235.4 million and HK$237.9 million as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 respectively. The bank loans were provided by a PRC bank, and they are either secured by the Group's port facilities, land use rights, a corporate guarantee of the Company or unsecured.

The Group had a net gearing ratio of approximately 1.8 times, 1.3 times, 1.4 times and 1.7 times as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 respectively. The calculation of the net gearing ratio was based on total bank borrowings, net of cash and cash equivalents held by the Group, over total equity attributable to shareholders' of the Company as at the respective date.

5. Share Offer Price

The Share Offer Price of HK$0.360 represents:

(a) a premium of approximately 62.9% over the closing price of HK$0.221 per Share on the Stock Exchange on 21 September 2011, being the Last Trading Day.

(b) a premium of approximately 71.4% over the average closing price of HK$0.210 per Share on the Stock Exchange over the last 5 consecutive Trading Days up to and including the Last Trading Day;

(c) a premium of approximately 86.5% over the average closing price of HK$0.193 per Share on the Stock Exchange over the last 10 consecutive Trading Days up to and including the Last Trading Day;

(d) a premium of approximately 125.0% over the average closing price of HK$0.160 per Share on the Stock Exchange over the last 30 consecutive Trading Days up to and including the Last Trading Day;

(e) a premium of approximately 1.4% over the closing price of HK$0.355 per Share on the Stock Exchange on the Latest Practicable Date; and

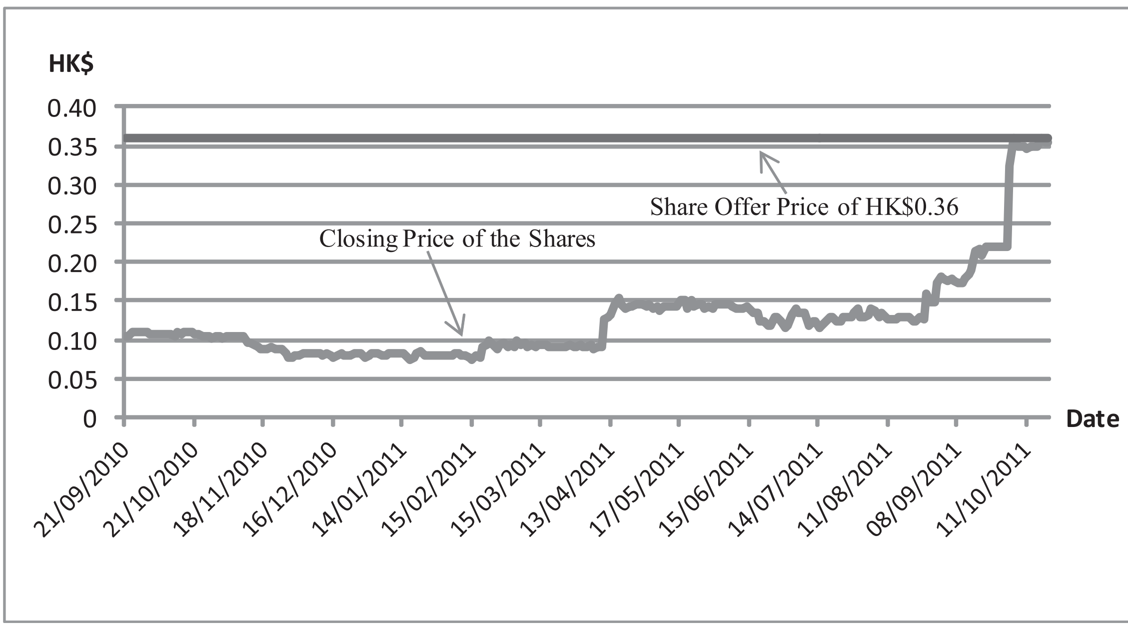
(f) a premium of approximately 224.3% over the unaudited consolidated net asset value of the Company excluding non-controlling interests (the "NAV") per Share of HK$0.111 as at 30 June 2011 based on the unaudited NAV of HK$130,276,000 and 1,177,056,180 Shares in issue as at the Latest Practicable Date.

We set out below our analysis on the Share Offer Price:

(i) ***Historical Share price movements***

The chart below illustrates the movements in the closing prices of the Shares as quoted on the GEM during the period from 21 September 2010, being 12 months prior to the Last Trading Date, to the Latest Practicable Date (the "Review Period"). We consider the length of the Review Period provides sufficient data for us to analyse the historical performance of the Shares while avoiding any possible distortion to the results of the analysis caused by any short-term market volatility.

Chart 1 — Movements in the closing prices of the Shares as quoted on the GEM during the Review Period



Source: Website of the Stock Exchange

As noted from the movements in the closing prices of the Shares as quoted on the GEM during the period commencing from 21 September 2010 to 21 September 2011, the Last Trading Date (the "Pre-announcement Period"), the Share Offer Price is significantly higher than market prices of the Shares during the Pre-announcement Period. It is noted that the market prices of the Shares jumped in early April 2011. This took place immediately after the Company announced after trading hours on 8 April 2011 that the Company entered into the Letter of Intent with the Intended Purchaser for the Possible Disposal of the entire equity interests in the Target Company, a wholly-owned subsidiary of the Company, which holds an 85% interest in WIT and the entire equity interest in MPP. On 11 April 2011, the trading day immediately after the aforesaid announcement, the market price of the Shares closed at HK$0.127, representing an increase of approximately 41.1% from the closing price of HK$0.090 on 8 April 2011. As mentioned in the Joint Announcement, the Company has withheld the negotiation regarding the Possible Disposal until further determination by the Board after the close of the Offers.

Furthermore, market prices of the Shares commenced an upward trend in late August 2011. On 26 August 2011, the market price of the Share closed at HK$0.159, representing an increase of approximately 26.2% from the closing price of HK$0.126 on 25 August 2011. The Company announced on 28 August 2011 that the Board was not aware of any reasons for the increase in price and trading volume save as the information of the Company disclosed in the Company's announcements dated 8 April 2011, 7 July 2011 and 7 August 2011, all relating to the Letter of Intent. The upward trend halted after 21 September 2011 when the trading was suspended at the request of the Company pending the announcement of, among other things, the S&P Agreement and the Offers. On 21 September 2011, the market price closed at HK$0.221, representing further increase of approximately 75.4% and approximately 39.0% from the closing price of HK$0.126 on 25 April 2011 and HK$0.159 on 26 August 2011 respectively.

Despite the abovementioned price increase, the Share Offer Price is above the closing prices during the Pre-announcement Period and represents approximately 62.9% over the highest closing price of the Shares of HK$0.221 on 21 September 2011 during the Pre-announcement Period.

Trading in the Shares was suspended for six trading days from 22 September 2011 to 30 September 2011 pending the publication of the Joint Announcement. Trading in the Shares resumed on 3 October 2011 following the publication of the Joint Announcement. The market price of the Shares surged to the highest of HK$0.350 and closed at HK$0.325 on 3 October 2011, representing an increase of approximately 47.1% compared with the closing price on 21 September 2011. Since 3 October 2011 (the day when trading of the Shares resumed) to the Latest Practicable Date, the Shares have been traded within the range of HK$0.295 to HK$0.360 per Share. We consider the surge of the market price of the Shares during 3 October 2011 to the Latest Practicable Date was stimulated by the Offers, and does not represent normal price attainable without the Offers.

(ii) ***Trading volume of the Shares***

The following table and chart set out the trading volume of the Shares during the Review Period.

Table 5 — Trading volume of the Shares during the Review Period

	Total trading volume for the month/ Period *(Shares)*	**Average daily trading volume for the month/ period** *(Note 1)* *(Shares)*	**Average daily trading volume as a percentage of number of Shares in issue as at the Latest Practicable Date** *(Note 2)* *(%)*	**Average daily trading volume as a percentage of number of Shares held by the public as at the Latest Practicable Date** *(Note 3)* *(%)*
2010				
September (since 21 September 2010)	11,548,000	1,649,714	0.14%	0.31%
October	15,964,510	798,226	0.07%	0.15%
November	53,259,332	2,420,879	0.21%	0.46%
December	29,129,666	1,324,076	0.11%	0.25%
2011				
January	18,614,000	886,381	0.08%	0.17%
February	52,835,435	2,935,302	0.25%	0.56%
March	19,778,666	859,942	0.07%	0.16%
April	113,882,254	6,326,792	0.54%	1.21%
May	38,941,558	1,947,078	0.17%	0.27%
June	20,079,912	956,186	0.08%	0.18%
July	17,832,458	891,623	0.08%	0.17%
August	57,563,850	2,502,776	0.21%	0.48%
September *(Note 4)*	76,325,608	5,451,829	0.46%	1.04%
October (up to and including the Latest Practicable Date)	273,699,298	22,808,275	1.94%	4.35%

Source: Website of the Stock Exchange

Notes:

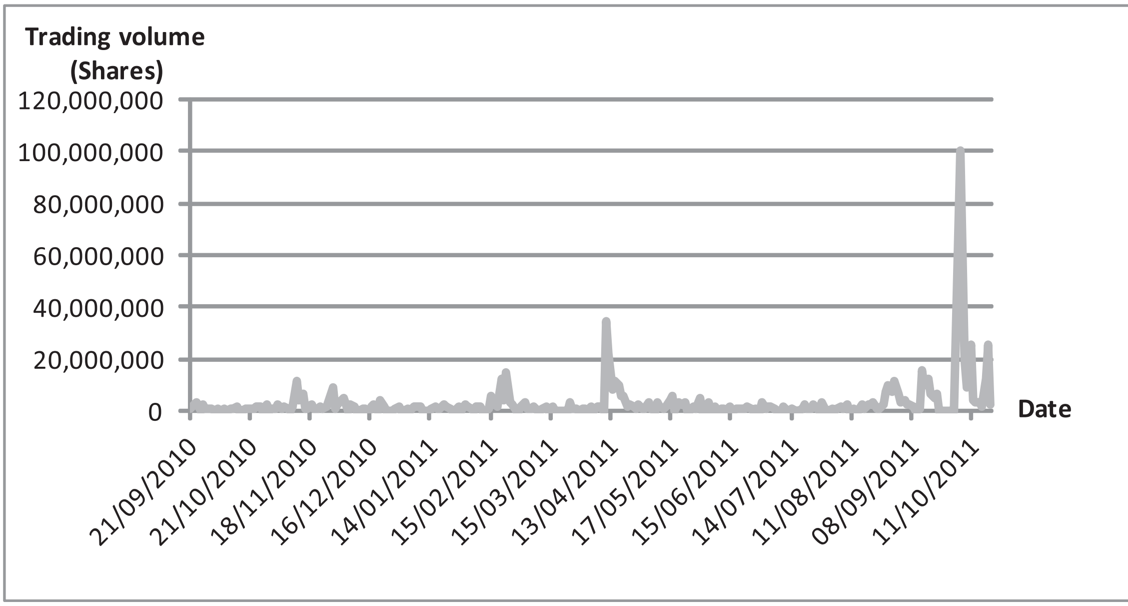
1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days of Shares during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. Figures shown in this column are calculated based on 1,177,056,180 Shares in issue as at the Latest Practicable Date.

3. Figures shown in this column are calculated based on 524,554,912 Shares held by the Independent Shareholders as at the Latest Practicable Date.

4. Trading of Shares was suspended from 22 September 2011 to 30 September 2011.

Chart 2 — Trading volume of the Shares during the Review Period



Source: Website of the Stock Exchange

Note: Trading of Shares was suspended from 22 September 2011 to 30 September 2011.

