



CIG Yangtze Ports PLC

中國基建港口有限公司*

(incorporated in the Cayman Islands with limited liability)

The background of the cover features a large, semi-transparent image of a port facility with several red gantry cranes. A large, stylized blue geometric shape, composed of several overlapping triangles and polygons, is overlaid on the right side of the image. The overall color palette is dominated by blue and white, with red accents from the cranes.

2005

Third Quarterly Report

* For identification only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

HIGHLIGHTS

- The Company was successfully listed on GEM of the Stock Exchange on 16 September 2005 (Stock code: 8233).
- For the nine months ended 30 September 2005, unaudited turnover increased to HK\$6.63 million, which represents an 729% growth as compared to that of the same period in 2004. The net loss decreased by 3% to HK\$6.09 million compared to the same period last year.
- Loss per share of the Company and its subsidiaries (hereafter collectively referred to as the "Group") was HK2.66 cents for the nine months ended 30 September 2005.
- Container throughput increased by 552% to 43,117 TEUs over the same period last year.
- Construction of Stage 2 of Phase I of the WIT Port, which includes the second berth, has commenced.

THE FINANCIAL STATEMENTS

Quarterly Results

The Directors are pleased to announce the unaudited consolidated quarterly results of the Group for the three months and nine months ended 30 September 2005, together with the comparative unaudited figures for the corresponding periods in 2004 which have been reviewed and approved by the Audit and Remuneration Committee, as follows:

Condensed Consolidated Income Statement

	Notes	Nine months ended 30 September		Three months ended 30 September		
		Consolidated 2005	Basis 2004	Consolidated 2005	Basis 2004	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		Note 1	Note 1			
Turnover	2	6,634	616	802	2,382	616
Cost of services rendered		(2,970)	(770)	(1,710)	(1,064)	(770)
Gross profit (loss)		3,664	(154)	(908)	1,318	(154)
Other income		165	32	91	70	35
Other operating expenses		(2,395)	(493)	(1,613)	(840)	(575)
General and administrative expenses		(4,144)	(2,881)	(5,586)	(1,627)	(2,393)
Finance costs		(4,494)	(800)	(1,856)	(1,944)	(800)
Loss before taxation		(7,204)	(4,296)	(9,872)	(3,023)	(3,887)
Taxation	4	—	—	—	—	—
Loss for the period		(7,204)	(4,296)	(9,872)	(3,023)	(3,887)
Attributable to:						
Shareholders		(6,090)	(3,096)	(6,256)	(2,740)	(2,719)
Minority interests		(1,114)	(1,200)	(3,616)	(283)	(1,168)
		(7,204)	(4,296)	(9,872)	(3,023)	(3,887)
Dividend	5	—	—	—	—	—
Loss per share — basic (cents)	6	HK2.66	HK3.58	HK2.83	HK1.12	HK1.23

Consolidated Statement of Changes in Equity

	Attributable to shareholders			Total HK\$'000	Minority Interests HK\$'000	Total Equity HK\$'000
	Share Capital HK\$'000	Contributed Surplus HK\$'000	Accumulated losses HK\$'000			
At 1 January 2005	22,106	28,801	(4,167)	46,740	38,022	84,762
Acquisition of additional interest in subsidiary	—	—	—	—	(24,667)	(24,667)
Issue of shares to the public	12,432	62,159	—	74,591	—	74,591
Issuing expenses	—	(22,067)	—	(22,067)	—	(22,067)
Loss for the period	—	—	(6,090)	(6,090)	(1,114)	(7,204)
At 30 September 2005	34,538	68,893	(10,257)	93,174	12,241	105,415
At 1 January 2004	10	—	—	10	—	10
Issue of share capital	22,096	28,801	—	50,897	—	50,897
Acquisition of subsidiaries	—	—	—	—	40,007	40,007
Loss for the period	—	—	(3,096)	(3,096)	(1,200)	(4,296)
At 30 September 2004	22,106	28,801	(3,096)	47,811	38,807	86,618

Notes to the Condensed Consolidated Income Statements

1. BASIS OF PREPARATION

Consolidated Results

The unaudited consolidated results of the Group have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those set out in the Group's financial statements for the year ended 31 December 2004.