As illustrated in Table 5 and Chart 2 above, the average daily trading volume of the Shares during the Review Period ranged from approximately 798,226 Shares to approximately 22,808,275 Shares, representing approximately 0.07% to 1.94% of the total number of the Shares in issue as at the Latest Practicable Date respectively, and approximately 0.15% to 4.35% of the total number of the Shares held by the Independent Shareholders as at the Latest Practicable Date respectively. The trading volume on 3 October 2011, being the first trading day of the Shares immediately after the release of the Joint Announcement, was particularly large which amounted to 66,665,548 Shares. During the period from 3 October 2011 to the Latest Practicable Date, the total trading volume surged to 273,699,298 Shares, which was considered high as compared to the total trading volume recorded in those months during the Review Period and prior to the publication of the Joint Announcement. We consider the high level of trading volume during the period from 3 October 2011 to the Latest Practicable Date was stimulated by the Offers and does not represent normal volume attainable without the Offers.

In view of the above, we consider that, save for the month of October 2011, the overall liquidity of the Shares was relatively low in normal circumstances during the Review Period. As such, Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the market price of the Shares. We consider that the Share Offer provide an alternative exit to the Shareholders to realize their investment in the Shares.

(iii) ***Comparison with market comparables***

In forming our opinion on the Share Offer Price, we have considered adopting the commonly used valuation criteria namely, price-to-earnings multiples, net asset multiples and dividend multiples. However, given that the Group recorded net loss and had not declared any dividends during the year ended 31 December 2010, we consider the price-to-earnings multiples and the dividend multiples not applicable for assessing the value of the Company. We have therefore relied on the price-to-book multiple ("PB Ratio"), which is one of the commonly adopted trading multiples, and used the enterprise value to sales multiples ("EV/ Sale Ratio") for our analysis given that (i) the Company recorded net loss for the year ended 31 December 2010; and (ii) the EV/Sales Ratio can eliminate the impact arising from variation of capital structure and levels of capital expenditure of companies for comparison purposes.

We draw to the attention of the Independent Shareholders that the absence of closer comparables available in the market means that the samples that we are able to collect for comparison have much larger scales of operation and at best serve illustrative purposes only. Ratios derived therefrom may have limited comparison value and should be considered discriminatively.

The Group is mainly engaged in the businesses of development, operation and management of container ports. The revenue generated from container handling and agency services accounted for approximately 49% and 34% of the revenue of the Group for the year ended 31 December 2010 respectively. Based on the information available from the website of the Stock Exchange, we have identified five companies (the "Comparable Companies") which are (i) currently listed on the GEM or the Main Board of the Stock Exchange; and (ii) principally engaged in ports operation and container handling. Although the scale of all these Comparable Companies are much larger than the Company, given the Comparable Companies have similar principal business and market feature, adopting PB Ratio, EV/Sales Ratio and market capitalisation premium/(discount) over NAV as illustrated in the table that follows, we consider that the Comparable Companies can represent fair samples for comparison purposes. Set out in the table below is a comparison of the valuation statistics of the Company implied by the Share Offer Price with market valuations at which the Comparable Companies were traded as at the Latest Practicable Date.

Table 6 — Comparison with market comparables

Company name (Stock Code)	**Principal business activities**	**Approximate market capitalization** *(Note 1)* *HK$ million*	**Approximate NAV** *(Note 2)* *HK$ million*	**Enterprise Value** *(Note 3)* *HK$ million*	**PB Ratio** *(Note 4)* *Times*	**Market capitalization premium/ (discount) over NAV** *HK$ million*	**EV/Sales Ratio** *(Note 5)* *Times*
China Merchants Holdings (International) Company Limited (144)	Ports operation and bonded logistics and cold chain operations.	52,394	39,042	85,351	1.34	13,352	14.69
Cosco Pacific Limited (1199)	Managing and operating terminals, container leasing, management and sale, container manufacturing, and their related businesses.	25,843	26,055	36,579	0.99	(212)	10.53
Dalian Port (PDA) Company Limited (2880) *(Note 6)*	Provision of terminal and logistics services for oil products and liquefied chemicals, terminal logistics services for containers, and port value-added services including tugging, pilotage, tallying and IT services.	14,104	14,505	22,914	0.97	(401)	5.67
Xiamen International Port Co., Ltd. (3378)	Container, bulk and general cargo loading and unloading businesses, ancillary value-added port services, building materials manufacturing, processing and selling and the trading of industrial products, and long-term investment business.	1,085	4,761	2,973	0.23	(3,675)	1.09
Tianjin Port Development Holdings Limited (3382)	Provision of container handling and non-containerised cargo handling, supply of fuel and sales of materials, other port ancillary services including tugboat services, agency services, tallying and other services.	6,158	9,165	24,313	0.67	(3,007)	1.62
Maximum					1.34	13,352	14.39
Minimum					0.23	(3,675)	1.09
Mean					0.84	1,211	6.72
Median					0.97	(401)	5.67
The Company (8233) *(Note 7)*	Development, operation and management of container ports	424	133	638	3.19	291	11.13

Sources: Website of the Stock Exchange and Bloomberg

Notes:

1. Market capitalisation is calculated based on the closing price per share of the Comparable Companies on the website of the Stock Exchange as at the Latest Practicable Date.

2. This represents the net asset value after deducting the non-controlling interest as extracted from the latest annual reports of respective companies.

3. Enterprise value represents the market capitalisation after adding back minority interests and debts and deducting bank and cash balances as extracted from the respective companies' latest annual report.

4. PB Ratio represents the market capitalisation of the Comparable Companies at the Latest Practicable Date divided by the net asset value as per the respective companies' latest annual reports.

5. EV/Sales Ratio represents the enterprise value of the Comparable Companies over their audited consolidated revenue as reported in their respective latest annual reports.

6. The market capitalisation of Dalian Port (PDA) Company Limited has included the market capitalisation of both H-shares and A-shares in issue.

7. The figures represent hypothetical market value of the Company calculated based on the Share Offer Price.

8. The exchange rate of HK$1:RMB0.8205 and HK$1:US$0.1285 have been used for currency translation, where applicable.

(a) *PB Ratio*

As illustrated in the Table 6 above, the Comparable Companies are trading at PB Ratio ranging from approximately 0.23 times to 1.34 times, with an average of approximately 0.84 times. The implied PB Ratio of approximately 3.19 times of the Company represented by the Share Offer Price over the Company's audited NAV per Share of HK$0.113 as at 31 December 2010 is significantly higher than the average PB Ratio of the Comparable Companies, and this is a key factor the Independent Shareholders should consider.

(b) *EV/Sales Ratio*

The EV/Sales Ratio of the Comparable Companies ranged from 1.09 times to 14.69 times with an average of approximately 6.72 times of the Comparable Companies. The implied EV/Sales Ratio of the Company calculated by the Share Offer Price of approximately 11.13 times is higher than the average EV/Sales Ratio of the Comparable Companies.

In view of (i) the Group was loss-making for the year ended 31 December 2010 and for the six months ended 30 June 2011; (ii) the Share Offer Price represents a premium over the latest audited NAV per Share as at 31 December 2010; (iii) the implied PB Ratio and the implied EV/Sales Ratio as represented by the Share Offer Price is higher than the averages of the Comparable Companies; and (iv) the Share Offer provides an alternative exit for the Independent Shareholders to realize their investment in Shares, we consider that the Share Offer Price is fair and reasonable.

(iv) ***Dividend***

No dividend has been declared or recommended by the Company since the financial year ended 31 December 2006. It is uncertain if any dividend will be declared and paid by the Company in the foreseeable future.

6. Background of the Offeror, its intention regarding the future of the Group

(i) ***Background of the Offeror***

The Offeror is an investment holding company incorporated in the BVI on 5 July 2011 with limited liability. The Offeror is wholly and ultimately beneficially owned by Mr. Yan. Mr. Yan is the sole director of the Offeror. Before the date of the S&P Agreement, the Offeror has not conducted any business since its incorporation, and save for the cash to be used for the settlement of the consideration and the Offers, does not have any material assets as at the date of the Joint Announcement.

Mr. Yan, aged 39, is the controlling shareholder and an executive director of Zall Development (Cayman) Holding Co. Ltd. (Stock Code: 2098.HK), a company listed on the Main Board of the Stock Exchange. Mr. Yan does not have direct experience in container port operation, but has extensive experience in logistics, project planning, business and operation management. He has approximately six years of experience in the commercial property and wholesale shopping mall industries, as well as approximately 15 years of experience in the advertising and media industry and business management.

(ii) ***Reasons of the Offers and intentions of the Offeror***

It is the intention of the Offeror to continue with the existing principal businesses of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company or re-deploy the employees of the Group by reason only of the Offers. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulate a suitable business strategy for the Group and will explore other business opportunities. Subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. As at the Latest Practicable Date, the Offeror had no intention or plan for any acquisition or disposal of assets and/or business by the Group or any material changes to the continued employment of the employees of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror has neither entered into any agreement, arrangement, understanding or negotiation about any acquisition of assets nor has any assets injection agreed or under negotiation.

The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business. The Offeror has no plan on any injection of any assets or businesses into the Company as at the date of the Joint Announcement.

Under the S&P Agreement, Mr. Chow and Mr. Wong Yuet Leung, Frankie, an existing non-executive Director, will resign as Directors with effect on the earliest date on which such resignation may take effect under the Takeovers Code (being the Closing Date). The Offeror has nominated Mr. Yan as a non-executive Director, and Mr. Duan Yuan as ("Mr. Duan") an executive Director to the Board with effect on a day which is no earlier than the posting of the Composite Document. Further details of Mr. Duan are set out in the "Letter from GF Securities".

Since Mr. Chow, the existing sole Director, will resign as a Director, for the purpose of ensuring continuity of the Group's business, it is proposed that subject to compliance with the requirement under Rule 25 of the Takeovers Code with respect to special deal, Mr. Chow will enter into the Service Agreement with the Company in relation to his appointment as a consultant of the Company for a term of two years with effect upon the resignation of Mr. Chow as an executive Director becoming effective. In addition, the Offeror is in the process of identifying other suitable candidates of Directors. Further announcement will be made upon any appointment of new Directors. Details of the proposed Directors are set out in the "Letter from the Board" and the "Letter from GF Securities".

Further details of the Service Agreement are set out in the Circular and resolution will be proposed at the EGM for the approval of the Service Agreement as required under Rule 25 of the Takeovers Code.

RECOMMENDATION

The Share Offer

Having considered that:

(i) the Group has been recording loss attributable to the Shareholders for each of the three financial years ended 31 December 2010 and the six months ended 30 June 2011;

(ii) based on the past track records of the Group, the industry outlook and that the Offeror has not formulated a concrete plan in relation to the future development of the Group (other than the retention of Mr. Chow by way of the Service Agreement), there is a lack of certainty to the immediate turnaround of the financial performance of the Group;

(iii) no dividend has been declared and distributed to the Shareholders for the last three financial years ended 31 December 2010 and that it is uncertain if any dividend will be declared and paid in the foreseeable future;

(iv) the Share Offer Price represents a premium to the market prices of the Shares during the Pre-announcement Period;

(v) the Share Offer Price also represents a premium of 224.3% or HK$291 million to the unaudited NAV per Shares of HK$0.111 and NAV of HK$133 million as at 30 June 2011; and

(vi) given the lack of trading volume in the Shares in the Pre-Announcement Period, Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares and the Share Offer therefore provides an opportunity to the Shareholders to realize their investment in the Company.

we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

The Independent Shareholders, in particular those who intend to accept the Share Offer, are reminded to note the recent fluctuation in the market price of the Shares in view of the exceptional volatility and decline in the Hong Kong stock market recently. There is no guarantee that the current market price will or will not sustain and will or will not be higher than the Share Offer Price during and after the Offer Period. The Independent Shareholders who intend to accept the Share Offer are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares would be higher than the net consideration receivable under the Share Offer.

For those Independent Shareholders who are attracted by and confident in the future prospect of the Group and/or the Offeror or otherwise and wish to retain their interest in the Company, they should carefully consider the future intention of the Offeror regarding the Group and evaluate the prospects of the Group under the control of the Offeror after the close of the Share Offer.

The Independent Shareholders are also reminded that their decisions to sell or hold their investment in the Shares are subject to their individual circumstances and investment objectives.

The Option Offer

The respective Share Option Offer Price is the difference between the Share Offer Price and the exercise price per Share relevant to that Share Option tranche. This "see-through" methodology is commonly regarded as the minimum offer price for any convertible instrument in conjunction with a general offer for ordinary shares. As such, we consider that the basis of determining the respective Share Option Offer Price is acceptable and accordingly the respective Share Option Offer Price is fair and reasonable so far as the Independent Optionholders are concerned. We, therefore, advise the Independent Board Committee to recommend the Independent Optionholders to accept the Option Offer.

As disclosed in the "Letter from the Board", in accordance with the terms of the Share Option Scheme, the grantee (or where appropriate, his legal personal representatives) shall be entitled to exercise the Share Options in full (to the extent not already exercised) at any time within 21 days of the notice given by the Offeror in relation to the Offers (i.e. any time during the period from 21 October 2011 to 11 November 2011), after which the Share Options shall lapse according to the terms of the Share Option Scheme.

For those Independent Optionholders who wish to accept the Option Offer are advised to exercise their Share Options and dispose of the Shares so exercised in the open market if the market price per Share exceeds their exercise price during the Offer Period and if the net proceeds from the sales of such new Shares in the open market after deducting all transaction costs would exceed the net amount receivable under the Option Offer.

For those Independent Optionholders who are attracted by and confident in the future prospect of the Group and/or the Offeror or otherwise and wish to retain their interest in the Company, they should consider exercise some or all of their subscription rights under the Share Options prior to the lapsing of the Share Options and retain their Shares thereupon. Nevertheless, they should carefully consider the future intention of the Offeror regarding the Group and evaluate the prospects of the Group under the control of the Offeror after the close of the Option Offer.

GENERAL

The Independent Shareholders and the Independent Optionholders should read carefully the procedures for accepting the Share Offer and the Option Offer respectively as detailed in the Composite Document, the appendices to the Composite Document and the form of acceptance, if they wish to accept the Offers.

Yours faithfully,
For and on behalf of
Asian Capital (Corporate Finance) Limited
Patrick K.C. Yeung
Managing Director

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

A. The Share Offer

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by post or by hand, marked "**CIG Yangtze Ports PLC Share Offer**" on the envelop as soon as possible but in any event so as to reach the Registrar by no later than 4:00 p.m. on Friday, 11 November 2011 or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked "**CIG Yangtze Ports PLC Share Offer**" with the duly completed and signed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**CIG Yangtze Ports PLC Share Offer**" with the duly completed and signed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.

(c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**CIG Yangtze Ports PLC Share Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Acceptance and deliver it in an envelope marked "**CIG Yangtze Ports PLC Share Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of GF Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the **WHITE** Form of Acceptance and any relevant documents required have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares.

(g) No acknowledgement of receipt of any **WHITE** Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) If the Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the **WHITE** Form of Acceptance to the relevant Shareholder(s).

B. The Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Option Offer.

(b) The completed **PINK** Form of Acceptance should be forwarded, together with the relevant document(s) of title of the Share Option(s) (if any) stating the number of Share Options for not less than the number of Share(s) exercisable pursuant to the Share

Options in respect of which you intend to accept the Option Offer, by post or by hand to the Company Secretary of the Company at 2909A Bank of America Tower, 12 Harcourt Road, Central Hong Kong, marked "**CIG Yangtze Ports PLC Option Offer**" on the envelope, as soon as possible and in any event so as to reach the Company Secretary of the Company at the aforesaid address by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) No stamp duty will be deducted from the amount paid to the relevant Optionholder(s) who accept the Option Offer.

(d) No acknowledgement of receipt of any **PINK** Form of Acceptance and/or document(s) of title of the Share Option(s) (if any) will be given.

(e) If the Option Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by hand or by ordinary post the document(s) of title of the Share Option (if any) lodged with the **PINK** Form of Acceptance to the relevant Independent Optionholder(s).

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers have previously been revised or extended with the consent of the Executive, all Form(s) of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offers are extended or revised, the announcement of such extension or revision will state the revised Closing Date and the Offers will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and the Independent Optionholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offers, all Independent Shareholders and the Independent Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

The Offeror may introduce new conditions to be attached to any revision to the terms of the Offers, or any subsequent revision thereof but only to the extent necessary to implement the revised Offers and subject to the consent of the Executive.

If the Closing Date is extended, any reference in the Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offers as so extended.

3. ANNOUNCEMENTS

(a) By 6:00 p.m. (or such later time and/or date as the Executive may in exceptional circumstance permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offers.

The Offeror must publish an announcement the results of the offers and on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offers have been revised, extended or have expired.

The announcement must state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offers have been received;

(ii) held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period (as defined under the Takeovers Code); and

(iii) acquired or agreed to be acquired during the Offer Period (as defined under the Takeovers Code) by the Offeror and any parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance conditions under paragraph 1(e) of this Appendix.

(c) As required under the Takeovers Code and the GEM Listing Rules, all announcements in relation to the Offers, in respect of which the Executive and (if applicable) the Stock Exchange have confirmed that they have no further comments thereon, will be published on the website of the Stock Exchange (http://www.hkex.news.hk) and the website of the Company (http://www.cigyangtzepots.com).

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Independent Shareholders and the Independent Optionholders, as the case may be, or by their respective agent(s) on their respective behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders and the Independent Optionholders who have tendered acceptances of the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until such requirements are met.

5. SETTLEMENT

A. The Share Offer

(a) Provided that the relevant **WHITE** Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Offer Shares tendered by him under the Share Offer, less seller's ad valorem stamp duty payable by him, will be despatched to each accepting Independent Shareholder by ordinary post at his own risk as soon as possible but in any event within 10 days of the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar.

(b) Settlement of the consideration to which any Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

B. The Option Offer

(a) Provided that the relevant **PINK** Form of Acceptance and the relevant document(s) of title of the Share Option(s) (if any) are in complete and good order in all respects and have been received by the Company by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Optionholders in respect of the Share Options tendered by him under the Option Offer will be despatched to each accepting Independent Optionholders by ordinary post at his own risk as soon as possible but in any event within 10 days of the later of the date on which all the relevant documents which render such acceptance complete and valid are received by the Company.

(b) Settlement of the consideration to which any Independent Optionholders is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Optionholders.

6. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Independent Shareholders and Independent Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror and/or GF Securities that the local laws and requirements have been fully complied with and such acceptance shall be valid and binding in accordance with applicable laws. Independent Shareholders and Independent Optionholders should consult their respective professional adviser if in doubt.

7. GENERAL

(a) All communications, notices, Form(s) of Acceptance, share certificate(s) in respect of the Shares and Share Options (if any), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and Independent Optionholders will be delivered by or sent to or from them, or their designated agents through ordinary post at their own risk, and none of the Company, the Offeror, GF Capital, GF Securities, Asian Capital, the Registrar nor any of their respective directors or agents or other parties involved in the Offers accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.

(c) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(d) The Offers are, and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, GF Securities or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares and Share Options, in respect of which such person or persons has/have accepted the Offers.

(f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and GF Securities that the Shares acquired under the Offers are sold by any such person or persons free from all third party rights liens, claims charges and Encumbrances and together with all rights attaching thereto including, without limitation the right to receive all future dividends and/or other distributions, if any, declared, paid or made on the Shares by reference to a record date on or after the Completion Date.

(g) The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares and/or right over Shares not acquired under the Offers after the close of the Offers.

(h) References to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.

(i) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and GF Securities that the number of Shares in respect of which it is indicated in the Form(s) of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offers.

(j) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated results of the Company and its subsidiaries for the three years ended 31 December 2010 extracted from the relevant annual reports of the Company:

	Year ended 31 December		
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
RESULTS			
Turnover	57,291	54,136	42,304
Loss before taxation	(2,099)	(5,967)	(10,463)
Taxation	—	—	—
Loss for the year	(2,099)	(5,967)	(10,463)
Attributable to:			
Owners of the Company	(2,930)	(6,004)	(10,516)
Non-controlling interests	831	37	53
	(2,099)	(5,967)	(10,463)
Loss per share (HK cents)			
— basic	0.25	0.58	2.10
— diluted	0.25	0.58	2.10

Notes:

1. The Group has not declared any dividends for the three years ended 31 December 2010.

2. The Group did not have any items which are exceptional because of size, nature or incidence in each of the three financial years ended 31 December 2010.

2. AUDITED FINANCIAL STATEMENTS

The following is the full text of the audited financial statements of the Group for the year ended 31 December 2010 as extracted from the annual report of the Company for the year ended 31 December 2010. No qualified opinion has been issued by the Company's auditors, JBPB & Co. Certified Public Accountants (formerly known as Grant Thornton, Certified Public Accountants) for the years ended 31 December 2008 and 31 December 2009, and Grant Thornton Jingdu Tianhua, Certified Public Accountants, for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	2010 HK$000	2009 HK$000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	26	50,897	50,897
Current assets			
Prepayments, deposits and other receivables		150	150
Due from a subsidiary	26	116,779	118,051
		116,929	118,201
Current liabilities			
Accrued expenses and other payables	22	141	110
Net current assets		116,788	118,091
Net assets		167,685	168,988
EQUITY			
Share capital	24	117,015	117,015
Reserves	25	50,670	51,973
Total equity		167,685	168,988

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to shareholders of the Company							
	Share capital	Share premium	Share-based payment reserve	Foreign exchange reserve	Accumulated losses	Total	Non-controlling Interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009	50,149	98,601	234	15,245	(57,536)	106,693	15,652	122,345
Loss for the year	—	—	—	—	(6,004)	(6,004)	37	(5,967)
Other comprehensive income for the year	—	—	—	23	—	23	—	23
Total comprehensive income/ (loss) for the year	—	—	—	23	(6,004)	(5,981)	37	(5,944)
Rights issue of shares	33,433	—	—	—	—	33,433	—	33,433
Bonus issue of shares	33,433	(33,433)	—	—	—	—	—	—
Share issuing expenses	—	(2,150)	—	—	—	(2,150)	—	(2,150)
Share-based payment transactions	—	—	175	—	—	175	—	175
Release on forfeiture of share options	—	—	(23)	—	23	—	—	—
Transaction with owners	66,866	(35,583)	152	—	23	31,458	—	31,458
At 31 December 2009 and 1 January 2010	117,015	63,018	386	15,268	(63,517)	132,170	15,689	147,859
Loss for the year	—	—	—	—	(2,930)	(2,930)	831	(2,099)
Other comprehensive income for the year	—	—	—	3,193	—	3,193	510	3,703
Total comprehensive income/ (loss) for the year	—	—	—	3,193	(2,930)	263	1,341	1,604
Share-based payment transactions	—	—	233	—	—	233	—	233
Transaction with owners	—	—	233	—	—	233	—	233
At 31 December 2010	117,015	63,018	619	18,461	(66,447)	132,666	17,030	149,696

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. GENERAL INFORMATION

CIG Yangtze Ports PLC is a limited liability company incorporated in the Cayman Islands. The Company's registered office is located at GT Ugland House, South Church Street, George Town, Grand Cayman, the Cayman Islands. The principal place of business of the Company is 2909A, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES

3.1 Statement of compliance

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

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

3.2 Basis of preparation

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.22.