On 16 June 2004, pursuant to a sale and purchase agreement, the Company acquired the entire issued share capital of CIG Port Holdings Limited ("CIG Port"), the immediate holding company of Wuhan International Container Transshipment Co., Limited ("WIT") for the allotment and issue by the Company of 220,962,500 Shares as consideration and CIG Port and WIT became part of the Group. For the 2004 comparatives, only post-acquisition results since 16 June 2004 had been included in the consolidated results and the pre-acquisition results prior to 16 June 2004 had been excluded.

Combined Results

For the purpose of providing shareholders with a more meaningful comparison of the operating performance of the Group for the nine months ended 30 September 2005 with the corresponding period in 2004, the Directors considered it appropriate to also include the combined results of 2004 prepared on the basis as if the Group had existed throughout that period, the basis adopted in the Accountants Report contained in Appendix I of the prospectus of the Company dated 6 September 2005 (the "Prospectus").

The Quarterly Financial Statements are unaudited but have been reviewed by the Audit and Remuneration Committee of the Company.

2. TURNOVER

Turnover represents cargo handling service fees income earned.

3. SEGMENTAL INFORMATION

All of the Group's turnover and contribution to loss from operating activities were derived from its principal activities of port development, construction and operations in the People's Republic of China (the "PRC"). Hence, no segmental information is presented.

4. TAXATION

No provision for Hong Kong Profits Tax or for PRC Enterprise Income Tax was made as the Group did not have any profit which was subject to taxation.

In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction with operating period which exceeds 15 years, upon approval by the tax bureau, WIT would be subject to a reduced PRC enterprise income tax of 15% and exempted from PRC enterprise income tax for five years starting from its first profit-making year, after offsetting losses brought forward from the previous five years, if any, followed by a 50% reduction (7.5%) for the next five years. In accordance with the same tax laws and regulations, the joint venture is also exempted from PRC local income tax of 3% for 5 years.

The Group did not have any significant unprovided deferred taxation in respect of each of the reporting periods.

5. DIVIDENDS

The directors do not recommend the payment of an interim dividend for 2005 (2004: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2005 is based on the net loss for each of the periods and on the weighted average number of 245,385,440 shares (2004: 221,062,500 shares) and 229,259,242 shares (2004: Consolidated basis: 86,388,276 shares; Combined basis: 221,062,500 shares) in issue for the periods respectively.

No diluted earnings per share has been presented because the only dilutive potential shares are those of the share options granted under the pre-IPO share option scheme but the conditions for the exercise of these options have not yet been met during the period.

BUSINESS REVIEW AND PROSPECTS

Operating Results

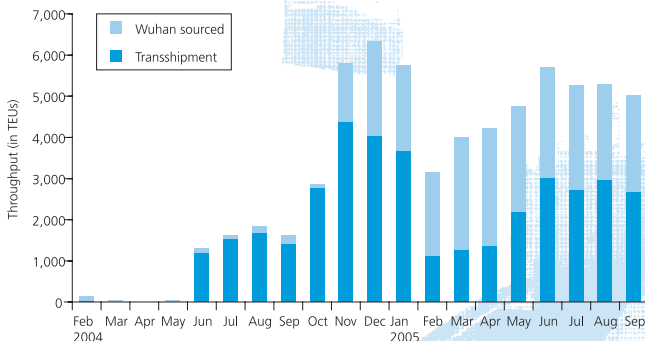
Comparison Between the Consolidated Basis for 2005 and Consolidated Basis for 2004

No comparison has been made between the results for 2005 and those of the corresponding period in 2004 as the Directors are of the opinion that a comparison between the consolidated results of 2005 with the combined basis of 2004 is more meaningful.

Comparison Between the Consolidated Basis for 2005 and Combined Basis for 2004

For the nine months ended 30 September 2005, the Group's turnover amounted to approximately HK\$6.63 million, representing an increase of approximately HK\$5.83 million or approximately 729% over that of HK\$0.80 million for the corresponding period in 2004. The increase in turnover was mainly attributable to the additional containers handled for the period under review in 2005 compared with that achieved in the corresponding period in 2004. The TEUs achieved for 2005 was 43,117 TEUs, an increase of 36,500 TEUs or approximately 552% over that of 6,617 TEUs for 2004. This reflected the slower pick up of business in the start-up year of 2004, the year which saw the commercial operation of the Group's container port in Wuhan (the "WIT Port") commenced in February 2004, following the Chinese Customs Department moving in to be stationed at the WIT Port in June 2004 to provide on-site customs clearance, and the combination of achievements in marketing and business development of the management team at WIT Port.

Monthly Throughput for the period from February 2004 to September 2005



The gross profit for the nine months ended 30 September 2005 was approximately HK\$3.66 million, representing a gross profit margin of approximately 55% on turnover and a significant improvement on the gross loss of HK\$0.91 million recorded in the corresponding period of 2004. The significant improvement in gross profit and gross profit margin reflected the increase in containers handled during the period under review against much of the costs included in cost of services rendered which are of a fixed nature.

Loss attributable to shareholders after minority interests amounted to approximately HK\$6.09 million, representing a decrease of approximately of HK\$0.17 million or 3% over that of HK\$6.26 million for the corresponding period of 2004. This was attributable to the net effect of (i) the additional contribution from the increased level of containers handled which has been offset by; (ii) the increase in other operating expenses, which are depreciation charges on fixed assets, from HK\$1.61 million for 2004 to HK\$2.40 million for 2005 mainly attributable to the increase in activities during 2005; and (iii) the increase in finance costs of HK\$2.63 million from HK\$1.86 million for 2004 to HK\$4.49 million principally as a result of the increase in bank loans taken out to partially finance the costs of development of stages 1 and 2 of Phase I of the WIT Port and the interests accrued on the shareholders' loan taken out to finance the acquisition of the additional 28.9% equity interest in WIT. As the shareholder's loan was repaid out of the IPO proceeds as disclosed in the Prospectus, such interest will not recur.

Loss per share was HK2.66 cents compared with that of HK2.83 cents for the corresponding period of 2004.

Business Review

Business Development

The Group's principal activities are investment in and the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group. As a deep water regional container hub and feeder port located in the Yanglou Development Zone at the mid-stream of Yangtze River, approximately 25 km downstream from Wuhan City and with the absence of a more economical and efficient alternative mode of transportation of cargos, the WIT Port plays a key role in the transportation of container cargos

from/to Wuhan and surrounding areas along the Yangtze River to/from Shanghai and overseas. This role is particularly important with the anticipated increase in container throughput brought about by the rapid development in Central China (中部崛起) (which is understood to be a key development initiative in the forthcoming 11th Five-year Plan for China), where Wuhan is situated, and the goal of the Municipal Government of Wuhan to build up Wuhan's annual container handling capability to the 1,000,000 TEU level by year 2010 and turning Wuhan into one of the four major regional logistics hubs in the whole of China.

The concerted efforts of the WIT management team in the marketing and business development drive, following the grand opening of the WIT Port in February 2004 and the Chinese Customs Department establishing its office and providing the necessary on-site customs clearance at WIT Port since June 2004, have borne fruit as evidenced by the increase in container throughputs handled by WIT. The growth achieved for 2005 was 43,117 TEUs, an increase of 36,500 TEUs or approximately 552% over that of 6,617 TEUs for 2004. Principal customers of the Group are major shipping companies/groups including Shanghai Port Shipping (Jihai), China Shipping (Puhai), Sinotrans, the COSCO group and Chang Sha Port Shipping. Of the 43,117 TEUs handled in 2005, 22,155 TEUs or 51% and 21,022 TEUs or 49% were Wuhan sourced and transshipment cargos respectively.