3.3 Basis of consolidation

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

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

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

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

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

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

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

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

3.4 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

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

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

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

3.5 Property, plant and equipment

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

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

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

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

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

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

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

3.6 Construction in progress

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

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

3.7 Land use rights

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

3.8 Financial assets

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

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

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

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

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

Impairment of financial assets

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

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

(a) Significant financial difficulty of the debtor;

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

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

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

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

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

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

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

3.9 Inventories

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

3.10 Cash and cash equivalents

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

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

3.11 Financial liabilities

The Group's financial liabilities include accruals and other payables, bank loans, and finance leases liabilities. They are included in line items in the statements of financial position as accrued expenses and other payables or borrowings under current or non-current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 3.19).

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

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

Finance lease liabilities

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

Borrowings

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

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

Other payables

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

3.12 Leases

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

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

Assets acquired under finance leases

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

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

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

Operating lease charges as the lessee

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

3.13 Share capital

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

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

3.14 Revenue recognition

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

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

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

3.15 Government subsidies

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

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

3.16 Impairment of non-financial assets

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

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

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

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

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

3.17 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries or the maximum mandatory contributions as required by the MPF Scheme and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

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

Short-term employee benefits

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

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

3.18 Share-based employee compensation

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

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

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

3.19 Borrowing costs

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

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

3.20 Accounting for income tax

Income tax comprises current tax and deferred tax.

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

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

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

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

3.21 Related parties

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

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

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

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

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

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

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

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

3.22 Critical accounting estimates and judgements

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

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

Impairment of trade and other receivables

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

(ii) ***Critical accounting estimates and assumptions***

Impairment of assets

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

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

4. SEGMENT INFORMATION

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

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

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

5. REVENUE

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

6. OTHER INCOME

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

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

7. LOSS BEFORE INCOME TAX

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

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

8. DIRECTORS' REMUNERATION

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

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

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

Name of director	Title	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Share-based payment transactions *HK$'000*	Pension contribution *HK$'000*	Total *HK$'000*
Chow Kwong Fai, Edward	Executive director	—	1,350	8	12	1,370
Wong Yuet Leung, Frankie	Non-executive director	—	—	8	—	8
Lee Jor Hung, Dannis	Non-executive director	—	—	8	—	8
Goh Pek Yang, Michael	Non-executive director	—	—	8	—	8
Wong Tin Yau, Kelvin	Independent non-executive director	160	—	8	—	168
Lee Kang Bor, Thomas	Independent non-executive director	160	—	8	—	168
Fan Chun Wah, Andrew	Independent non-executive director	160	—	57	—	217
		480	1,350	105	12	1,947

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

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

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2009: Nil).

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

The value of share options granted to directors is measured according to the Group's accounting policy for share-based employee compensation set out in note 3.18. The details of these benefits in kind including the principal terms and number of options granted are disclosed under the heading 'share options' in the Report of the Board of Directors.

9. FIVE HIGHEST PAID INDIVIDUALS

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

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

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

10. FINANCE COSTS

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

11. INCOME TAX EXPENSE

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

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

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

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

The Group has not recognised deferred tax assets in respect of tax losses of HK$61,579,000 (2009: HK$72,135,000). Under the current tax legislation, tax losses of HK$16,058,000 (2009: HK$32,130,000) can be carried forward for five years since the year the loss is incurred, tax losses of HK$45,521,000 (2009: HK$40,005,000) have no expiry date under the current tax legislation. All tax losses are subject to the agreement from the relevant tax bureau.

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

The loss for the year ended 31 December 2010 attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$1,536,000 (2009: HK$1,474,000).

13. LOSS PER SHARE

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

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

14. DIVIDEND

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

15. PROPERTY, PLANT AND EQUIPMENT

	Port facilities	Terminal equipments	Furniture and equipments	Motor vehicles	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009						
Cost	258,596	50,192	3,743	2,837	194	315,562
Accumulated depreciation	(15,934)	(12,773)	(2,373)	(1,694)	(33)	(32,807)
Net book amount	242,662	37,419	1,370	1,143	161	282,755
Year ended 31 December 2009						
Opening net book amount	242,662	37,419	1,370	1,143	161	282,755
Additions	184	3,937	250	637	—	5,008
Transferred from construction in progress	4,619	1,941	15	—	—	6,575
Disposal	—	(42)	(28)	—	—	(70)
Depreciation	(4,924)	(3,768)	(503)	(934)	(30)	(10,159)
Closing net book amount	242,541	39,487	1,104	846	131	284,109
At 31 December 2009 and 1 January 2010						
Cost	263,399	55,984	3,779	3,474	194	326,830
Accumulated depreciation	(20,858)	(16,497)	(2,675)	(2,628)	(63)	(42,721)
Net book amount	242,541	39,487	1,104	846	131	284,109

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

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

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

16. LAND USE RIGHTS

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

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

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

17. CONSTRUCTION IN PROGRESS

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

18. INVENTORIES

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

19. TRADE RECEIVABLES

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

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

The Group allows a credit period of 60 days to 120 days to its trade customers. All of the Group's trade receivables have been reviewed for indicators of impairment and no impairment has been recognised on trade receivables for the two years ended 31 December 2010 and 2009.

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

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

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

Trade receivables that are past due but not impaired related to a number of independent customers that have good track records with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there have not been any significant changes in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

20. GOVERNMENT SUBSIDY RECEIVABLES

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

21. CASH AND CASH EQUIVALENTS

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

22. ACCRUED EXPENSES AND OTHER PAYABLES

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

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

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

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

23. INTEREST-BEARING BORROWINGS

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

Bank loans

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

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

The unsecured bank loan of HK$70,620,000 (RMB60,000,000) (2009: HK$68,400,000 (RMB60,000,000)), which is granted to WIT, is supported by a corporate guarantee for a maximum sum of HK$77,682,000 (RMB66,000,000) provided by the Company to the bank. Details of securities provided to banks for secured bank loans are set out in note 33 to the financial statements. All bank loans are interest-bearing in the range of 5.6% to 6.14% (2009: 5.4% to 5.94%) per annum. All borrowings are denominated in RMB.

Finance lease liabilities

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

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

24. SHARE CAPITAL

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

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

25. RESERVES

The Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2009	98,601	234	(9,980)	88,855
Bonus issue of shares	(33,433)	—	—	(33,433)
Share issuing expenses	(2,150)	—	—	(2,150)
Share-based payment transactions	—	175	—	175
Release on forfeiture of share options	—	(23)	23	—
Loss for the year	—	—	(1,474)	(1,474)
At 31 December 2009 and 1 January 2010	63,018	386	(11,431)	51,973
Share-based payment transactions	—	233	—	233
Loss for the year	—	—	(1,536)	(1,536)
At 31 December 2010	63,018	619	(12,967)	50,670

Share premium

The application of share premium account is governed by the Companies Law of the Cayman Islands. Share premium of the Company is distributable to shareholders subject to the provision of the Company's Memorandum and Articles of Association.

Exchange reserves

The exchange reserves comprise all foreign exchange differences arising from the translation of foreign operations. These reserves are dealt with in accordance with the policies set out in note 3.4 to the financial statements.

Distributable earnings

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

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

Other reserves

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

26. INTEREST IN SUBSIDIARIES

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

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

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

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

27. SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for, subject to certain terms and conditions, the granting of a maximum of 34,537,974 Shares, representing 10% of the total number of Shares in issue of 345,379,747 as of the listing date following the placement and public offer of shares by the Company upon listing on GEM. The Board resolved to grant share options under the Share Option Scheme on 10 November 2008, 16 November 2009 and 13 April 2010, details of which are set out below:

27.1 Options granted on 10 November 2008

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

General conditions applicable to all optionholders

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

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

(ii) No options may be exercised for the period between the date of grant of 10 November 2008 (the "November 2008 Option Grant Date") and 9 April 2009, both dates inclusive and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the November 2008 Option Grant Date; and

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

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

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

As a result of the rights issue pursuant to the approval by the Shareholders at the extraordinary general meeting of the Company held on 16 July 2009, the original Subscription Price of HK$0.13 was adjusted to HK$0.064 per share and the remaining number of outstanding options was adjusted from 8,600,000 to 17,477,264 accordingly as stipulated under the terms and conditions of the Share Option Scheme.

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

27.2 Options granted on 16 November 2009

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

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

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

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

27.3 Options granted on 13 April 2010

On 13 April 2010, options to subscribe for an aggregate of 271,360 Shares (the "April 2010 Share Options") were granted to a Director of the Group under the Share Option Scheme. Principal terms and conditions on the exercise of the options granted are as follows:

(i) The Subscription Price for Shares to be allotted on exercise of the options granted is at HK$0.182 per Share (excluding brokerage and Stock Exchange transaction levy, if applicable, and subject to potential adjustment in the event of alteration of the Company's capital structure);

(ii) No options may be exercised for the period between the date of grant of 13 April 2010 (the "April 2010 Option Grant Date") and 16 April 2011, both dates inclusive and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on 16 November 2012; and

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

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

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

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

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

Eligible participants	Grant date	Exercise price per share	As at 1 January 2009	Granted during the year	Adjustment on rights issue	Exercised during the year	Lapsed or cancelled during the year	As at 31 December 2009	Period during which option outstanding as at 31 December 2009 are exercisable
Directors	10 November 2008	HK$0.064	2,700,000	—	2,787,048	—	—	5,487,048	(a), (c), (d)
	10 November 2008	HK$0.130	450,000	—	—	—	(450,000)	—	(b)
	16 November 2009	HK$0.177	—	914,508	—	—	—	914,508	(e)
Employees	10 November 2008	HK$0.064	7,400,000	—	6,090,216	—	(1,500,000)	11,990,216	(a), (c), (d)
			10,550,000	914,508	8,877,264	—	(1,950,000)	18,391,772	

Notes:

(a) The closing prices of the Company's shares proceeding the dates on which the options were granted on 10 November 2008 were HK$0.13. The Subscription Price was subsequently adjusted to HK$0.064 and HK$0.10 as a result of a rights issue by the Company.

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

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

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

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

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

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

(h) The weighted average remaining contractual life of the share options outstanding at 31 December 2010 was approximately 1.12 years (2009: 1.9 years).

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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

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

Categories of financial assets and liabilities

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

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

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

Interest rate risk

As disclosed in note 23 to the financial statements, as at 31 December 2010, the Group has total interest-bearing borrowings of HK$235,400,000 (2009: HK$204,088,000) of which HK$235,400,000 (2009: HK$204,060,000) bears interest at variable rates ("Variable Interest Rate Borrowings").

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

Based on the balance of Variable Interest Rate Borrowings as at 31 December 2010, it is estimated that should there be a general increase/decrease of 50 basis points in lending rates of the People's Bank of China with all other variables being held constant, this would have the effect of increasing/decreasing the Group's loss for the year ended 31 December 2010 and accumulated losses as at 31 December 2010 by approximately HK$1,177,000 (2009: HK$1,020,000).