The strong and well established industrial base of Wuhan featuring operators in major industries including car and engine manufacturers such as Nissan, Honda, Citroen, Renault and Cummins and, LCD and electronics manufacturers as well as those in the provision of construction materials and farm products businesses have been and will continue to be the principal providers of the Wuhan sourced container cargos to the WIT Port. The transshipment services by WIT in Wuhan along the Yangtze River provide a more economic alternative to surrounding areas of Wuhan to ship container cargos via bigger ships carrying more containers to and from Shanghai or overseas as the inherent water-depth limitations along the up-stream of and the surrounding waterways leading onto the mid-stream of the Yangtze River (compounded during the draught season between October to January/February each year) have precluded bigger ships from navigating directly from those areas to and from Shanghai. Surrounding areas which are serviced by WIT include the Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces.

Listing of the Company's Shares on GEM (the "Listing" or "IPO")

Following the approval in principle granted by the Stock Exchange and the favourable responses from investors when the IPO was launched in early September 2005 resulted in the placement tranche being fully subscribed and the public offer tranche approximately 1.5 times over-subscribed, the Company's Shares were successfully listed on GEM on 16 September 2005.

Based on the 120,000,000 Shares on offer which were fully subscribed and the final determined IPO price of HK\$0.60 per Share, the total gross proceeds from the IPO was HK\$72 million. Out of this HK\$72 million, approximately HK\$17.6 million was applied for the settlement of listing expenses and the repayment of the shareholders' loan inclusive of interests of approximately HK\$42.2 million in accordance with the disclosures made in the Prospectus, leaving approximately HK\$12.2 million to the Group as its working capital and to finance the construction of stage 2 of Phase I ("Stage 2") of the WIT Port.

Through the IPO initiatives, the Company had attracted interest from the strategic investor, MOL (Asia) Ltd. ("MOL") which had subscribed for approximately 10% of the Shares at the IPO. MOL is a subsidiary of Mitsui O.S.K. Lines, Ltd. ("Mitsui") which shares are listed on various stock exchanges in Japan as well as in Frankfurt. Mitsui is one of the world's largest global multi-modal transportation companies. It integrates all facets of marine shipping and logistics services and, through its over 600 vessels totalling approximately 41 million deadweight tons, approximately 280 group companies and a total strength of over 7,000 employees, provides a seamless transportation network that delivers goods to markets all over the world.

The Directors view MOL as a long-term investor and a strategic business partner to the Group as both the Group and MOL share the same strategic business development focus in Wuhan and along the Yangtze River. Through investing in the Group, it will provide MOL with a firmer footing along the Yangtze River as a global carrier serving China to capture the growing containerized cargo traffic as well as related storage and related distribution and logistics services in the upper and middle region of the Yangtze River. The Directors believe that MOL will bring long-term benefits to WIT and the Group as MOL's parent

company, Mitsui, can share some of its experience and expertise in the areas of multi-modal transportation and logistics with WIT and that the Group will actively explore these opportunities with MOL.

Progress on the Construction of Stage 2

The development and construction of Stage 2, which commenced earlier this year, has been progressing in accordance with plan. Based on present progress, the construction of the stacking yard will be completed and put into service in November 2005 (providing an additional stacking area of 28,364 sq.m.). Full completion of the entire Stage 2 construction is expected by the end of the 3rd quarter of 2006. Upon completion, WIT Port's designed annual container handling capacity will be increased to 250,000 TEUs from the present 150,000 TEUs.

Future Development of the WIT Port

As disclosed in the Prospectus, the Group is committed to develop Stage 2 and, following its completion, commence the development of the final stage, i.e. stage 3 of Phase I of the WIT Port in 2007. Upon completion, the aggregate designed annual container handling capacity of the WIT Port will be further increased to 400,000 TEUs.