Liquidity risk

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

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

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

	Within 1 year	**Between 1 and 2 years**	**Between 2 to 5 years**	**After 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2010					
Accrued expenses and other payables	11,239	—	—	—	11,239
Bank loans	—	25,816	77,053	197,480	300,349
	11,239	25,816	77,053	197,480	311,588
At 31 December 2009					
Accrued expenses and other payables	8,718	—	—	—	8,718
Bank loans	—	73,539	26,355	166,946	266,840
Obligations under finance lease	33	—	—	—	33
	8,751	73,539	26,355	166,946	275,591

Foreign currency risk

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

Credit risk

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

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

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

The Group allows a credit period of 60 days to 120 days to its customers. In extending credit terms to customers, the Group will carefully assess creditworthiness and financial standing of each individual customer. Management will also closely monitor all outstanding debts and review their collectability periodically. Details of customers with major transactions with the Group are set out in note 4 to the financial statements.

Fair values

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

29. CAPITAL MANAGEMENT

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

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

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

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

30. OPERATING LEASE COMMITMENTS

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

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

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

31. CAPITAL COMMITMENTS

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

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

32. RELATED PARTY TRANSACTIONS

Key management personnel

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

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

33. PLEDGE OF ASSETS

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

34. CONTINGENT LIABILITIES

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

35. APPROVAL OF FINANCIAL STATEMENTS

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

3. UNAUDITED FINANCIAL INFORMATION

The following is the unaudited financial statements of the Group extracted from the Interim Report 2011 of the Company for the three months and six months ended 30 June 2010 and 2011. The Group did not have any items which are exceptional because of size, nature or incidence for the three months and six months ended 30 June 2010 and 2011. No dividend has been distributed by the Group for each of the six months ended 30 June 2010 and 30 June 2011.

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June		**Three months ended 30 June**	
		2011	**2010**	**2011**	**2010**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	*3*	41,918	26,758	24,495	15,799
Cost of services rendered		(21,581)	(15,690)	(12,359)	(9,551)
Gross profit		20,337	11,068	12,136	6,248
Other income		308	458	133	114
Other operating expenses		(3,479)	(3,306)	(1,741)	(1,653)
General and administrative expenses		(13,693)	(9,667)	(6,757)	(4,457)
Finance costs		(7,522)	(6,449)	(3,819)	(3,257)
Loss before taxation	*4*	(4,049)	(7,896)	(48)	(3,005)
Taxation	*5*	—	—	—	—
Loss for the period		(4,049)	(7,896)	(48)	(3,005)
Other comprehensive income					
Exchange gain on translation of foreign operations		1,194	—	—	—
Total comprehensive loss for the period		(2,855)	(7,896)	(48)	(3,005)
Loss for the period attributable to:					
Shareholders		(4,043)	(7,221)	(304)	(2,791)
Non-controlling interests		(6)	(675)	256	(214)
		(4,049)	(7,896)	(48)	(3,005)
Total comprehensive income/(loss) attributable to:					
Shareholders		(3,008)	(7,221)	(304)	(2,791)
Non-controlling interests		153	(675)	256	(214)
		(2,855)	(7,896)	(48)	(3,005)
Basic loss per share for the period attributable to Shareholders	*7*	HK0.35 cents	HK0.62 cents	HK0.03 cents	HK0.24 cents

Condensed Statement of Financial Position
As at 30 June 2011 and 31 December 2010

	Note	30 June 2011 HK$'000 (Unaudited)	31 December 2010 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		286,894	285,067
Land use rights		8,551	8,588
Construction in progress		20,358	14,125
		315,803	307,780
CURRENT ASSETS			
Inventories		1,773	1,062
Trade receivables	8	27,807	14,840
Prepayments, deposits and other receivables		12,357	5,923
Government subsidy receivables		17,029	17,082
Cash and cash equivalents		19,975	49,648
		78,941	88,555
CURRENT LIABILITIES			
Accrued expenses and other payables	9	9,344	11,239
		9,344	11,239
NET CURRENT ASSETS		69,597	77,316
TOTAL ASSETS LESS CURRENT LIABILITIES		385,400	385,096
NON–CURRENT LIABILITIES			
Long-term interest-bearing borrowings		237,941	235,400
NET ASSETS		147,459	149,696
EQUITY			
Share capital	10	117,706	117,015
Reserves		12,570	15,651
Equity attributable to Shareholders		130,276	132,666
Non-controlling interests		17,183	17,030
TOTAL EQUITY		147,459	149,696

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company							
	Share capital	Share Premium	Share-based payment reserve	Foreign exchange reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	117,015	63,018	386	15,268	(63,517)	132,170	15,689	147,859
Total comprehensive loss for the period	—	—	—	—	(7,221)	(7,221)	(675)	(7,896)
Share-based payment transactions	—	—	117	—	—	117	—	117
Transaction with owners	—	—	117	—	(7,221)	(7,104)	(675)	(7,779)
At 30 June 2010	117,015	63,018	503	15,268	(70,738)	125,066	15,014	140,080
At 1 January 2011	117,015	63,018	619	18,461	(66,447)	132,666	17,030	149,696
Loss for the period	—	—	—	—	(4,043)	(4,043)	(6)	(4,049)
Other comprehensive income for the period	—	—	—	1,035	—	1,035	159	1,194
Total comprehensive income/(loss) for the period	—	—	—	1,035	(4,043)	(3,008)	153	(2,855)
Share-based payment transactions	—	—	31	—	—	31	—	31
Release on forfeiture of share options	—	—	(104)	—	—	(104)	—	(104)
Exercise of share options	691	—	—	—	—	691	—	691
Transaction with owners	691	—	(73)	—	—	618	—	618
At 30 June 2011	117,706	63,018	546	19,496	(70,490)	130,276	17,183	147,459

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2011

	(Unaudited) Six months ended 30 June	
	2011	**2010**
	HK$'000	*HK$'000*
Net cash (used in)/from operating activities	(14,153)	7,997
Net cash used in investing activities	(16,151)	(6,279)
Net cash from financing activities	631	33,617
Net (decrease)/increase in cash and cash equivalents	(29,673)	35,335
Cash and cash equivalents at 1 January	49,648	26,644
Cash and cash equivalents at 30 June	19,975	61,979

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

The unaudited consolidated results of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The accounting policies adopted are consistent with those set out in the Group's consolidated financial statements for the year ended 31 December 2010.

The half year results are unaudited but have been reviewed by the Audit and Remuneration Committee of the Company.

2. SEGMENTAL INFORMATION

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

3. REVENUE

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

Analysis of revenue is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Container handling	21,125	12,947	13,454	6,900
Agency income	12,506	8,891	7,084	5,806
Integrated logistics services	7,552	4,198	3,654	2,781
General cargo	735	722	303	312
	41,918	26,758	24,495	15,799

4. LOSS BEFORE TAXATION

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

	Six months ended 30 June		Three months ended 30 June	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation and amortisation	6,050	5,426	3,029	2,708

5. TAXATION

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

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

6. DIVIDEND

The Directors do not recommend payment of a dividend in respect of the first half of 2011 (2010: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 June 2011 is based on the net loss for each of the period attributable to Shareholders and on the weighted average number of 1,171,642,829 shares (2010: 1,170,146,564 shares) and 1,170,898,830 shares (2010: 1,170,146,564 shares) in issue for the period respectively.

No diluted loss per share has been presented because of the impact of the exercise of the options was anti-dilutive (2010: Nil).

8. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 60 days to 90 days to its customers.

An aging analysis of the account receivables at the balance sheet date is as follows:

	30 June 2011	**31 December 2010**
	HK$'000	*HK$'000*
Within 30 days	7,768	5,114
31–60 days	7,001	4,684
61–90 days	5,415	3,481
Over 90 days	7,623	1,561
	27,807	14,840

9. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2011	**31 December 2010**
	HK$'000	*HK$'000*
Payables to contractors and equipment suppliers	1,005	1,011
Accrued expenses and other payables	8,339	10,228
	9,344	11,239

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

	30 June 2011 HK$'000	31 December 2010 HK$'000
Within 30 days	3,040	5,295
31–60 days	2,025	2,007
61–90 days	643	738
91–180 days	671	211
Over 180 days	2,965	2,988
	9,344	11,239

Included in the over 180 days balance of HK$2,965,000 is an amount of HK$871,000 relating to retentions on the constructions of port and related facilities of WIT.

10. SHARE CAPITAL

	30 June 2011		31 December 2010	
	No. of shares	*HK$'000*	*No. of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
At beginning of year	1,170,146,564	117,015	1,170,146,564	117,015
Share options exercised	6,909,616	691	—	—
At balance sheet date	1,177,056,180	117,706	1,170,146,564	117,015

4. INDEBTEDNESS

Borrowings

At the close of business on 31 August 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had total outstanding borrowings of approximately HK$237,941,000 comprising bank loans of approximately HK$237,941,000 (approximately RMB199,950,000) provided by a PRC bank, out of which approximately HK$71,388,000 (approximately RMB59,990,000) were unsecured bank loans and approximately HK$166,553,000 (approximately RMB139,960,000) were secured bank loans. The unsecured bank loan of approximately HK$71,388,000 (approximately RMB59,990,000), which was granted to WIT, was supported by a corporate guarantee for a maximum sum of approximately HK$78,540,000 (approximately RMB66, 000,000) provided by the Company to the bank. The secured bank loans of approximately HK$166,553,000 (approximately RMB139,960,000) were secured by certain property, plant and equipment of the Group with carrying value of approximately HK$258,703,000 (approximately RMB217,397,000) and by certain land use rights of the Group with carrying value of approximately HK$8,531,000 (approximately RMB7,169,000).

Commitments

As at 31 August 2011, the Group had capital commitments in respect of the construction of port facilities and acquisition of land contracted but not provided for amounting to approximately HK$7,077,000 (approximately RMB5,947,000).

Contingent liabilities

As at 31 August 2011, the Group had no material contingent liabilities.

Save as disclosed above and apart from intra-group liabilities and normal trade bills and payables as at the close of business on 31 August 2011, the Group did not have any loan capital issued and outstanding or agreed to be issued, other borrowings or indebtedness in the nature of borrowings including bank overdrafts, debt securities or other similar indebtedness, liabilities under acceptance, acceptance credits, debentures, mortgages, charges, guarantees or material contingent liabilities. The Directors have confirmed that there have been no material changes in the Indebtedness and contingent liabilities of the Group since 31 August 2011. Foreign currency amounts have been, for the purpose of the above indebtedness statement, translated into Hong Kong dollars at the applicable rates of exchange as at the close of business on 31 August 2011.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirmed that there is no material change in the financial or trading position or outlook of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up.

The following is the text of the letter, summary of valuation and valuation certificates received from DTZ Debenham Tie Leung Limited in connection with its opinion of market values of the properties held by the Group as at 30 September 2011 prepared for the purpose of incorporation in this Composite Document.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

21 October 2011

The Directors
CIG Yangtze Ports PLC
Room 2909A
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with the instruction for us to carry out the valuations of the market values of the properties (the "Properties") held by CIG Yangtze Ports PLC (the "Company") and its subsidiaries (together "the Group") in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at 30 September 2011 (the "date of valuation").

DEFINITION OF MARKET VALUE

Our valuation of each of the Properties represents its market value which in accordance with The HKIS Valuation Standards on Properties of The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

VALUATION BASIS AND ASSUMPTION

Our valuation of each of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuations of the Properties situated in the PRC, we have assumed that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group and the opinion of the Company's PRC legal adviser, Hubei Chisheng Law Office, regarding the title to the Properties and the interest in the Properties. In valuing the Properties, we have assumed that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

According to financial information of the Group, for indicate purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax liability which would arise on the disposal of the Properties in the PRC are PRC business tax (approximately 5%) and PRC land appreciation tax (approximately 30%–60% of the appreciation amount), if any. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability. The precise tax implication will be subject to prevailing rules and regulation at the time of disposal.