In addition, the Group has been granted the right of first refusal for the development of Phases II and III (the "Phases II & III Development") of the WIT Port by the WIT PRC joint venture partners. Pursuant to this, talks with the relevant parties to convert this right into a firm development plan for approval (the "Approvals (立項)") by the relevant Government authorities have begun. The Phases II & III Development will increase container handling capacity by 800,000 TEUs, taking the overall designed annual container handling capacity of the WIT Port to 1,200,000 TEUs.

Future Prospects

The Directors are optimistic about the future economic prospects of Wuhan and along the Yangtze River and believe that the Group will continue to benefit from its current and future investments in that region.

GDP growth of Wuhan has continued to outpace that of the whole of China with the latest released data showing that the GDP growth of Wuhan for the 3rd quarter ended 30 September 2005 stood at 14.1% compared with 9.4% for the whole of China. Based on the studies conducted by the Group's traffic consultants, BMT Asia Pacific Pte Limited, there is a distinct correlation between GDP growth and port throughput growth in developing economies in the form of a 2.8 times multiplier. In fact, the actual throughput growth of Wuhan in the last 2 years carried a multiplier between 3.4 to 4.2 times of the respective GDP for those years.

Further, the focus on developing the Central Region (中部崛起) in China's 11th Five-year Plan and the Wuhan Municipal Government's plan to build up container handling capability to 1,000,000 TEUs by year 2010 will facilitate future growth in this region and the Group's business.

To capitalize on the future development potential of Wuhan and Central China, the Group will continue with its marketing and business development initiatives to increase its market share of container throughput in the region, to ensure that the construction of Stage 2 is properly monitored and completed according to plan, to continue to pursue negotiations to develop and operate Phases II & III at WIT and to develop the logistics business to complement its existing port operations in Wuhan.

DISCLOSURE OF INTERESTS**Directors', Chief Executives' Interests in Shares and Short Positions in the Shares of the Company**

The interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules, are as follows:

Long positions in Shares

As at 30 September 2005			
Name of Director	Capacity	No. of Shares	Approximate Percentage of Total No. of Shares in Issue
Chow Kwong Fai, Edward	Interest by attribution (note 1)	122,046,606	35.34%
Lee Jor Hung, Dannis	Interest by attribution (note 2)	4,152,939	1.20%

Note:

- 92,534,046 of these Shares are registered in the name of Unbeatable Holdings Limited and 29,512,560 of these Shares are registered in the name of Chow Holdings Limited, each being a company in respect of which Mr. Chow Kwong Fai, Edward is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company.
- These Shares are registered in the name of Ramwealth Company Limited, a company in respect of which Mr. Lee Jor Hung, Dannis is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company.

Long positions in underlying shares of equity derivatives

Prior to the listing of the Shares of the Company on GEM on 16 September 2005 (the "Listing Date"), by way of a resolution passed by the shareholders of the Company on 2 September 2005, the Company adopted a share option scheme (the "Pre-IPO Share Option Scheme") which granted certain options to subscribe for Shares of the Company (the "Pre-IPO Share Options") to all Directors and certain employees of the Group. Principal terms of the Pre-IPO Share Option Scheme are set out in Note 1 below. Details of the Pre-IPO Share Options granted to the Directors under this scheme are as follows:

Name of Director	Exercise Price (HK\$)	Pre-IPO Share Options Outstanding as at 30 September 2005	
		Number of Underlying Shares	Approximate Percentage of Total No. of Shares in Issue
Chow Kwong Fai, Edward	0.50	10,000,000	2.90
Wong Ying Wai	0.50	1,000,000	0.29
Wong Yuet Leung, Frankie	0.50	1,000,000	0.29
Zhao Cong, Richard	0.50	1,000,000	0.29
Lee Jor Hung, Dannis	0.50	1,000,000	0.29
Wong Tin Yau, Kelvin	0.50	1,000,000	0.29
Lee Kang Bor, Thomas	0.50	1,000,000	0.29
Leung Kwong Ho, Edmund	0.50	1,000,000	0.29
Beh Yong Shin (alternate Director to Mr. Wong Ying Wai)	0.50	1,000,000	0.29

Note 1: Principal terms of the Pre-IPO Share Option Scheme are as follows:

1. The subscription price for Shares to be allotted on exercise of the options granted is at HK\$0.50 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);
2. No options may be exercised for the period of twelve months from the Listing Date and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the Listing Date; and

3. The right to exercise the options is conditional upon:
- (i) the Board confirming to the option holders that the Group has achieved its business plan and budgeted performance target for the financial year ending 31 December 2005; and
 - (ii) the option holder is an employee of the Group or a Director or an alternate director of any company within the Group on the date of exercise of the option.

Save as disclosed above, none of the Pre-IPO Share Options granted to the Directors had been exercised or lapsed since the Listing Date to the date of this report.

Substantial Shareholders and Other Persons

So far as was known to the Directors, as at 30 September 2005, the interest of the persons (not being Directors or chief executives of the Company) in shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register to be kept under section 336 of the SFO were as follows:

Long positions in Shares

(a) Substantial shareholders

Name	Capacity	Number of Shares	Approximate percentage of holding
Unbeatable Holdings Limited (note 1)	Beneficial owner	92,534,046	26.80%
Harbour Master Limited	Beneficial owner	65,583,623	18.99%
The Yangtze Ventures II Limited (note 2)	Interest by attribution	65,583,623	18.99%
Goldcrest Development Limited (note 3)	Interest by attribution	65,583,623	18.99%
Shui On Construction and Materials Limited (note 4)	Interest by attribution	65,583,623	18.99%
Shui On Company Limited (note 5)	Interest by attribution	65,583,623	18.99%
Bosrich Holdings Inc. (note 6)	Interest by attribution	65,583,623	18.99%
HSBC International Trustee Limited (note 7)	Interest by attribution	65,583,623	18.99%
Lo Hong Sui, Vincent (note 8)	Interest by attribution	65,583,623	18.99%

(b) Other persons required to disclose their interests (not being substantial shareholders)

<u>Name</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate Percentage of Holding</u>
Chow Holdings Limited (note 1)	Beneficial owner	29,512,560	8.54%
Spinnaker Capital Limited (note 9)	Investment manager	26,007,351	7.53%
Spinnaker Asset Management — SAM Limited (note 9)	Investment manager	26,007,351	7.53%
Mitsui O.S.K. Lines, Ltd. (note 10)	Interest by attribution	34,200,000	9.90%
MOL (Asia) Limited (note 10)	Beneficial owner	34,200,000	9.90%

Notes:

- Mr. Chow Kwong Fai, Edward is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of each of Unbeatable Holdings Limited and Chow Holdings Limited.
- The Yangtze Ventures II Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Harbour Master Limited.
- Goldcrest Development Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of The Yangtze Ventures II Limited.
- Shui On Construction and Materials Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Goldcrest Development Limited.
- Shui On Company Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Shui On Construction and Materials Limited.
- Bosrich Holdings Inc. is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Shui On Company Limited.
- HSBC International Trustee Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Bosrich Holdings Inc.
- Mr. Lo Hong Sui, Vincent is interested in the shares of Bosrich Holdings Inc. held by HSBC International Trustee Limited.

9. Spinnaker Capital Limited and Spinnaker Asset Management — SAM Limited are investment managers and each of them is deemed to be interested in the Shares held by Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited, which holds 4.37%, 1.96% and 1.20% of the share capital of the Company respectively.
10. Mitsui O.S.K. Lines, Ltd. is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of MOL (Asia) Ltd.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above and under the Share Option Schemes referred to below, during the nine months ended and as at 30 September 2005, none of the Directors was granted options to subscribe for the Shares.