The Properties in Group I and II are held by the Group for owner-occupation and future development purposes respectively, the likelihood of the relevant tax liabilities being crystallized are remote in near future.

METHOD OF VALUATION

In valuing the Property held by the Group for owner-occupation in the PRC, we have valued it by "Depreciated Replacement Costs ("DRC") Approach". DRC Approach is a method where the value of a property is derived by adding together the market value of the land in its existing use and the current gross replacement costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence. We have valued the land on an assumption of sale with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. The term gross replacement cost is defined as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices current at the relevant date. This figure includes fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. The DRC Approach generally furnishes a reliable indication of value for properties with specific nature and design of buildings, in the absence of identifiable market sales comparables. The DRC Approach is subject to adequate potential profitability of the business.

In valuing the Property held by the Group for future development in the PRC, we have adopted the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

The Properties which are leased by the Group in the PRC and Hong Kong have no commercial value mainly due to the prohibitions against assignment and subletting or otherwise due to the lack of substantial profit rents.

In valuing the Properties, we have complied with the requirements set in Chapter 8 of the Rules Governing the listing of securities on GEM of the Stock Exchange of Hong Kong Limited, the Rule 11 of the Codes on Takeovers and Mergers and Share Repurchases issued by Securities and Futures Commission and The HKIS Valuation Standards on Properties (First Edition 2005) of The Hong Kong Institute of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the opinion of the PRC legal adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupancy, development scheme, construction costs, tenancy details, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Group with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

We have inspected the exterior and, wherever possible, the interior of each of the Properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC, or where appropriate, in Hong Kong dollar, the official currency of Hong Kong.

We attach herewith our summary of valuation and valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
Msc, MRICS, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 20 years' experience in the valuation of properties in Hong Kong and the PRC.

Contributing PRC valuers of DTZ Wuhan Office with professional qualifications include, but not limited to, China Real Estate Appraiser and China Real Estate Valuer.

SUMMARY OF VALUATIONS

	Property	Market Value in existing state as at 30 September 2011 *RMB*	The Group's attributable interest *%*	Market Value in existing state as at 30 September 2011 attributable to The Group's interest *RMB*
Group I — Property held by the Group for owner-occupation in the PRC				
1.	Land and building portion of Wuhan International Transshipment Port Phase I, 8 Pingjiang Road, Yangluo Economic Development Zone, Xinzhou District, Wuhan, Hubei Province, the PRC	160,000,000	85%	136,000,000
Group II — Property held by the Group for future development in the PRC				
2.	Two pieces of land for the Multipurpose Port adjacent to Wuhan International Transshipment Port Phase I, Yangluo Street, Water Products Village, Yangluo Economic Development Zone, Xinzhou District, Wuhan, Hubei Province, the PRC	No commercial value	100%	No commercial value
	Grand total:	160,000,000		136,000,000

Noted for Property 2 — We noted that no Certificate for State-owned Land Use Rights has been obtained, we are on the assumption that the Certificate for State-owned Land Use Rights will be issued in due course and the land premium has been fully settled, the Market Value in existing state of the Property as at 30 September 2011 was RMB26,000,000 (100% interest attributable to the Group: RMB26,000,000).

SUMMARY OF VALUATIONS

	Property	Market Value in existing state as at 30 September 2011
Group III — Property leased by the Group in the PRC		
3.	Room 4306, Block I, New World International Trade Tower, 568 Jianshe Avenue, Jianghan District, Wuhan, Hubei Province, the PRC	No commercial value
Group IV — Property leased by the Group in Hong Kong		
4.	Room 2909A and Car Park No. 4033, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	No commercial value

VALUATION CERTIFICATE

Group I — Property held by the Group for owner-occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011
1.	Land and building portion of Wuhan International Transshipment Port Phase I, 8 Pingjiang Road, Yangluo Economic Development Zone, Xinzhou District, Wuhan, Hubei Province, the PRC	The scope of valuation comprises the land and building portion of Wuhan International Transshipment Port Phase I, with a total site area of 213,361.07 sq.m. (320.04 mou), which was completed in 3 stages between 2004 to 2006. Wuhan International Transshipment Port Phase I comprises stacking area, warehouse/logistics centres, container freights stations, administration building, maintenance workshops and ancillary structures. 5 main buildings are erected with a total gross floor area of 6,971 sq.m. (75,036 sq.ft.). A 3-storey composite building of total gross floor area 1,980 sq.m. (21,313 sq.ft.) and two single storey warehouses of total gross floor area 3,570 sq.m. (38,427 sq.ft.) and 1,637 sq.m. (17,621 sq.ft.) respectively without title certificates are also erected. We have assigned no commercial value to these two buildings. According to the information provided by the Group, a Logistics Centre Inspection Area with a planned gross floor area of 2,427 sq.m. will be constructed. According to the PRC legal opinion, the land use rights of Wuhan International Transshipment Port Phase I has been granted for a term of 50 years due to expire on 15 December 2048 for port uses.	Wuhan International Transshipment Port Phase I is currently for port uses. A Logistics Centre Inspection Area with a planned gross floor area of 2,427 sq.m. is under construction and scheduled to be completed in December 2011.	RMB160,000,000 (85% interest attributable to the Group: RMB136,000,000)

Notes:

(1) According to Certificate for State-owned Land Use Rights No. (1998)006 dated 16 December 1998 issued by the People's Government of Xinzhou County, the land user of a piece of land, with a site area of 86,667.10 sq.m. (130 mou), is Wuhan International Container Transshipment Company Limited. The land use term is 50 years for port uses.

According to Certificate for State-owned Land Use Rights No. (1998)008 dated 16 December 1998 issued by the People's Government of Xinzhou County, the land user of a piece of land, with a site area of 126,693.97 sq.m. (190.04 mou) including road area of approximately 19.89 mou, is Wuhan International Container Transshipment Company Limited. The land use term is 50 years for port uses.

(2) According to five Building Ownership Certificates dated 26 August 2004 issued by the Wuhan Xinzhou District Real Estate Administrative Bureau, the legal ownership of five buildings is vested in Wuhan International Container Transshipment Company Limited. Details are summarized as follows:

Certificate No.	**No. of storeys**	**Gross floor area** *(sq.m.)*	**Use**
200431526	1	564.2	Workshop
200431527	1	2,718.0	Warehouse
200431528	4	3,026.0	Office
200431529	2	468.4	Control Building
200431530	1	194.4	Workshop
		6,971.0	

(3) The Joint Venture Contract dated 18 December 1997 and the Amendments to the Joint Venture Contract dated 20 December 2001, 1 December 2002, 18 June 2003, 12 October 2007 and 19 July 2008, state the following salient conditions:

(i)	Name of the joint venture company	:	Wuhan International Container Transshipment Company Limited
(ii)	Parties	:	A — Wuhan Yangluo Development Company Limited ("WYDCL") (Independent party) B — Wuhan Harbour Group Co., Ltd. ("WHGCL") (Independent party) C — CIG Port Holdings Limited ("CIG Port") (Wholly owned by the Company)
(iii)	Joint venture period	:	50 years from the date of issue of the business license.
(iv)	Construction project	:	As per the Approvals Nos. (1994)250, (1995)453 and (1999)389, 2 berths are approved
(v)	Total investment amount	:	RMB310,000,000 The investment contribution of Party A and Party B shall be in the form of Renminbi. The investment contributions of Party C shall be in the form of foreign exchange.
(vi)	Registered capital	:	RMB130,000,000
(vii)	Investment ratio	:	Party A — 9.91% Party B — 5.09% Party C — 85%

(4) According to Planning Permit for Construction No. (2010)041 issued by Wuhan Xinzhou District Land and Resource Planning Bureau dated 29 November 2010, the construction of Logistics Centre Inspection Area with a total gross floor area of 2,271.15 sq.m. is in compliance with the requirements of urban planning requirement.

(5) According to Acceptance Certificate of Planning for Construction No. (2011)014 issued by Wuhan Xinzhou District Land and Resource Planning Bureau dated 1 August 2011, the construction of Logistics Centre Inspection Area of gross floor area of 2,427.00 sq.m. erected in a land with a site area of 1,354.9 sq.m. is in compliance with the planning requirements.

(6) According to Construction Permit No. 4201172010112201814BJ4001 dated 21 June 2011, the construction of Logistics Centre Inspection Area was approved with a total gross floor area of 2,408.00 sq.m.

(7) According to the information provided by the Group, the estimated total construction cost of the Logistics Centre Inspection Area to complete the development is approximately RMB12,683,000; a construction cost of approximately RMB10,462,000 has been expended for the development of the property as at 30 September 2011. In the course of our valuation, we have taken into account the above expended construction cost.

As per the approvals dated 29 November 2010, 1 August 2011 and 21 June 2011 respectively as stated in Notes (4), (5) & (6) above, the consent to planning and construction of the Logistics Centre Inspection Area by the relevant government authorities were obtained. There is no condition attached to the approvals or consents that affect the value. Estimated Market Value as if completed of the building portion of Logistics Centre Inspection Area as at 30 September 2011 was RMB12,700,000.

(8) According to Business License No. 420100400003206, Wuhan International Container Transshipment Company Limited was established with a registered capital of RMB130,000,000 for a valid operation period of 50 years from 16 April 1998 to 16 April 2048.

(9) According to the legal opinion of the PRC legal adviser to the Group:

(i) Wuhan International Container Transshipment Company Limited has obtained the Business Licence and is established according to the PRC law with the registered capital of RMB130,000,000;

(ii) CIG Yangtze Ports Plc has 85% interest in Wuhan International Container Transshipment Company Limited. The profit sharing and responsibility bearing to Wuhan International Container Transshipment Company Limited shall be according to its share of capital contribution;

(iii) Wuhan International Container Transshipment Company Limited has obtained the Certificate for State-owned Land Use Rights Nos. (1998)006 and (1998)008 for a site area of 86,667.10 sq.m. (130 mou) and 126,693.25 sq.m. (190.04 mou) respectively. The land use rights of the Wuhan International Transshipment Port Phase I have been granted for port uses and are due to expire on 15 December 2048;

(iv) Wuhan International Container Transshipment Company Limited is in possession of proper legal title to the land of Wuhan International Transshipment Port Phase I and the related land premium has been fully settled;

(v) Wuhan International Container Transshipment Company Limited has obtained five Building Ownership Certificates with a total gross floor area of 6,971 sq.m.;

(vi) Certificate for State-owned Land Use Rights No. (1998)006 and Building Ownership Certificate Nos. 200431530, 200431529 and 200431526 are subject to a mortgage in favor of Bank of Communications Co., Ltd. Wuhan Jiangan District Branch;

(vii) Certificate for State-owned Land Use Rights No. (1998)008 and Building Ownership Certificate Nos. 200431527 and 200431528 are subject to a mortgage in favor of Bank of Communications Co., Ltd. Wuhan Jiangan District Branch;

(viii) Wuhan International Container Transshipment Company Limited has the right to use and lease the land use rights and building ownership of Wuhan International Transshipment Port Phase I. However, since Wuhan International Transshipment Port Phase I is subject to mortgage, the transfer of the land use rights or building ownership is subject to the mortgagor's approval; and

(ix) Wuhan International Container Transshipment Company Limited has not obtained Building Ownership Certificate for two 3-storey Logistics Centres Inspection Area of 2,427 sq.m., a 3-storey composite building of 1,980 sq.m. and a single storey warehouse of 3,570 sq.m. It is advisable to complete the related procedures.

(10) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Certificate for State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes (Part)
Joint Venture Contract	Yes
Planning Permit for Construction	Yes
Acceptance Certificate of Planning for Construction	Yes
Construction Permit	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Property held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011
2.	Two pieces of land for the Multipurpose Port adjacent to Wuhan International Transshipment Port Phase I, Yangluo Street, Water Products Village, Yangluo Economic Development Zone, Xinzhou District, Wuhan, Hubei Province, the PRC	The Property comprises two pieces of contiguous land adjacent to Wuhan International Transshipment Port Phase I, with a total site area of 82,430 sq.m. (123.65 mou) (one of which has a site area of 16,493.33 sq.m. (24.74 mou) whilst the other land has a site area of 65,936.67 sq.m. (98.91 mou) respectively). The lands are planned as a heavy item port with stacking area and ancillary structures. According to the PRC legal opinion, the land use rights of the land has been granted for a term of 50 years for port uses.	There are a pond and several temporary vacant buildings erected upon the Property. The Property is vacant pending for development.	No commercial value (Please see Note (1))

Notes:

(1) We noted that no Certificate for State-owned Land Use Rights has been obtained, we are on the assumption that the Certificate for State-owned Land Use Rights will be issued in due course and the land premium has been fully settled, the Market Value in existing state of the Property as at 30 September 2011 was RMB26,000,000 (100% interest attributable to the Group: RMB26,000,000.

(2) Contract for Grant of State-owned Land Use Rights and its Supplementary Agreement dated 30 September 2009 state the following salient conditions:

(i)	Name of the grantee	:	CIG Wuhan Multipurpose Port Limited
(ii)	Location	:	Yangluo Street, Water Products Village, Xinzhou District, Wuhan
(iii)	Site area	:	82,430 sq.m. (123.65 mou)
(iv)	Land use	:	Port (for construction of heavy item port project)
(v)	Land use term	:	50 years
(vi)	Land premium	:	RMB12,129,575 (RMB147.15/sq.m. site area)
(vii)	Pre-paid deposit (to be set off as land premium)	:	RMB1,200,000
(viii)	Land tendering, auction and listing procedures	:	Within 60 days of signing this Contract
(ix)	Land hand over date	:	6 months from Transaction Confirmation Letter

(3) Contract for Grant of State-owned Land Use Rights No. WH(XZ)-2010-0012 dated 3 June 2010 states the following salient conditions:

(i)	Name of the grantee	:	CIG Wuhan Multipurpose Port Limited
(ii)	Location	:	Lot No. P(2010)12, Yangluo Street, Water Products Village, Xinzhou District, Wuhan
(iii)	Site area	:	16,493.33 sq.m. (24.74 mou)
(iv)	Land use	:	Traffic transport
(v)	Land use term	:	50 years from 30 June 2011
(vi)	Land premium	:	RMB2,970,000 (RMB180/sq.m. site area) payable before 30 June 2011
(vii)	Pre-paid deposit (to be set off as land premium)	:	RMB1,500,000
(viii)	Land hand over date	:	30 June 2011
(ix)	Plot ratio	:	Less than or equal to 0.5
(x)	Remark	:	The project is mainly for industrial construction; 7% of the site area, about 1,150 sq.m., can be devoted for non production ancillary uses like residential, guest house and training centre.
(xi)	Building covenant	:	Commence construction before 31 December 2011 and complete construction before 31 December 2014.

(4) Pre-paid Land Deposit Agreement of New Construction Land Use dated 27 December 2010 states the following salient conditions:

(i)	Name of the grantee	:	CIG Wuhan Multipurpose Port Limited
(ii)	Location	:	Yangluo Street, Water Products Village, Xinzhou District, Wuhan
(iii)	Site area	:	65,936.67 sq.m. (98.91 mou)
(iv)	Project	:	New construction of the Wuhan Yangluo General Port
(v)	Pre-paid Deposit (to be set off as land premium)	:	RMB4,945,500
(vi)	Land tendering, auction and listing procedures	:	The land has to be further obtained by land tendering, auction or listing procedures; if CIG Wuhan Multipurpose Port Limited could not obtain the said land via the said procedures, the pre-paid deposit will be refunded.

(5) There is no condition attached to the Contracts for Grant of State-owned Land Use Rights in Notes (2) and (3) above that affect the value. The Property is still a vacant land pending to process the land grant procedures and application of title certificate. No Planning Permit for Construction or Construction Permit in respect for the development of the Property has been obtained; there is no detailed development proposal of the Property available yet, thus, we are unable to assign Estimated Market Value as if completed to the Property.

(6) According to Business License No. 420100400012926, CIG Wuhan Multipurpose Port Limited was established with a paid up capital of RMB9,600,000 for a valid operation period of 50 years from 6 August 2008 to 6 August 2058.

(7) According to the legal opinion of the PRC legal adviser to the Group:

(i) CIG Wuhan Multipurpose Port Limited has obtained Business Licence and is established according to the PRC law with a paid up capital of RMB9,600,000;

(ii) CIG Yangtze Ports Plc solely owns CIG Wuhan Multipurpose Port Limited;

(iii) The Contract for Grant of State-owned Land Use Rights and its Supplementary Agreement, Pre-paid Land Deposit Agreement of New Construction Land Use are legal and valid. The land use rights of the land have been granted 50 years for port uses;

(iv) CIG Wuhan Multipurpose Port Limited has obtained the land use rights of Lot No. P(2010)12 with a site area of 16,493.33 sq.m. through listing procedures. As the land prices are inconsistent between the land tendering, auction or listing procedures and the original contract for Grant of State-owned Land Use Rights, the local government agrees to compensate the price difference. CIG Wuhan Multipurpose Port Limited has fully settled all the land premium of the 16,493.33 sq.m. land. Upon completion of relevant procedures, CIG Wuhan Multipurpose Port Limited should process the application of Certificate for State-owned Land Use Rights;

(v) CIG Wuhan Multipurpose Port Limited should further obtain the land use rights of the land, with a site area of 98.91 mou, by land tendering, auction or listing procedures, CIG Wuhan Multipurpose Port Limited has paid deposit of RMB4,945,500.

(8) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the aforesaid legal opinion are as follows:

Certificate for State-owned Land Use Rights	No
Contract for Grant of State-owned Land Use Rights	Yes (Part)
Pre-paid Land Deposit Agreement of New Construction Land Use	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group III — Property leased by the Group in the PRC

	Property	Description and tenancy particulars	Market Value in existing state as at 30 September 2011
3.	Room 4306, Block I, New World International Trade Tower, 568 Jianshe Avenue, Jianghan District, Wuhan, Hubei Province, the PRC	The Property comprises an office unit on 43rd Floor of a 53-storey plus basement commercial/office building completed in 2004. The Property has a gross floor area of approximately 196.56 sq.m. (2,116 sq.ft.) and is currently occupied by the Group as office. The Property is currently leased by the Group for a term from 1 December 2009 to 31 December 2011. The current monthly rent payable is RMB16,511.04, inclusive of management fees. According to the PRC Legal Opinion, CIG Wuhan Multipurpose Port Limited has the leasing right of the Property.	No commercial value

VALUATION CERTIFICATE

Group IV — Property leased by the Group in Hong Kong

	Property	Description and tenancy particulars	Market Value in existing state as at 30 September 2011
4.	Room 2909A and Car Park No. 4033, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	The Property comprises an office unit on 29th Floor and a car park on 4th Floor of a 37-storey plus a basement commercial/office building completed in 1975. The office unit has a floor area of approximately 172.24 sq.m. (1,854 sq.ft.) and is currently occupied by the Group as office. The office unit is currently leased by the Group for a term of 3 years from 9 November 2010 to 8 November 2013. The current monthly rent payable is HK$87,000, exclusive of Rates, Government Rent and management fees. The car park is currently licensed to the Group for a term of 2 years from 1 January 2010 to 31 December 2011. The current monthly license fee payable is HK$3,800, inclusive of Rates and management fees.	No commercial value

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Group, the Offeror and the Offers.

The information contained in this Composite Document (other than that relating to the Offeror, the terms and conditions of the Offers and the Offeror's intention regarding the Group) is supplied by the Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, the terms and conditions of the Offers and the Offeror's intention regarding the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The information contained in this Composite Document relating to the Offeror, the terms and conditions of the Offers and the Offeror's intention regarding the Group is supplied by the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendors and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group and its associates) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:	2,000,000,000	200,000
Issued and fully paid:	1,177,056,180	117,706

Save for (i) the Share Options entitling the grantees to subscribe for an aggregate of 7,519,288 Shares with at an exercise price of HK$0.100 per share; (ii) the Share Options entitling the grantees to subscribe for an aggregate of 914,508 Shares with an exercise price of HK$0.177 per Share; and (iii) the Share Options entitling the grantees to subscribe for an aggregate of 4,552,823 Shares with at an exercise price of HK$0.182 per Share granted under the Share Option Scheme which remains outstanding, as at the Latest Practicable Date, the Company did not have any outstanding options, warrants or other convertible or exchangeable securities carrying rights to subscribe for convert or exchange into Shares.

All the existing issued Shares are fully paid up and rank pari passu with each other in all respects including all rights as to dividends, voting and capital.

Save for 5,283,824 and 1,625,792 new Shares have been issued upon exercise of Share Options by two Optionholders, on 15 June 2011 and 20 June 2011, respectively, no Share has been issued since 31 December 2010 (being the date to which the latest audited financial statements of the Company were made up) up to and including the Latest Practicable Date, the Company has not issued any Shares since 31 December 2010, being the date of the latest published audited accounts of the Group.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (a) are 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 are taken or deemed to have under such provision of the SFO); or (b) are required to be entered in the register pursuant to section 352 of the SFO; or (c) are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies; or (d) are required to be disclosed pursuant to rule 2(ii) of Schedule II to the Takeovers Code, were as follows:

(i) *Long positions in the ordinary Shares*

Name of Director	Type of interest	No. of Shares	Approximate percentage of existing issued share capital of the Company
Lee Jor Hung, Dannis	Interest by attribution *(note)*	11,725,127	1.00%

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

(ii) *Long positions in the underlying Shares — Share Options*

Name of Directors	Date of grant	Exercise Price per share HK$	Number of Share Options	As at the Latest Practicable Date	Conditions and period during which Share Options outstanding as at the Latest Practicable Date are exercisable
Directors					
Mr. Chow	10.11.2008	0.100	914,508	914,508	*(a)*
	13.04.2010	0.182	271,360	271,360	*(a)*
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	914,508	*(a)*
	13.04.2010	0.182	271,360	271,360	*(a)*
Lee Jor Hung, Dannis	10.11.2008	0.100	914,508	914,508	*(a)*
	13.04.2010	0.182	271,360	271,360	*(a)*
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	914,508	*(a)*
	13.04.2010	0.182	271,360	271,360	*(a)*
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	914,508	*(a)*
	13.04.2010	0.182	271,360	271,360	*(a)*
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	914,508	*(a)*
	13.04.2010	0.182	271,360	271,360	*(a)*
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	914,508	*(b)*
	13.04.2010	0.182	271,360	271,360	*(c)*
Sub-total			**8,301,076**	**8,301,076**	
Employees (in aggregate)	10.11.2008	0.100	11,990,216	2,032,240	*(a)*
	13.04.2010	0.182	3,557,839	2,653,303	*(a)*
Sub-total			**15,548,055**	**4,685,543**	
Total			**23,849,131**	**12,986,619**	

Notes:

(a) The right to exercise the Share Options is conditional upon the Optionholder being an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the Share Options. Subject to the afore- mentioned condition, for the Share Options granted on 10 November 2008, no more than 50% of the Share Options may be exercised between 10 April 2010 and 9 April 2011, both dates inclusive and that all Share Options shall lapse on 11 November 2011 and for the Share Options granted on 13 April 2010, no more than 50% of the Share Options may be exercised between 13 April 2010 and 9 April 2011, both dates inclusive and that all Share Options shall lapse on 11 November 2011.

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

(b) The right to exercise the Share Options is conditional upon the Optionholders being an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the options. No Share Options may be exercised for the period of twelve months from the grant date and that not more than 50% of the options may be exercised for a period of twelve months immediately thereafter and that all Share Options shall lapse on 16 November 2012.

(c) The right to exercise the Share Options is conditional upon the Optionholder being an employee of the Group or a director or an alternate director of any company within the Group on the date of exercise of the options. No Share Options may be exercised between the grant date of the Share Options and 16 April 2011, both dates inclusive, and that not more than 50% of the Share Options may be exercised for a period of twelve months immediately thereafter and that all Share Options shall lapse on 16 November 2012.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any other interests or short positions in the Shares or underlying Shares in, or debentures of, the Company or its associated corporations, which, (a) are 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 he/she is taken or deemed to have under such provisions of the SFO); (b) are required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or (c) as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed issuers.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

(b) Substantial shareholders' interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, who has an interests or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities were as follows:

Name of Shareholders	Type of interest	No. of Shares	Approximate percentage of existing issued share capital of the Company
Zall Infrastructure Investments Company Limited	Beneficial	640,776,141(L)	54.44%
Zall Holdings Company Limited	Interests in controlled corporation	640,776,141(L)	54.44%
Yan Zhi	Interests in controlled corporation	640,776,141(L)	54.44%

The letter "L" denotes a long position

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, there were no other persons who had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in any circumstances at general meeting of any other member of the Group or any options in respect of such Shares.

4. DISCLOSURE OF SHAREHOLDING IN THE GROUP AND THE OFFEROR

As at the Latest Practicable Date:

(i) save for 640,776,141 Shares, representing approximately 54.44% of the issued share capital of the Company as at the Latest Practicable Date, owned by the Offeror, none of the Offeror, Mr. Yan and any parties acting in concert with any of them owned or controlled any shares, convertible securities, warrants, options and derivatives in respect of the Shares;

(ii) Save for the 914,508 outstanding Share Options with an exercise price of HK$0.100 per Share and 271,360 outstanding Share Options with an exercise price of HK$0.182 per Share held by Mr. Chow which he agreed under the S&P Agreement to sell to the Offeror under the Option Offer, none of the Offeror nor any parties acting in concert with it has received any irrevocably commitment to accept or reject the Offers;

(iii) Save for the 914,508 outstanding Options with an exercise price of HK$0.100 per Share and 271,360 outstanding Options with an exercise price of HK$0.182 per Share held by Mr. Chow which he agreed under the S&P Agreement to sell to the Offeror under the Option Offer, no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror and any person acting in concert with it;

(iv) none of the Offeror or any parties acting in concert with it has borrowed or lent any relevant Shares, convertible securities, warrants, options and derivatives in respect of the Shares (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(v) neither the Company nor any of the Directors held any interest in the shares, convertible securities, warrants, options and derivatives in respect of the shares of the Offeror;

(vi) no subsidiary of the Company, nor any pension fund of the Company or of any member of the Group, nor any adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code owned or controlled any shares, convertible securities, warrants, options and derivatives in respect of the Shares;

(vii) no shares, convertible securities, warrants, options and derivatives in respect of the Shares are managed on a discretionary basis by fund managers connected with the Company;

(viii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code owned or controlled any shares, convertible securities, warrants, options and derivatives in respect of the Shares;

(ix) Mr. Chow, who is a Director, intends to accept the Option Offer;

(x) Mr. Lee Jor Hung, Dannis, who is a Director, intends to accept the Offers;

(xi) Mr. Wong Yuet Leung, Frankie, who is a Director, intends to accept the Option Offer;

(xii) Mr. Goh Pek Yang, Michael, who is a Director, intends to accept the Option Offer;

(xiii) Mr. Lee Kang Bor, Thomas, who is a Director, intends to accept the Option Offer;

(xiv) Dr. Wong Tin Yau, Kelvin, who is a Director, intends to accept the Option Offer;

(xv) Mr. Fan Chun Wah, Andrew, who is a Director, intends to accept the Option Offer;

(xvi) save as disclosed in (ix) to (xv) above, none of the Directors had any beneficial shareholdings in the Company and thus they were not entitled to participate in the Offers;

(xvii) none of the Company or any Director has borrowed or lent any shares, convertible securities, warrants, options and derivatives in respect of the Shares;

(xviii) save for the S&P Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and

(xix) As at the Latest Practicable Date, no agreement, arrangement or understanding was in place for the transfer, charge or pledge of any of the Shares and Share Options to be acquired in pursuance of the Offers to any other persons.

5. DEALINGS IN SECURITIES

During the Relevant Period:

(a) save for the dealings in the Shares as disclosed below and the acquisition of the Sale Shares by the Offeror pursuant to the S&P Agreement, none of the Offeror, Mr. Yan (being the sole director of the Offeror), nor parties acting in concert with it had dealt for value in any of the Shares or other securities of the Company carrying voting rights, or convertible securities, warrants, options or derivates of the Company;

Date of dealing	Number of Shares acquired	Price per Share *(HK$)*
3 October 2011	5,000,000	0.300
	768,000	0.310
	400,000	0.315
	2,380,000	0.320
	3,000,000	0.325
	2,000,000	0.330
4 October 2011	8,160,000	0.340
	8,000,000	0.345
	3,800,000	0.355
10 October 2011	2,380,000	0.345
	5,000,000	0.350

(b) save for the disposal of an aggregate of 414,723,714 Shares by Unbeatable, CIG China and Chow Holdings, all being corporations controlled by Mr. Chow, neither the Company nor any of the Directors had dealt in any securities, convertible securities, warrants, options and derivates of the Offeror or the Company;

(c) no fund managers connected with the Company had dealt in for value in any shares, convertible securities, warrants, options and derivatives in respect of the Shares;

(d) no person who, prior to the posting of this Composite Document, have irrevocably committed themselves to accept or reject the Offers had dealt for value in any of the Shares or other securities of the Company carrying voting rights, or convertible securities, warrants, options or derivates of the Company;

(e) no person with whom the Offeror or any person acting in concert with it had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in any of the Shares or other securities of the Company carrying voting rights, or convertible securities, warrants, options or derivates of the Company;

(f) no subsidiary of the Company, nor any pension fund of the Company or of any member of the Group, nor any adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares; and

(g) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares.

6. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
31 March 2011	0.091
29 April 2011	0.142
31 May 2011	0.145
30 June 2011	0.117
29 July 2011	0.139
31 August 2011	0.173
21 September 2011 (Last Trading Day)	0.221
30 September 2011	Suspended
19 October 2011 (being the Latest Practicable Date)	0.355

Note: Trading in the Shares was suspended from 22 September to 30 September 2011 pending the release of the Joint Announcement.

The highest and lowest closing prices of the Shares quoted on the Stock Exchange during the Relevant Period were HK$0.360 per Share on 4 October 2011 and 17 October 2011 and HK$0.074 per Share on 15 February 2011 respectively.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies (a) which (including continuous or fixed term contracts) were entered into or amended within 6 months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more, or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors has entered into any service contract or has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

No contracts of significance in relation to the Group's business to which the Company or 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.

There was no material contract to which the Offeror is a party in which any Director has a material personal interest.

9. MATERIAL CONTRACTS

Save for the entering into of the LOI dated 8 April 2011 between the Company and Ningbo Port Co., Ltd., which was a third party independent of and not connected with the Company and its connected persons, no material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years preceding the date of the Joint Announcement and up to and including the Latest Practicable Date and are or may be material. Pursuant to the LOI, Ningbo Port Co., Ltd. may acquire the entire equity interests in CIG Port Holdings Limited, a wholly-owned subsidiary of the Company incorporated in BVI, and Ningbo Port Co., Ltd. was granted an exclusive due diligence and negotiation period of 90 days from the date of LOI. If no definitive sale and purchase agreement was signed on or before 6 July 2011 or such later date as may be agreed by the parties, the LOI shall lapse. Accordingly, the LOI was lapsed on 5 August 2011 (for further details in relation to the terms of the LOI, please refer to the announcement of the Company dated 8 April 2011).

10. CONSENTS AND QUALIFICATIONS

The following is the qualifications of each of the experts who have given opinion or advice which is contained in this Composite Document:

Name	Qualification
GF Capital (Hong Kong) Limited	a corporation licensed under SFO to carry out Type 6 (advising on corporate finance) regulated activity
GF Securities (Hong Kong) Brokerage Limited	a corporation licensed under SFO to carry out Type 1 (dealing in securities) regulated activity
Asian Capital (Corporate Finance) Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities, Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (Asset Management) regulated activities
DTZ Debenham Tie Leung Limited	an independent property valuer

As at the Latest Practicable Date, none of GF Capital, GF Securities, Asian Capital and DTZ had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 December 2010 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of GF Capital, GF Securities, Asian Capital and DTZ has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice or letter and references to its name and logo in the form and context in which it appears.

11. GENERAL

(a) The registered office of the Company is at P.O. Box 309 GT Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is at 2909A, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

(c) The registered office of the Offeror is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. As at the Latest Practicable Date, the entire issued share capital of the Offeror was beneficially and wholly owned by Mr. Yan. The sole director of the Offeror is Mr. Yan. The correspondance address of the Offeror and Mr. Yan in Hong Kong is at Suite 811, 8/F., Tsimshatsui Centre, East Wing, 66 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

(d) The registered office of GF Capital and GF Securities is at Rooms 2301–2305, 2313, COSCO Tower, 183 Queen's Road Central, Hong Kong.

(e) The registered office of Asian Capital is at 1006, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

(f) The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(g) The company secretary of the Company is Mr. Cheung Chi Leung, Ivan, who is a member of the Certified General Accountants Association of Canada.

(h) As at the Latest Practicable Date, no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

(i) As at the Latest Practicable Date, save for the Service Agreement, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the outcome of the Offers or otherwise connected therewith.

(j) As at the Latest Practicable Date, there was no agreement arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

(k) As at the Latest Practicable Date, save for the S&P Agreement and the Service Agreement, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.cigyangtzeports.com) and, during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays), at the Company's principal office in Hong Kong from the date of this Composite Document until the close of the Offers:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the three years ended 31 December 2010;

(d) the first quarterly report of the Company for the three months ended 31 March 2011;

(e) the interim report of the Company for the six months ended 30 June 2011;

(f) the letter from GF Securities, the text of which is set out in this Composite Document;

(g) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(h) the letter from Asian Capital, the text of which is set out in this Composite Document;

(i) the valuation report on the land and buildings of the Company dated 21 October 2011 prepared by DTZ, the text of which is set out in this Composite Document;

(j) the material contract referred to in the section headed "9. Material contracts" in this appendix; and

(k) the written consents referred to in this appendix.