SHARE OPTION SCHEMES

As at 30 September 2005, the Pre-IPO Share Options to subscribe for an aggregate of 28,800,000 Shares were granted to all Directors and certain employees of the Group pursuant to the Pre-IPO Share Option Scheme with terms and conditions on the exercise of the Share Options granted as set out in Note 1 in the section headed "Directors', Chief Executives' Interests in Shares and Short Positions in the Shares of the Company" above. Save as disclosed above, none of the Pre-IPO Share Options granted has been exercised or lapsed pursuant to the Pre-IPO Share Option Scheme as at 30 September 2005.

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 ("Share Options"), 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. Save as disclosed above, none of the Share Option has been granted under the Share Option Scheme as at 30 September 2005 or at the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

Since the Listing Date to 30 September 2005, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

COMPETING INTERESTS

During the nine months ended and as at 30 September 2005, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders as defined in the GEM Listing Rules of the Company had any interest in a business which competes or may compete with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

Pursuant to the compliance adviser's agreement dated 14 September 2005 (the "Compliance Adviser Agreement") entered into between the Company and Kingston Corporate Finance Limited ("Kingston"), Kingston was appointed as the compliance adviser of the Company as required under the GEM Listing Rules at a fee for the period from the Listing Date to the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the financial year ending 31 December 2007 or until such agreement is terminated in accordance with the terms and conditions set out therein. The Company has been advised by Kingston that neither Kingston, its directors, employees nor associates had any interests in the securities of the Company or any member of the Group or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group as at 30 September 2005.

Save as disclosed above, none of Kingston, its directors, employees or associates had any interests in the securities of the Company or any member of the Group or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

COMPLIANCE WITH THE BOARD PRACTICES AND PROCEDURES OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules at anytime during the period since the Listing Date to 30 September 2005.

AUDIT AND REMUNERATION COMMITTEE

The Company has established an audit and remuneration committee (the "Audit and Remuneration Committee") with written terms of reference modeled on the Guide to the Establishment of an Audit Committee published by the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) and in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit and Remuneration Committee comprises Mr. Lee Kang Bor, Thomas (Chairman), Mr. Wong Tin Yau, Kelvin, Mr. Leung Kwong Ho, Edmund and Mr. Wong Yuet Leung, Frankie, the majority of whom are independent non-executive Directors. The primary duties of the Audit and Remuneration Committee include the review of the financial reporting process and internal control systems of the Group, the appointment of auditors and the determination of executive Director's service contract, the review of Directors' and senior management's emoluments and the award of discretionary bonuses and share options of the Company.

The Audit and Remuneration Committee has reviewed the results of the Group for the nine months ended 30 September 2005 and has also made an on-site visit to the WIT Port.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Since the Listing Date to 30 September 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

APPOINTMENT AND RESIGNATION OF DIRECTORS

Following MOL becoming a shareholder and a strategic business partner to the Group, Mr. Goh Pek Yang, Michael of MOL has been invited by the Company and accepted to join the Group as a non-executive director of the Company with effect from 15 November 2005. The Board, on behalf of the management of the Group and its shareholders, extend its warmest welcome to the joining of Mr. Goh to the Board and look forward to the much stronger business and co-operation relationship between the Group and MOL in the near future.

On 9 November 2005, Ms. Beh Yong Shin resigned as the alternate director to Mr. Wong Ying Wai, a director of the Company. The Directors would like to thank Ms. Beh for her contributions to the Company during her tenure of office.

By order of the Board
CIG Yangtze Ports PLC
Chow Kwong Fai, Edward
Chairman

Hong Kong, 14 November 2005

As at the date of this report, the Board comprises an executive director namely Mr. Chow Kwong Fai, Edward; four non-executive directors namely Mr. Wong Ying Wai, Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis and Mr. Zhao Cong, Richard and three independent non-executive directors namely Mr. Lee Kang Bor, Thomas, Mr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund.