中國基建港口有限公司*

CIG Yangtze Ports PLC

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

Annual Report 2005

At the

Heart

of China's Success

11th 5-Year Plan

* *For identification purpose only*

Location Map of WIT
武漢集裝箱碼頭位置圖

Contents

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

Corporate Information

DIRECTORS

Executive Director:
Mr. Chow Kwong Fai, Edward

Non-executive Directors:
Mr. Wong Ying Wai
Mr. Wong Yuet Leung, Frankie
Mr. Lee Jor Hung, Dannis
Mr. Zhao Cong, Richard
Mr. Goh Pek Yang, Michael

Independent Non-Executive Directors:
Mr. Lee Kang Bor, Thomas
Mr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund

AUDIT AND REMUNERATION COMMITTEE MEMBERS

Mr. Lee Kang Bor, Thomas, *FCCA, FCPA (Chairman)*
Mr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund
Mr. Wong Yuet Leung, Frankie

AUTHORIZED REPRESENTATIVES

Mr. Chow Kwong Fai, Edward
Mr. Wong Wai Keung, Frederick

COMPANY SECRETARY

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

QUALIFIED ACCOUNTANT

Mr. Wong Wai Keung, Frederick, *FCA, FCPA*

COMPLIANCE OFFICER

Mr. Chow Kwong Fai, Edward

COMPLIANCE ADVISER

Oriental Patron Asia Limited
27th Floor, Two Exchange Square
8 Connaught Place
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Hong Kong

AUDITORS

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Hong Kong

LEGAL ADVISERS

Richards Butler
20th Floor, Alexandra House
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Maples and Calder
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Central
Hong Kong

PRINCIPAL BANKERS

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Wuhan Branch
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Wuchang
Wuhan
PRC

Bank of Communications
Wuhan Branch
Yangluo Development Zone Sub-Branch
Pingjiang Road
Yangluo
Wuhan
PRC

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Butterfield House
68 Fort Street
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Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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Wanchai
Hong Kong

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P.O. Box 309 GT
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Grand Cayman
Cayman Islands

COMPANY WEBSITE

www.cigyangtzeports.com

STOCK CODE

8233

CONTACT DETAILS

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Fax: (852) 2868 0620
Emial: cigyp@cigyangtzeports.com

Chairman's Statement

On behalf of the Board, I am pleased to present the first annual report of CIG Yangtze Ports PLC after the listing of its shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong on 16 September 2005.

REVIEW OF OPERATIONS

During 2005, the Group's 85% owned WIT Port in Wuhan handled a throughput of 59,098 containers (TEUs), a 174% increase on the 21,603 TEUs achieved in 2004. This, in terms of market share for the whole of Wuhan, saw the Group's share in 2005 increased to 24% from 12% in 2004 and against an aggregate of 242,967 TEUs handled for the year. Throughput for the month of December 2005 stood at 8,089 TEUs, an all time high achievement for a full month's operation since the WIT Port was opened in February 2004.

Another achievement was the obtaining of the permit from both the Ministry of Communications and the Wuhan Customs Department by WIT to handle ships carrying both export and domestic cargos on board in December. With the benefit of domestic cargos, throughput of WIT Port for January 2006 rose to 9,118 TEUs.

The 2005 year also saw the Group commencing the development of Phase I Stage 2 of the WIT Port which includes the construction of the second berth and stacking yard and the acquisition of additional cargo handling equipment. Construction of the second stacking yard and access road was completed and put into service in November 2005 while construction of the second berth and the two cranes on order are scheduled for delivery and completion before the end of 2006. Upon completion of Stage 2, the annual designed handling capacity of the WIT Port will be increased from the present 150,000 TEUs to 250,000 TEUs.

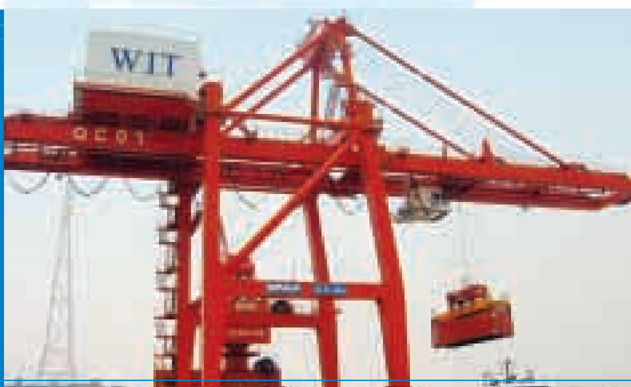
Exercising its right of first refusal, the Group also signed a Heads of Agreement with its government owned joint venture partners to initiate project approval process (立項) and thereafter the development of Phase II of the WIT Port, which will further increase capacity by 800,000 TEUs by 2010.

FINANCIAL RESULTS

The Group recorded turnover of HK$8.86 million, net loss attributable to shareholders of HK$11.58 million and loss per share of HK4.48 cents per share. The loss is due to the Group being at the initial stage in building up its business. The Directors are confident in the Group achieving profitability once container throughput reaches breakeven point.

DIVIDEND

The Directors do not recommend the payment of a cash dividend for 2005 but propose for shareholders' approval a bonus issue of shares on the basis of one bonus share for every ten existing shares held.



Mr. Chow Kwong Fai, Edward
Chairman

FUTURE PROSPECTS

The Directors are optimistic about the future economic prospects of Wuhan and along the Yangtze River Region 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 out-pace that of the whole of China with the latest released data showing GDP growth of Wuhan for 2005 of 14.7 % as compared with 9.9% for the whole of China. Further, the focus on developing the Central Region (中部崛起) as highlighted in China's, Hubei Province's and the Wuhan Municipal Government's 11th Five-year Plan which cover the period from 2006 to 2010. Two major features of the 11th Five-year Plan are projected annual GDP growth of 12% and 7% for Wuhan and the whole of China respectively and the target to build up Wuhan's container handling capacity to 1,500,000 TEUs by the year 2010, of which WIT Port's capacity will be 1,200,000 TEUs.

The Yangshan Deepwater Port (洋山深水港) in Shanghai with a designed annual container handling capacity of 2,200,000 TEUs and which had commenced operation in December 2005, will strengthen WIT's role as a transshipment and feeder port to service bigger river and ocean going ships capable of carrying more containers between Wuhan and the Yangshan Port. Delivery of such purpose designed new river/ocean going vessels are continuously being put into service expanding throughput. The WIT Port is the only container port in Wuhan capable of handling these vessels.

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

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to take this opportunity to thank all our staff for their dedication, hard work and loyalty. I would also express my gratitude to our shareholders, both founding shareholders and shareholders who participated in the IPO, for their support of the Group and the implementation of its business strategy. The directors, management and staff will strive to serve the best interest of all shareholders and the value of their investments.

Chow Kwong Fai, Edward
Chairman

Hong Kong, 15 March 2006

Vision, Mission, Strategy, Core Value

VISION

- To become the first major container port in Central China providing modern and international standard port services.
- To become the biggest hub port in Central China
- To become a leading multi-function port and logistics services provider.

MISSION

- To increase volume and market share of container throughput and to achieve break-even within two years.
- To enhance the value of the Group and returns to shareholders.
- To play a key role as a container hub port and a feeder port in the transportation of container cargo to and from Wuhan and ports along the Yangtze River corridor.
- To play a key role in building up container handling capability in Wuhan to 1,500,000 TEUs per annum by 2010, which is also a mission of the Wuhan Municipal Government under the 11th 5-year Plan.

STRATEGY

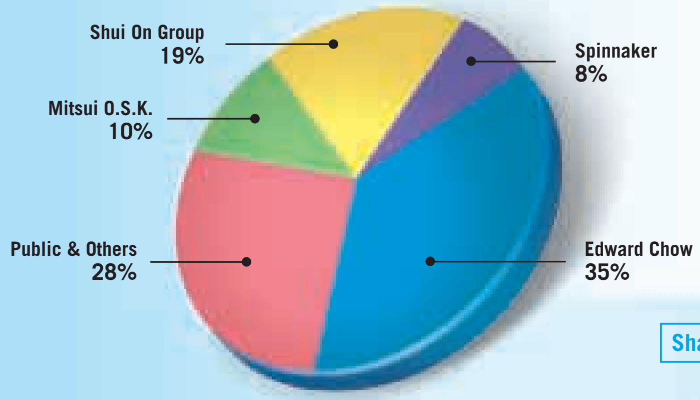
- To continue to develop the existing business of WIT.
- To complete the construction of Phase I Stage 2 of the WIT Port in 2006.
- To develop the logistics business in Wuhan.
- To develop Phase II of the WIT Port to bring the Group's annual handling capacity to 1,200,000 TEUs by 2010.

CORE VALUE

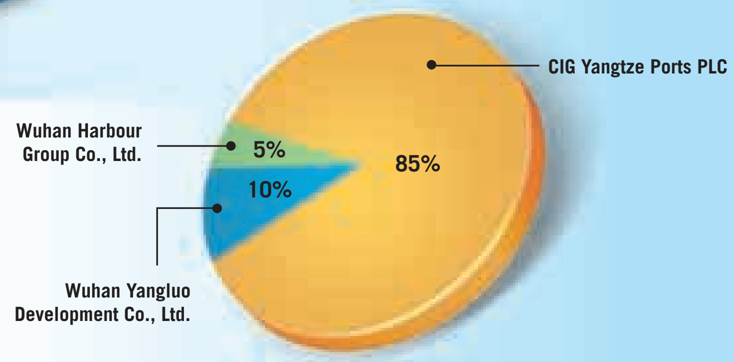
- Since 1996, founding shareholders and senior management have built up valuable relationships with government officials in Wuhan over the years.
- Experienced management in planning, construction and operation of international ports in the PRC.
- Strong and experienced Board:
  - in the ports and shipping business, both internationally and in the PRC.
  - advocating strong corporate governance practices of transparency, accountability and timely reporting.
- A business plan which mirrors the key themes of China's 11th 5- year Plan (中部崛起).

Management Discussion and Analysis

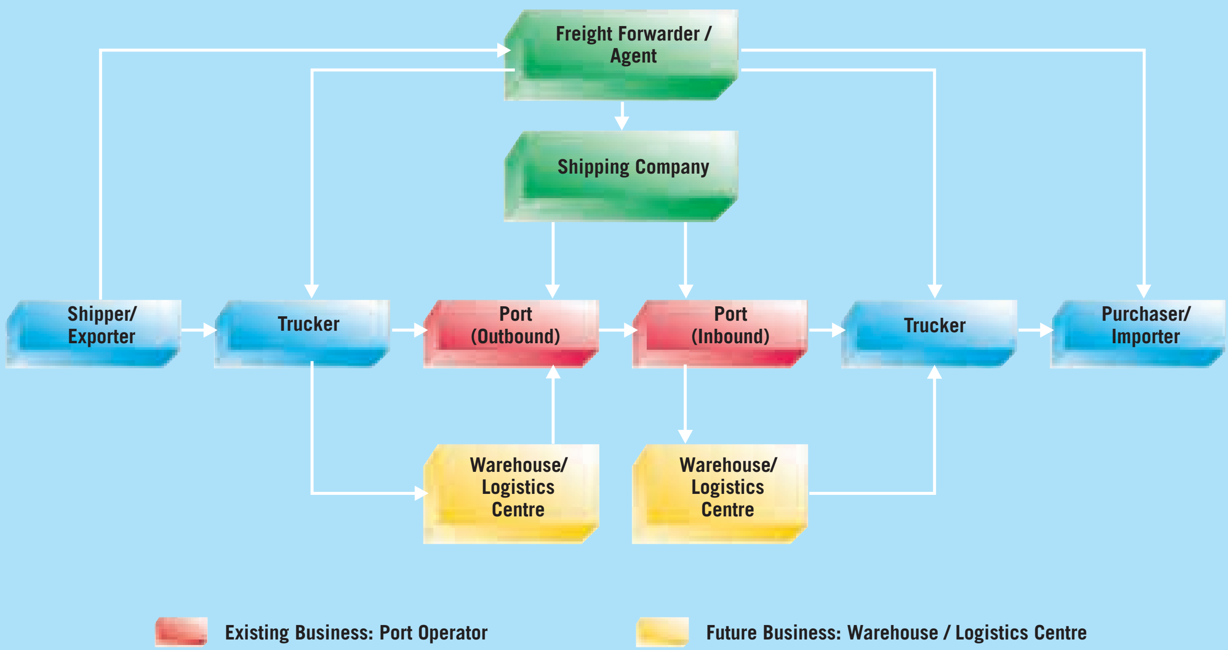
Shareholding in CIG Yangtze Ports PLC



Shareholding in WIT Port



CIG's Business Model



Management Discussion and Analysis

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

No comparison has been made between the consolidated results for the year ended 31 December 2005 and those of 2004 as the Directors are of the opinion that a comparison between the consolidated results of 2005 with the combined results instead of consolidated results of 2004 would give a more complete picture. This is the same basis as adopted in the Accountants' Report contained in Appendix I of the listing prospectus of the Company dated 6 September 2005 (the "Prospectus").

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

Turnover

For the year ended 31 December 2005, the Group's turnover amounted to HK$8.86 million, representing an increase of HK$6.14 million or 225% over 2004. The increase in turnover was mainly attributable to the additional containers handled for the year under review compared with 2004 and the increase in average tariff per TEU achieved in 2005 over 2004.

Volume and Throughput

The TEUs achieved for 2005 was 59,098 TEUs, an increase of 37,495 TEUs or 174% over 2004, reflecting the slower pick up of business in the start-up year of 2004 and the combined achievements in marketing and business development of the management team of WIT in 2005.

The 2005 year saw the Group's market share increased to 24% from 12% for the whole of Wuhan. In volume terms, total throughput for Wuhan was 242,967 TEUs (2004: 179,800 TEUs), an increase of 35%. WIT's ability to handle transshipment cargo contributed significantly to the year-on-year increase of total throughout.

Tariff

The average tariff per TEU achieved in 2005 was RMB136 compared with RMB118 achieved in 2004. Tariff for both years had been fixed at the same scale which were below the recommended rates of the Ministry of Communications (MOC) and those charged by other major ports in the PRC. The increase in 2005 was attributable to the shift in mix of Wuhan sourced and transshipment containers with more Wuhan sourced containers attracting higher tariffs being handled in 2005 (49%) compared with 2004 (21%).

Gross Profit and Gross Profit Margin

The gross profit for 2005 was HK$4.64 million, representing a gross profit margin of 52% on turnover and a significant improvement on the gross profit of HK$0.17 million and gross profit margin of 6.3% recorded in 2004. The significant improvement in gross profit and gross profit margin reflected the increase in containers handled and higher average tariff per TEU achieved during the year compared with 2004.

Loss for the Year and Attributable to Shareholders

Loss for the year amounted to HK$13.17 million, an increase of HK$1.47 million or 13% over that of HK$11.70 million for the 2004 year. This was attributable to the net effect of (i) the additional gross profit contribution from the increased level of containers handled; (ii) the increase in other operating expenses, which are depreciation charges on port facilities and equipment; (iii) the increase in general and administrative expenses principally as a result of the effect of the inclusion of head office expenses of the Group since Listing; the additional depreciation charge; the increase in staff welfare and increase in sundry expenses and (iv) the increase in finance costs of principally as a result of the increase in bank loans taken out to partially finance the construction cost of the second berth and container stacking yard of WIT and the interests accrued on the shareholders' loans taken out to finance the acquisition of the additional 28.9% equity interest in WIT. As the shareholders' loans were repaid out of the IPO proceeds as disclosed in the Prospectus, such interest will not recur in 2006.

Loss attributable to shareholders amounted to HK$11.58 million, representing an increase of HK$4.28 million or 59% over that of HK$7.30 million for the 2004 year. This increase is attributable to the reduction in the share of the loss for the year by minority shareholders as the Group had increased its equity interest in WIT from 56.1% to 85% through the acquisition of an additional interest of 28.9% in WIT during the beginning of 2005.

Loss per share was HK4.48 cents compared with HK3.30 cents for 2004.

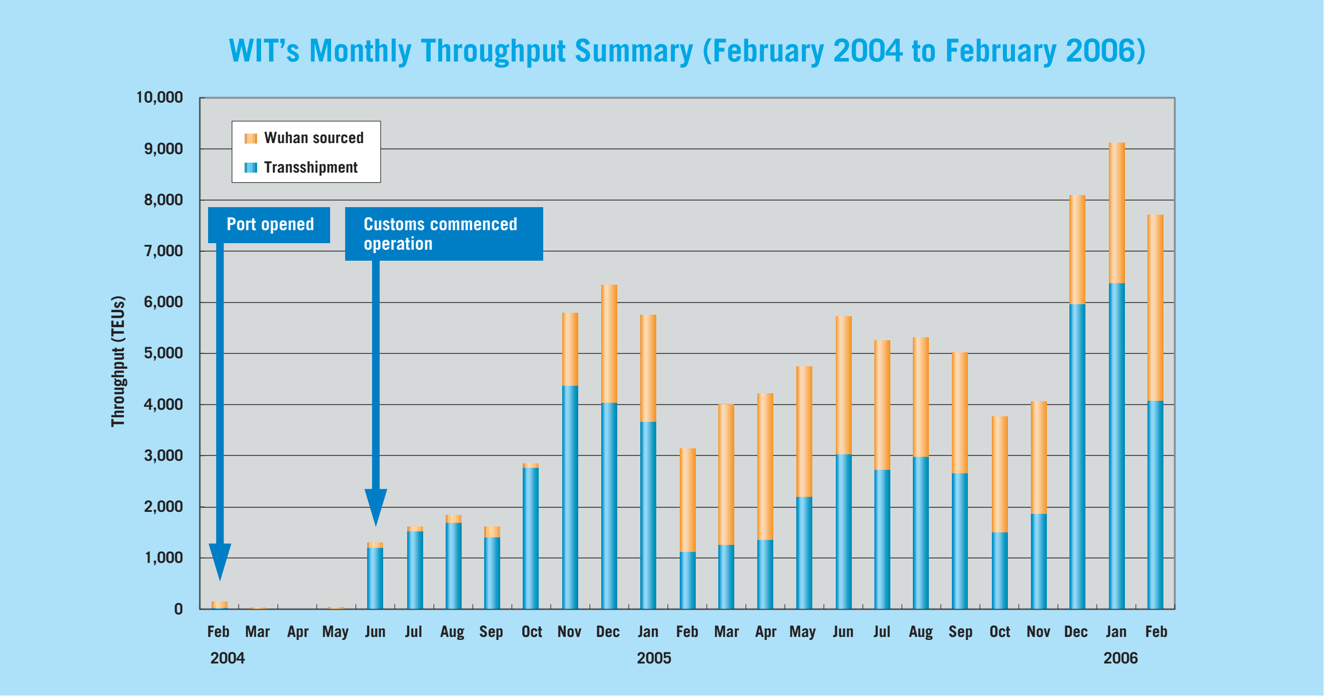
BUSINESS REVIEW

Macro

The Group's principal activities are investment in and the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group. As a deep water regional container hub port at the mid-stream of Yangtze River and a feeder port to the ports in Shanghai, the WIT Port plays an increasingly key role in the transportation of container cargo to and from Wuhan and surrounding areas along the Yangtze River corridor. This role is particularly important with the anticipated increase in container throughput brought about by the rapid development in Central China region (中部崛起) and the anticipated increase in both domestic and international cargo, which is a key theme of China's 11th 5-year Plan. The pivotal role which Wuhan and the WIT Port will play is also a major feature of Wuhan Municipal Government's and the Hubei Provincial Government's 11th 5-year Plan. Under the Provincial and Municipal 5-year Plans, Wuhan will have constructed container cargo handling capacity of 1.5 million TEUs, of which the WIT Port will account for 1.2 million. Under the same 5-year Plans, Wuhan will also become one of the four major regional logistics hubs in the whole of China.

Wuhan achieved GDP growth of 14.7% in 2005 (14.5% in 2004). Under the 11th 5-year Plan, the expected annual GDP growth is 12% or above for 2006 to 2010.

Against the above now approved 11th 5-year Plan and the existing industrial and commercial base, the Group and the WIT Port is well positioned to take advantage of growth opportunities commercially. The Group is also aware of PRC and international shipping companies, freight forwarders and logistics operators wishing to set up their Central China base in Wuhan. Some of these companies we are in discussions with could become our Group's partners/co-shareholders.



Management Discussion and Analysis

Operations

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 since June 2004, have continued to bear fruits as evidenced by the increase in container throughput handled by WIT. The growth achieved for 2005 was 59,098 TEUs, an increase of 37,495 TEUs or approximately 174 % over that of 21,603 TEUs for 2004. Principal customers of the Group are major shipping companies/groups, including Shanghai Port Shipping (Jihai), Sinotrans, the COSCO group, Chang Sha Port Shipping and Chong Qing Shipping. Of the 59,098 TEUs handled in 2005, 28,734 TEUs or 49% and 30,364 TEUs or 51% were Wuhan sourced and transshipment cargos respectively.

The strong and well established industrial base of Wuhan featuring operators in major industries including vehicle and engine manufacturers such as Nissan, Honda, Citreon, Renault and Cummins and LCD and electronics manufacturers as well as those in 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. Most of the manufacturing/assembly plants of these international companies are new and their production will grow, which will contribute to the growth in throughput at WIT.

The transshipment services provided by WIT 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 regions of the Yangtze River and the surrounding waterways have shallower draft, particularly during the draught season between October to 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 Hunan, Guizhou, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces and Chongqing.

With the container business of the WIT Port established, the Group considers that it has reached the juncture to extend the business scope of WIT to the logistics business to pave the way for the eventual transformation of the WIT Port into a major logistics hub in the central region of China, providing a one-stop service including cargo forwarding, trucking, bonded warehousing and other logistics services. WIT is in the process of amending its Articles and Business Licence and obtaining the relevant licences and permits to cater for the new businesses and the setting up of the Logistics Division to oversee these new businesses, which have been made possible as more post-WTO policies take effect.

The Signs of Progress

Fish Pond & Farmland before Construction

Construction of the WIT Port in progress

WIT Port in operation

Expanding Port Construction Activities

Concurrent with the commercial and business development activities to increase container throughput and revenue, WIT is constructing new port facilities at the port.

Construction of Phase I Stage 2 of WIT Port

The development and construction of Phase I Stage 2, which commenced in early 2005, has been progressing in accordance with plan. Construction of the second stacking yard was completed and put into service in November 2005 (providing an additional stacking area of 28,364 sq.m.). An additional quay crane and a rubber tyred gantry crane have been ordered and the construction of the second berth had commenced during 2005 as planned. Based on present progress, full completion of the entire Phase I Stage 2 construction is expected before the end of 2006. Upon completion, WIT Port's designed annual container handling capacity will be further increased to 250,000 TEUs from the present 150,000 TEUs.

Following completion of Phase I Stage 2, construction of Phase I Stage 3 will commence in 2007. Upon completion, the aggregate annual container handling capacity of the WIT Port will be further increased to 400,000 TEUs.

Future Development of Phase II of WIT Port

The Group has, since the beginning of the WIT project, been granted the right of first refusal for the development of Phases II and III (now combined and renamed "Phase II") of the WIT Port by the PRC joint venture partners who are Wuhan government agencies. Pursuant to this and the importance given to the development of Wuhan into a major hub port and logistics base for the Central China region under the 11th 5-year Plan by the Wuhan and Hubei Province governments, the Group and its joint venture partners have been in discussions to plan for the development of Phase II of the WIT Port. Such discussions have led to a Heads of Agreement having been signed in the last quarter of 2005 to facilitate a development plan being submitted to the municipal, provincial and central government for approval (立項) of Phase II. In tendum with the 11th 5-year Plan, the Phase II development will increase handling capacity by 800,000 TEUs, taking the total designed annual container handling capacity of the WIT Port to 1,200,000 TEUs. The directors are aware that development of Phase II is a lengthy and medium term process which will involve structuring and funding once the project is approved and construction planning starts. However, at this juncture, the directors are only able to report that planning for the approval of Phase II is only at the beginning stage. The directors undertake to keep shareholders informed in a timely manner as progress is made in the project approval process.

Management Discussion and Analysis

Master Plan of WIT Port Area

WIT PORT

Year of Completion	Phase I 2004 to 2007	Phase II Expected 2010	TOTAL
Designed throughput Capacity (p.a)	400,000	800,000	1,200,000
No. of Berth	2	4	6
Length of Berth (in m.)	270	540	810
Area of Stacking Yard (in sq.m)	45,000	100,000	145,000
C.F.S / Warehouse / Logistics Centre	4	10	14
List of Major Operation Equipment :			
Quay Crane	3	8	11
Multi-purpose Gantry Crane	1	–	1
Rubber Tyred Gantry Crane	7	15	22

EMPLOYEE INFORMATION

Number of Employees

A breakdown of the number of employees of the Group by function and by geographical location as at 31 December 2005 and 2004 is set out below:

	As at 31 December 2005			As at 31 December 2004		
	Hong Kong	**Wuhan**	**Total**	Hong Kong	Wuhan	Total
Operation	**–**	**63**	**63**	–	53	53
Project planning and management	**2**	**7**	**9**	2	5	7
Corporate and business development	**–**	**8**	**8**	–	5	5
Finance	**2**	**7**	**9**	2	7	9
Engineering	**–**	**24**	**24**	–	18	18
Administration and personnel	**4**	**14**	**18**	4	11	15
	8	**123**	**131**	8	99	107

Remuneration of Employees and Policies

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

Total remuneration incurred for the year ended 31 December 2005 amounted to approximately HK$5.4 million (2004: HK$2.7 million). The Directors received remuneration of HK$0.8 million during the year ended 31 December 2005 (2004: HK$0.02 million).

Management Discussion and Analysis

FINANCIAL POSITION

The Group generally finances its operations with internally generated financial resources, long-term bank borrowings and part of the proceeds from the listing of the Company's shares on GEM. As at 31 December 2005, the Group had total outstanding bank borrowings of HK$115.4 million (RMB120 million) (2004: HK$56.1 million) against total facilities available of HK$144 million (RMB150 million), all of which are long-term bank project finance provided by two PRC banks.

Except for the bank borrowings disclosed above, the Group did not have any other committed borrowing facilities at 31 December 2005.

The Group had pledged deposit plus bank balances and cash of approximately HK$24.4 million as at 31 December 2005 (2004: HK$5.1 million), undrawn banking facilities of HK$28.8 million (RMB30 million) as at 31 December 2005 (2004: Nil) and consolidated net assets of approximately HK$102.7 million and HK$84.8 million as at 31 December 2005 and 31 December 2004 respectively.

GEARING RATIO

As at 31 December 2005, the Group had a gearing ratio of approximately 48% (2004: 37%). The calculation of the gearing ratio was based on long-term bank borrowings and total assets as at 31 December 2005 and 2004 respectively. The higher gearing in 2005 reflected the drawdown on the loan facilities for the financing of the construction of Phase I Stage 2 in 2005.

EXCHANGE RATE RISKS

The Group's reporting currency is the Hong Kong dollar. Hence, the Group's exposure to foreign currency exchange rates is the RMB which relates primarily to the Group's operation in Wuhan.

For the year ended 31 December 2005, the Group generated revenue solely in RMB, its loans are in RMB and incurred costs mainly in RMB and Hong Kong dollars. The Directors consider the impact on foreign exchange exposure of the Group to be minimal.

SIGNIFICANT INVESTMENTS

Save as those disclosed in the "BUSINESS REVIEW", the Group did not hold any significant investment as at 31 December 2005.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as those disclosed in the “BUSINESS REVIEW”, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the year ended 31 December 2005.

CAPITAL COMMITMENTS

As at 31 December 2005, the Group had capital commitment in respect of the development of the WIT Port facilities contracted for but not provided for amounting to approximately HK$26,439,000 (2004: HK$31,000).

CONTINGENT LIABILITIES

As of the date of this report and as at 31 December 2005, the Board is not aware of any material contingent liabilities

PLEDGE OF ASSETS

The Group has pledged port facilities and land use rights owned by WIT with an aggregate net book value of approximately HK$154,694,000 (2004: Nil) and HK$3,225,000 (2004: Nil) respectively to secure a bank loan granted to WIT, the same operating subsidiary.

As at 31 December 2005, bank deposit of HK$4,808,000 (RMB5,000,000) (2004: HK$ Nil) owned by WIT was pledged to a bank to secure certain banking facility granted to WIT, the same operating subsidiary.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this report, the Group has no plans to make any other material investments or acquisition of material capital assets.

MARKET CAPITALIZATION

Based on the closing price of HK$0.58 per share on 30 December 2005, the market capitalization of the Company as at 31 December 2005 was HK$200.32 million.

Directors, Audit Committee Members and Senior Management

DIRECTORS

The Company has one executive Director, five non-executive Directors and three independent non-executive Directors. Their details are set out below:

Executive Director

Mr. Chow Kwong Fai, Edward (周光暉), *BA, FCA, FCPA, FHKIoD,* aged 53, is the founder of the Group, the chairman of the Company and a chartered accountant. Mr. Chow has extensive knowledge and experience in infrastructure development in China and Thailand and the planning and managing of a mass transit system project in Thailand. He is the immediate past president of the Hong Kong Institute of Certified Public Accountants, a deputy chairman of the Hong Kong Institute of Directors and a vice chairman of the Business and Professionals Federation of Hong Kong. He is also a member of 中國人民政治協商會議第九屆浙江省委員會 (the Ninth Chinese People's Political Consultative Conference of Zhejiang Province). He is an independent non-executive director and chairman of the audit committee and remuneration committee of COSCO Pacific Limited, a Hang Seng Index company listed on the main board of the Stock Exchange.

Non-executive Directors

Mr. Wong Ying Wai (王英偉), *JP,* aged 53, joined the Group and took office as a Director in November 2003. Mr. Wong is currently vice-chairman of Shui On Construction and Materials Limited ("Shui On Construction"), a company which shares are listed on the Stock Exchange and vice-chairman and chief operating officer of Shui On Land Limited. He was a member of the Preparatory Committee for the HKSAR of the National People's Congress and is a Deputy to the Tenth National People's Congress, chairman of the Social Welfare Advisory Committee, a member of the Board of the Airport Authority Hong Kong, a member of the Commission on Poverty, a member of the Public Service Committee, a member of the Board of Trustees and the Executive Committee of the Business and Professionals Federation of Hong Kong and deputy chairman of the Court and Council of Hong Kong Baptist University. He was educated at Harvard University, University of Hong Kong and Chinese University of Hong Kong.

Directors, Audit Committee Members and Senior Management

Mr. Wong Yuet Leung, Frankie (黃月良), aged 57, joined the Group and took office as a Director in November 2003. Mr. Wong is the chief executive officer of Shui On Construction and Materials Limited ("Shui On Construction"), a company which shares listed on the Stock Exchange. He graduated with a Bachelor of Science (Economics) degree and a Master of Arts degree from the London School of Economics and Political Science, the University of London and the University of Lancaster respectively.

Mr. Lee Jor Hung Dannis (李佐雄), *BBS*, aged 51, is the Chairman of DL Brokerage Limited with over 20 years of experience in the securities and investment industry and took office as a Director in September 2005. Mr. Lee holds a Bachelor degree in Commerce and a Master Degree in Business Administration, and is a fellow member of the Hong Kong Institute of Directors. Mr. Lee is an independent non-executive director of Hong Kong Exchanges and Clearing Limited, a director of the Hong Kong Securities Institute, a member of the Securities and Futures Appeals Panel and the Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants. Mr. Lee is also the Permanent Honourable President and a former Chairman of the Hong Kong Stockbrokers Association, a former member of the Advisory Committee to the Securities and Futures Commission and the Council of The Stock Exchange of Hong Kong Limited (1991 to 1997 and Vice Chairman 1994/1995) and a former director of Hong Kong Securities Clearing Company Limited (1992 to 1997 and Vice Chairman 1995 to 1997).

Mr. Zhao Cong, Richard (趙聰), age 56, joined the Group and took office as a Director in November 2003. Mr. Zhao is currently the General Manager of The Yangtze Ventures Management Limited, a venture capital management company that focuses on investments in China. Mr. Zhao was Vice President of venture capital arm of PCCW Limited stationed in Beijing from March 2000 to February 2001. Mr. Zhao was the Chief Advisor to the President of China Investment Group Limited from 1995 to 2000 and the General Manager of the China Division of China Strategic Holdings Limited from 1992 to 1995.

Mr. Goh Pek Yang, Michael (吳伯炎), aged 56, joined the Group as a Director in November 2005 and is the Managing Director of MOL (Asia) Limited, which serves as the Asia/Oceania Regional Headquarter for Mitsui O.S.K. Lines of Japan. Mr. Goh's responsibilities include trade management, operations, business development and administration for some 30 countries in the Asia/Oceania region. Mr. Goh is a member of the Executive Committee of the Liner Division of Mitsui O.S.K. Lines and the Vice-President and a member of the Board of Directors of MOL (China) Ltd. Mr. Goh has more than 30 years of extensive knowledge and experience in global shipping and transportation business. He began his career in the shipping industry in 1969 and has held key positions in the U.S., Singapore and Hong Kong. Prior to joining MOL in 2002 as Chief Operating Officer, Mr. Goh was CEO of Transpacific Lines Ltd in Hong Kong, an Executive Director of FHTK Holdings in Singapore and an Executive Vice President of Worldwide Logistics at American President Lines Ltd, a company owned by Neptune Orient Lines Ltd in Singapore. Mr. Goh earned a Master of Science Degree in Management from the Graduate School of Business at Stanford University in California, USA.

Independent non-executive Directors

Mr. Wong Tin Yau, Kelvin (黃天祐), aged 45, took office as an independent non-executive Director in September 2005. He is a deputy managing director and the chairman of the corporate governance committee of the board of directors of COSCO Pacific Limited, a company listed on the Stock Exchange. Mr. Wong is an associate member of the Chartered Institute of Bankers, a deputy chairman, a member of the Executive Committee, and a fellow member of the Hong Kong Institute of Directors, a member of the Hong Kong Securities Institute, a member of the Chartered Institute of Marketing and a council member of the Hong Kong Chinese Orchestra. He obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992. He has more than 20 years of working experience in the banking and securities industries. Mr. Wong held various senior positions in several listed companies in Hong Kong before he joined the COSCO Pacific Limited in July 1996. Mr. Wong is also an independent non-executive director and a member of the audit committee of the board of directors of China Metal International Holdings Inc., a company listed on the Stock Exchange.

Mr. Lee Kang Bor, Thomas (李鏡波), aged 52, took office as an independent non-executive Director in September 2005. He graduated from Hong Kong Polytechnic University (formerly Hong Kong Polytechnic) with a higher diploma in Accountancy in 1976. He received his Bachelor and Master of Laws degrees from the University of London in 1988 and 1990 respectively. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants (UK) and was called to the degree of an Utter Barrister of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee was president of the Council of the Taxation Institute of Hong Kong from 1999 to 2002. Mr. Lee is the managing director of Thomas Lee & Partners Limited, International Tax, Trust and Business Advisors.

Directors, Audit Committee Members and Senior Management

Mr. Leung Kwong Ho, Edmund (梁廣灝), *OBE, JP, BSc (Eng), CEng, R.P.E., FHKIE, FIMechE, FCIBSE, FIEAust, FHKEng, FHKIoD,* aged 59, took office as an independent non-executive Director in September 2005. He graduated from the University of Hong Kong with a degree of Bachelor of Science in Engineering in 1967. Mr. Leung had worked as the general manager of HUD Engineering Limited, which provides land-based engineering and contracting services, including installation and maintenance of container terminal equipment. Mr. Leung has been involved in various landmark infrastructure projects in Hong Kong such as design of the electrical and mechanical systems for Junk Bay Tunnel and Tate's Cairn Tunnel. Mr. Leung had also been a chairman of Hyder Consulting Limited, during such period he had a major role in the design and construction of KCRC's West Rail Contract DD 400 and of the project management of the extension for the Hong Kong Convention and Exhibition Centre in time for the change of sovereignty ceremony on 30 June 1997. Mr. Leung was the President of the Hong Kong Institution of Engineers in 1995/1996. He is a member of the Board of the Airport Authority Hong Kong, a member of the council of Lingnan University and the advisory committee of the Faculty of Engineering of the University of Hong Kong and an advisor to Parsons Brinckerhoff (Asia) Limited.

AUDIT AND REMUNERATION COMMITTEE

The Audit and Remuneration Committee comprises the following four Directors, majority of whom are independent non-executive Directors and all of whom are non-executive Directors:

Mr. Lee Kang Bor, Thomas *(Chairman)*
Mr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund
Mr. Wong Yuet Leung, Frankie

SENIOR MANAGEMENT

Head Office

Mr. Wong Wai Keung, Frederick (黃煒強), aged 50, is the chief financial officer since January 2001, a qualified accountant and the company secretary of the Company overseeing the corporate and finance division of the Group. He is a fellow member of both the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and holds a master degree in electronic commerce. Mr. Wong is has over 25 years of accounting, finance, tax and company secretarial experience.

Mr. Lo Wai Kit, Joe (盧偉傑), aged 33, is vice president of finance and accounting of the Company. He is an associate member of the Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst and holds a degree of Bachelor of Arts (Honors) in Accountancy. He joined the Group in August 2002 and has been responsible for the accounting, finance and taxation matters of the Group. He has over ten years of experience in the areas of auditing, accounting and taxation.

Mr. Ng Wai Kin, Simon (吳煒堅), aged 44, is vice president of the business development division of the Group. He holds a degree of bachelor of Business major in accounting. He joined the Group in October 1996 and has been responsible for business development and project co-ordination of the Group.

WIT

Mr. Xie Bing Mu (謝炳木), age 43, has been the general manager of WIT since November 2003 and a director of WIT since January 2004. He completed the professional studies in 工企管 (business administration) at 福建廣播電視大學 (Fujian Broadcasting University) in 1986 and is a qualified accountant in the PRC. Mr. Xie joined the Group in March 2001. Prior to joining the Group, Mr. Xie had worked at an international port company and container terminal company in the PRC.

Mr. Liu Shou Liang (劉守樑), aged 58, is a deputy general manager of WIT since April 1998 and is in charge of the engineering department of WIT. He is a senior engineer and graduated from 武漢建築材料工業學院 (Wuhan Industrial Institute of Building Materials) and holds a bachelor degree in engineering. Mr. Liu has over 20 years of experience in the development and management of ports in the PRC.

Mr. Li Zhong Jie (李中杰), aged 36, is the chief controller in the commercial department of WIT and has been a director of WIT since November 2003. He completed high secondary motor vehicle professional studies (高中汽車專業班) at 廈門市交通職業中學 (Xiamen Transportation Technical Secondary School). Mr. Li joined the Group in March 1999 and is responsible for the commercial operations of WIT. He has over seven years of experience in international container port and terminal port operations in the PRC.

Mr. Zhang Chun Hui (張春暉), aged 34, is an assistant to the general manager of WIT since joining the Group in June 2005. Mr. Zhang is responsible for the overseeing of the operations of the WIT Port. He completed special course (專業課程) in mechanical manufacture technique and equipment (機械制造工藝與設備) at the Lujiang Vocational University (鷺江職業大學) in 1993. Prior to joining the Group, Mr. Zhang had worked in different senior positions with an international port and container terminal companies in the PRC and has over nine years of experience in machinery maintenance and container terminal operations in the PRC.

Mr. Huang Jing (黃競), aged 35, is the deputy general manager of WIT since May 2003 and the company secretary of WIT since December 2005. He graduated from 中南財經大學 (Zhongnan University of Finance and Economy) and holds a bachelor degree in economics. Mr. Huang joined the Group in February 1998 and has six years experience in financial management and office administration in the PRC.

Mr. Cai Xi Ming (蔡曦明), aged 39, is an assistant to the General Manager of WIT and in charge of all office administrative and human resources matters of WIT. He obtained a MBA degree (工商管理碩士學位) from the Zhongnan University of Economics and Law (中南財經政法大學) in the PRC and is a qualified accountant in the PRC. Mr. Cai joined the Group in July 2000. Mr. Cai has extensive experience in enterprise management.

Corporate Governance Report

Introduction

The Board has always believed in the significance of corporate governance and the accountability and transparency of its management. The Company has been in compliance with a high standard of corporate governance practices and the Board takes seriously their duty to implement good corporate governance practices to ensure their duties are discharged in a transparent and accountable manner. The Board believes that by running the business in a way which is responsible to its shareholders and of high level of integrity, the long-term benefit of the Group and the shareholders as a whole would be secured.

Corporate Governance Practices

Throughout the period from 16 September 2005, the date of listing of the Company's Shares on GEM, to 31 December 2005 (the "Post Listing Period"), except for Mr. Chow Kwong Fai, Edward who had served as both the chairman of the Board and the chief executive officer of the Company, the Company has complied with the code of provisions in the Code of Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules (see section on chairman and chief executive officer). The Board and the senior management of the Group has seriously appraised the Code and reviewed the practices of the Group to ensure full compliance of the Code.

Directors' Securities Transactions

The Group adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Company's specific enquiry, each Director had confirmed that during the year ended 31 December 2005, the required standard of dealings had been fully complied with and there was no event of non-compliance.

The Board of Directors

The Board, which currently comprises nine Directors, is primarily responsible for formulating the business strategy, reviewing and monitoring the business performance of the Group, approving the financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of routine operational matters and the powers thereof are delegated to management by the Board with clear directions.

The Board comprises an executive Director and chairman, namely Mr. Chow Kwong Fai, Edward; five non-executive Directors, namely Mr. Wong Ying Wai, Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis, Mr. Zhao Cong, Richard and Mr. Goh Pek Yang, Michael and three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas, Mr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund. Non-executive Directors currently represent eight-ninths of the Board. Independent non-executive Directors currently represent one-third of the Board.

During the Post Listing Period, there were in total 2 Board meetings held and the attendance record of the directors is set out below:

	Number of meetings		Attendance
Members of the Board	**Held**	**Attended**	**percentage**
CHAIRMAN AND EXECUTIVE DIRECTOR			
Mr. Chow Kwong Fai, Edward	2	2	100%
NON-EXECUTIVE DIRECTOR			
Mr. Wong Ying Wai	2	1	50%
Mr. Wong Yuet Leung, Frankie	2	2	100%
Mr. Lee Jor Hung, Dannis	2	2	100%
Mr. Zhao Cong, Richard	2	2	100%
Mr. Goh Pek Yang, Michael (appointed on 15 November 2005)*	1	1	100%
INDEPENDENT NON-EXECUTIVE DIRECTOR			
Mr. Lee Kang Bor, Thomas	2	2	100%
Mr. Wong Tin Yau, Kelvin	2	2	100%
Mr. Leung Kwong Ho, Edmund	2	2	100%

* *Only one Board meeting was held after the appointment of Mr. Goh.*

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

Mr. Chow Kwong Fai, Edward and Mr. Wong Tin Yau, Kelvin are respectively an independent non-executive Director and deputy managing director of COSCO Pacific Limited, a company which shares are listed on the Stock Exchange. Mr. Wong Ying Wai and Mr. Wong Yuet Leung, Frankie are respectively vice-chairman and chief executive officer of Shui On Construction and Materials Limited ("Shui On"), a company which shares are listed on the Stock Exchange. Mr. Zhao Cong, Richard is the General Manager of The Yangtze Ventures Management Limited, the management company managing the funds of Yangtze Ventures II Limited, a substantial shareholder of the Company and an investment fund majority held by Shui On, a company of which Mr. Wong Ying Wai and Mr. Wong Yuet Leung, Frankie are respectively vice-chairman and chief executive officer. Save for the above, there is no other financial, business, family or other material relationship among the members of the Board.

Chairman and chief executive officer

During the Post Listing Period, Mr. Chow Kwong Fai, Edward served as both the chairman of the Board and the chief executive officer of the Company. While the Board is aware that it is a recommended best practice to split the role of the Chairman and the chief executive, in view of the small size of the Group and the fact that the Group's core business is straight forward and is carried out singularly by its subsidiary, WIT, and the fact that the general manager (de facto chief executive) of WIT is a separate person, there is no necessity to appoint a chief executive at the Company level or at the Group level. Save for the above deviation, the Company was in full compliance with the Code during the Post Listing Period.

Non-executive directors and re-election

According to Article 114 of the Company's Articles of Association (the "Articles"), all directors appointed to fill a causal vacancy should be subject to re-election by shareholders at the first general meeting after their appointment. According to Article 130 of the Articles, one-third of the directors shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years.

The Audit and Remuneration Committee

The Directors are aware that it is good practice for listed companies to establish an audit committee and a remuneration committee in accordance with the Code. However, having taken into account of the small size of the Company and the fact that members for both committees would most likely be the same, the Board considers it more efficient to have these two committees combined into one committee (the "Audit and Remuneration Committee"). The Audit and Remuneration Committee comprises Mr. Lee Kang Bor, Thomas (Chairman), 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 of the Company. The primary duties of Audit and Remuneration Committee include the following:

1. The Functions of an Audit committee

The primary duties of the "audit committee function" of the Audit and Remuneration Committee include the review of financial statements, financial reporting process and the internal control and risk management systems of the Group as well as the appointment of auditors. During the Post Listing Period, the Audit and Remuneration Committee has reviewed the third-quarterly and the annual results and the effectiveness of the systems of internal control of the Group which covers financial, operational and compliance controls and risk management functions. The Audit and Remuneration Committee has liaised with the Directors, senior management and the qualified accountant as well as reviewed the "Report to the Audit Committee" from and discussed with the auditors on the audit and internal control related issues of the Group. The Committee also made two on-site visits to the Group's operating subsidiary, Wuhan International Container Transshipment Company Limited ("WIT") in Wuhan and carried out on-site inspections and discussions with management and government officials.

Corporate Governance Report

During the Post Listing Period, management of the Company had conducted an internal audit on the systems of internal control of WIT to ensure compliance with procedures laid down by the Company and the board of directors of WIT. The findings in the form of an "Internal Audit Report" was reviewed by the Audit and Remuneration Committee. A copy of the Internal Audit Report was also provided to the independent auditors for their review. Based on the work done, the Audit and Remuneration Committee is satisfied that a thorough review had been conducted on the systems of internal control adopted by the Group and with the adoption of the recommendations, the systems of internal control are adequate and are operating efficiently and effectively as designed and intended.

2. Remuneration of directors

The primary duties of the Audit and Remuneration Committee in this respect include the review and determination of directors' service contracts, the salaries of the directors and the award of discretionary bonus and share options of the Company.

The Company has adopted full disclosure of remunerations of Directors with disclosure by name, amount and type in note 6 to the Financial Statements on page 47 of the annual report.

The Company has two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme (Refer to page 31 of the annual report for more details). Options were granted to Directors and certain employees of the Group under the Pre-IPO Share Option Scheme but with the performances of the Group in 2005 not reaching the benchmark required as a condition for the exercise of such options, these options were declared no longer exercisable and lapsed by the Board on 15 March 2006.

No options have been granted under the Share Option Scheme.

3. Auditors' remuneration

An analysis of remuneration in respect of audit and non-audit services provided by the auditors to the Group for the year ended 31 December 2005 is summarized as below:

Services	**Remuneration** (HK$)
Audit services	280,000
Other advisory services – Reporting Accountant on Listing	420,000
– Review fee on quarterly financial report	28,000
	728,000

The Audit and Remuneration Committee held in total three meetings during the Post Listing Period and up to the date of this annual report to review the financial results and systems of internal control of the Group. The attendance record of members of the Audit and Remuneration Committee is summarized as below:

Members of the Audit and Remuneration Committee	**Number of meetings Held**	**Attended**	**Attendance percentage**
Mr. Lee Kang Bor, Thomas *(Chairman)*	3	3	100%
Mr. Wong Tin Yau, Kelvin	3	3	100%
Mr. Leung Kwong Ho, Edmund	3	2	67%
Mr. Wong Yuet Leung, Frankie	3	3	100%

Nomination of directors

For the purpose of nomination of directors, as the Company finds it not necessary to establish a separate nomination committee, therefore the task of nomination of directors is vested with the Board of the Company. The Board reviews (i) the structure, size and composition (including the skills, knowledge and experience) of Board members on a regular basis and make recommendation regarding any proposed changes; (ii) identifies individuals suitably qualified to become board members; (iii) assesses the independence of independent non-executive directors; and (iv) makes recommendations on relevant matters relating to the appointment and re-appointment of directors and succession planning for directors. For the Post Listing Period, having considered the then composition of the Board and the relevant knowledge and experience in the shipping, logistics and transportation business, the Board considered it beneficial to the Group to invite Mr. Michael Goh, managing director of MOL (Asia) Ltd. as a non-executive Director of the Company.

Shareholder Value

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

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

As at 31 December 2005, the shareholding structure of the Company was as follows:

Category	Note	**No. of shares held**	**%**
INITIAL MANAGEMENT SHAREHOLDERS:			
Mr. Chow Kwong Fai, Edward	1	122,046,606	35.34%
Shui On Construction and Materials Limited	1	65,583,623	18.99%
Mr. Lee Jor Hung, Dannis	1	4,152,939	1.20%
SIGNIFICANT SHAREHOLDERS:			
Spinnaker Capital Limited and Spinnaker Asset Management - SAM Limited	2	26,007,351	7.53%
MOL (Asia) Limited	2	34,200,000	9.90%
PUBLIC SHAREHOLDERS		93,389,228	27.04%
	Total	345,379,747	100.00%

Notes:

1. Shares held by these shareholders are subject to a moratorium period of 12 months from the Listing Date.
2. Shares held by these shareholders are subject to a moratorium period of 6 months from the Listing Date.

Corporate Governance Report

Shareholder rights and relations

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

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

Telephone no.:	(852) 2868-0212
Fax no.:	(852) 2868-0620
By post:	1604, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Email:	cigyp@cigyangtzeports.com

Review of Business Plan and Use of Proceeds from the Listing

COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

The following is a comparative summary of the actual business progress against the business objectives for the period from the Latest Practicable Date i.e. 31 August 2005 to 31 December 2005 (the "Comparison Period") as set out in the "Future Plans" of the Group on pages 120 to 122 of the Prospectus. To attain its long-term business goals, the Group reviews its business objectives and strategies on an ongoing basis and makes appropriate adjustments as necessary.

Business objectives for the Comparison Period as set out in the Prospectus	**Actual business progress for the Comparison Period**
Business Development and Throughput	
• To continue to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters. Target throughput for the period is: • Container 62,000 TEUs • General Cargo 28,000 Tonnes	The Group has continued to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters as planned. Actual throughputs achieved for the period are: • Container 20,940 TEUs • General Cargo 2,535 Tonnes The difference between planned and actual TEU throughput is attributable to the unexpected high water level at the Yangtze River during the traditional low water level draught season (i.e. from October to January/February each year) in 2005 reducing the need for the bigger sized ships from the Chang Sha port to call at the WIT Port for transshipment to Shanghai. The transshipment of containers from Chang Sha did not commence until mid December when the Yangtze River water level subsided to the normal level The difference in general cargo throughput is mainly attributable to the delay in the expected timing of the handling of the construction materials for the construction of the Yanglou Bridge close to the WIT Port
Corporate	
• To continue to implement the 2005 year business plan and budget	• The Group has continued to implement the 2005 year business plan and budget as planned
• To prepare and approve the 2006 year business plan and budget	• The initial 2006 budget and business plan were prepared and reviewed by management and the WIT board. Formal approval and adoption of the budget and business plan were approved by the Board of Directors
Design and Construction	
• To commence the tender for the construction of the second berth	• The tendering for the construction of the second berth was completed
• To award and sign contracts for and commence construction of the second berth	• The awarding and signing of contracts for the construction of the second berth was completed
• To commence and complete the design of the new CFS building	• The construction of the CFS building has been delayed till 2006 to match with existing and projected future utilization of the existing warehouse/CFS
• To commence and complete the selection of tenders for the construction of the new CFS building/warehouse	• Not yet commenced
• To award and to sign the contract for the construction of the new CFS building/warehouse	• Not yet commenced
• To complete the construction of the additional stacking yard, internal access roads and utilities	• The construction of the stacking yard, internal access roads and utilities were completed and put into service in November 2005
• To sign contracts for the acquisition of 2 RTGs and quay crane	• The awarding and signing of the contract for the quay crane was completed. The ordering of the 2 RTGs had been postponed to 2006 to match with the expected increase in throughput in that year. Contract for 1 RTG was signed in the first quarter of 2006

Review of Business Plan and Use of Proceeds from the Listing

Business objectives for the Comparison Period as set out in the Prospectus	Actual business progress for the Comparison Period
Financing	
• Through internal resources and utilization of loan facilities from SPDB	• The Group continued to finance its operations by way of internal resources and loan facilities from SPDB
Human Resources	

Business objectives (as set out in the Prospectus):

	As at 31 December 2005		
	HK	Wuhan	Total
Operation	–	65	65
Project Planning and Management	2	7	9
Corporate and Business Development	–	9	9
Finance	2	7	9
Engineering	–	23	23
Administration and Personnel	4	15	19
Total	8	126	134

Actual business progress:

	As at 31 December 2005		
	HK	Wuhan	Total
Operation	–	63	63
Project Planning and Management	2	7	9
Corporate and Business Development	–	8	8
Finance	2	7	9
Engineering	–	24	24
Administration and Personnel	4	14	18
Total	8	123	131

USE OF PROCEEDS FROM THE LISTING

The Company was successfully listed on GEM through the placing of 108,000,000 New Shares and the Public Offer of 12,000,000 New Shares at HK$0.60 per Share (the "Listing"). Gross proceeds from the Listing were HK$72 million and net proceeds were HK$53.2 million after deduction of listing expenses of HK$18.8 million. The use of proceeds as compared with the disclosure in the Prospectus as follows:

	Planned use of proceeds up to 31 December 2005 as stated in the Prospectus HK$ '000	Actual utilization up to 31 December 2005 HK$ '000
1.0 Repayment of shareholders' loans from Unbeatable Holdings Limited, Chow Holdings Limited and Harbour Master Limited which were used primarily for settlement of the consideration for the acquisition of 28.9% equity interest in WIT in February 2005.	42,000	42,245
2.0 Head office expenses		
2.1 Legal and professional fees	410	1,403
2.2 Service fees to CIG Corporate and Project Finance Limited	150	175
2.3 Wages, salaries and other administrative expenses	1,050	1,860
Sub-total	1,610	3,438
Total	**43,610**	**45,683**

Report of the Board of Directors

The board (the "Board") of directors (the "Directors") submits herewith the report of the Board together with the audited financial statements of the Company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was investment holding and those of the subsidiaries are set out in note 22 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on page 36.

DIVIDEND, APPROPRIATIONS AND RESERVES

The Directors do not recommend the payment of a cash dividend for 2005 but propose for shareholders' approval a bonus issue of shares on the basis of one bonus share for every ten existing shares held.

Details of movements in reserves of the Company and of the Group during the year are set out in Statement of Changes in Equity.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, services provided to the Group's five largest customers accounted for 88.1% of total turnover of the Group with services provided to the largest customer included therein accounted for 24.8% of total turnover of the Group. Purchases from the Group's five largest suppliers accounted for 88.6% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 56.6% of total purchases of the Group for the year.

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the Companies Law (Revised) of the Cayman Islands.

REMUNERATION POLICY

The remuneration policy of the employees of the Group is set out on the basis of their merit, qualifications and experience.

The remuneration of the Directors are decided, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in note 26 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 21 to the financial statements.

Report of the Board of Directors

DIRECTORS

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

Executive Director:
Mr. Chow Kwong Fai, Edward

Non-executive Directors:

Mr. Wong Ying Wai	
Mr. Wong Yuet Leung, Frankie	
Mr. Lee Jor Hung, Dannis	– appointed on 2 September 2005
Mr. Zhao Cong, Richard	
Mr. Goh Pek Yang, Michael	– appointed on 15 November 2005
Ms. Beh Yong Shin *(alternate director to Mr. Wong Ying Wai)*	– appointed on 2 September 2005 and resigned on 9 November 2005

Independent Non-Executive Directors:

Mr. Lee Kang Bor, Thomas	– appointed on 2 September 2005
Mr. Wong Tin Yau, Kelvin	– appointed on 2 September 2005
Mr. Leung Kwong Ho, Edmund	– appointed on 2 September 2005

In accordance with Article 130 of the Company's Articles of Association, at each annual general meeting one-third of the directors for the time being shall retire from office by rotation and a retiring director shall be eligible for re-election.

DIRECTORS' SERVICE CONTRACTS

The executive Director, Mr. Chow Kwong Fai, Edward has entered into a service contract with the Company for a fixed term of two years commencing from 16 September 2005, the date of listing and can be renewed for successive terms of one year. The service contract can be terminated either by the Company or Mr. Chow giving each other notice of not less than six months.

Each of the non-executive Directors and independent non-executive Directors has entered into a service contract with the Company for a period commencing from 2 September 2005 until the Company's annual general meeting in 2006.

Apart from the foregoing, no director standing for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment other than statutory compensations.

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Company considers the independent non-executive Directors to be independent.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and senior management of the Group are set out on pages 16 to 19 of this report.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in note 24 to the financial statements, no contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

Details of the connected transactions under the GEM Listing Rules during the year are set out in note 24 to the financial statements.

REMUNERATION OF DIRECTORS AND THE HIGHEST PAID EMPLOYEES

Details of the remuneration of Directors and the highest paid employees of the Group are set out in notes 6 and 7 to the financial statements.

DIRECTORS AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES OF THE COMPANY

The interests or short positions of the Directors and chief executive 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 31 December 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:

1. 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.

2. 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.

Report of the Board of Directors

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 certain Directors and 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 were as follows:

		Pre-IPO Share Options outstanding as at 31 December 2005	
Name of Director	**Exercise Price** (HK$)	**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

Note 1:

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

a. 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);

b. 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

c. 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.

Pursuant to a resolution of the Board of Directors meeting held on 15 March 2006, the Directors declared that all Pre-IPO Share Options are no longer exercisable and lapsed. For more details, please refer to the Section "Share Option Schemes" below.

SHARE OPTION SCHEMES

1. As at 31 December 2005, share options ("Pre-IPO Share Options") to subscribe for an aggregate of 28,800,000 Shares were granted to certain Directors and 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 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 31 December 2005.

   Pursuant to a Board of Directors meeting held on 15 March 2006, having taken into account of the results and performance of the Group for the year ended 31 December 2005, although recognizing that certain business achievements had been attained in the 2005 year, the Board considered that such achievements had not met the targets set in its entirety for that year. The Board took into consideration a condition for the exercise of the Pre-IPO Share Options (See Note a(i) to the Section "Long positions in underlying shares of equity derivatives" under the "Directors', Chief Executives' Interests and Short Positions in the Shares of the Company"), and accordingly declared that all options granted under the Pre-IPO Share Option Scheme are no longer exercisable and have therefore lapsed.

2. 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. None of the Share Options have been granted under the Share Option Scheme as at 31 December 2005 or at the date of this report.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, during the year ended and as at 31 December 2005, none of the Directors was granted options to subscribe for the Shares.

SUBSTANTIAL SHAREHOLDER AND OTHER PERSONS

So far as was known to the Directors, as at 31 December 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:

Report of the Board of Directors

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	26.79%
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)

Name	Capacity	Number of Shares	Approximate percentage of holding
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:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

COMPETING INTERESTS

During the year ended and as at 31 December 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 10 October 2005 entered into between the Company and Oriental Patron Asia Limited ("Oriental Patron"), Oriental Patron was appointed as the compliance adviser of the Company as required under the GEM Listing Rules at a fee for the period from 15 November 2005 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, being the remaining balance of the minimum period prescribed by Rule 6A.19 of the GEM Listing Rules, or until such agreement is terminated in accordance with the terms and conditions set out therein.

The Company has been advised by Oriental Patron that Oriental Patron, through its fellow subsidiary, Pacific Top Holding Limited, had an interest in 6,417,247 Shares of the Company as at 31 December 2005.

Save as disclosed above, none of Oriental Patron, 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.

ADVANCE TO ENTITY

According to rules 17.15 to 17.22 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity from the Group exceeds 8% of the Group's consolidated total assets or the market capitalization of the Company, whichever is the lower. As at 31 December 2005, no advances had been made to any entity which exceeded 8% of the Group's consolidated total assets or market capitalization of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Since the Listing Date to 31 December 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

Since the Listing Date to 31 December 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 had also 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.

Report of the Board of Directors

AUDIT AND REMUNERATION COMMITTEE

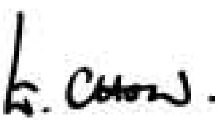
The Company has established an audit and remuneration committee (the "Audit and Remuneration Committee") with written terms of reference modeled on the Guide to the Establishment of an Audit Committee published by the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified 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, all of whom are non-executive directors and 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.

Since the Company's listing on GEM on 16 September 2005 and up to the date of this report, the Audit and Remuneration Committee had held three meetings and had also made two on-site visits to the WIT Port. The Audit and Remuneration Committee has reviewed with the management the accounting principles and practices adopted by the Group in the preparation of its results for the year ended 31 December 2005 and had discussed with management on internal control, risk management and financial reporting matters including a review of the audited financial statements for the year ended 31 December 2005 and meeting and discussing with the auditors, Moores Rowland Mazars on their audit findings. The Audit and Remuneration Committee did not have any disagreement with the accounting treatments which had been adopted in the preparation of the Group's results for the year ended 31 December 2005.

AUDITORS

A resolution to re-appoint the retiring auditors, Moores Rowland Mazars, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



Chow Kwong Fai, Edward
Chairman

Hong Kong, 15 March 2006

Report of the Auditors

A member of Moores Rowland International an association of independent accounting firms throughout the world

A member firm of Mazars

MAZARS

Moores Rowland Mazars

摩斯倫・馬賽會計師事務所

Chartered Accountants
Certified Public Accountants

AUDITORS' REPORT TO THE MEMBERS OF
CIG YANGTZE PORTS PLC
(incorporated in the Cayman Islands with limited liability)

We have audited the accompanying balance sheet of CIG Yangtze Ports PLC (the "Company") and its subsidiaries (the "Group") as at 31 December 2005, and the related statements of income and cash flows for the year ended 31 December 2005. These financial statements, set out on pages 36 to 60, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the Company and of the Group as at 31 December 2005 and of the Group's consolidated results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Chartered Accountants
Certified Public Accountants

Hong Kong, 15 March 2006

Income Statement

For the year ended 31 December 2005

	Note	**Year ended 31.12.2005 (consolidated) HK$'000**	Period ended 31.12.2004 (consolidated) See note below HK$'000	Year ended 31.12.2004 (combined) See note below HK$'000
TURNOVER	3	**8,863**	2,540	2,726
Cost of services rendered		**(4,219)**	(1,613)	(2,554)
Gross profit		**4,644**	927	172
Other income	4	**274**	138	197
Other operating expenses		**(3,650)**	(1,583)	(2,702)
General and administrative expenses		**(8,510)**	(4,036)	(6,713)
Finance costs	8	**(5,930)**	(1,599)	(2,656)
LOSS BEFORE TAXATION	5	**(13,172)**	(6,153)	(11,702)
Taxation	9	**–**	–	–
LOSS FOR THE YEAR/PERIOD	10	**(13,172)**	(6,153)	(11,702)
ATTRIBUTABLE TO:				
Shareholders of the Company		**(11,584)**	(4,168)	(7,300)
Minority interest		**(1,588)**	(1,985)	(4,402)
		(13,172)	(6,153)	(11,702)
Loss per share – Basic	11	**HK4.48 cents**	HK1.89 cents	HK3.30 cents

Note: The Company was incorporated in Cayman Islands on 17 January 2003 and remained dormant until it became the holding company of the Group on 16 June 2004 as a result of the corporate and shareholder reorganization, details of which are set out in the Company's prospectus dated 6 September 2005 (the "Prospectus"). The audited comparative figures prepared on a consolidated basis cover the period from 17 January 2003 (date of incorporation) to 31 December 2004 and reflect the acquisition of subsidiaries which took place on 16 June 2004.

For illustration purposes only, the Group also presents the results and cash flows of the Group for the year ended 31 December 2004 on a combined basis as if the group structure resulting from the corporate and shareholder reorganization had been in existence throughout the year concerned. This financial information has been extracted from the Prospectus and it does not form an integral part of the 2005 audited financial statements.

Consolidated Balance Sheet

As at 31 December 2005

	Note	2005 HK$'000	2004 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**157,497**	126,976
Land use rights	13	**8,184**	8,386
Construction in progress	14	**47,352**	7,293
		213,033	142,655
CURRENT ASSETS			
Inventories	15	**497**	410
Account receivables	16	**1,953**	1,528
Prepayments, deposits and other receivables		**1,102**	1,764
Pledged deposit	17	**4,808**	–
Bank balances and cash	17	**19,628**	5,084
		27,988	8,786
CURRENT LIABILITIES			
Accrued expenses and other payables	18	**22,917**	8,468
Due to related companies	19	**–**	2,137
		22,917	10,605
NET CURRENT ASSETS (LIABILITIES)		**5,071**	(1,819)
TOTAL ASSETS LESS CURRENT LIABILITIES		**218,104**	140,836
NON-CURRENT LIABILITIES			
Long-term interest-bearing borrowings	20	**(115,385)**	(56,075)
NET ASSETS		**102,719**	84,761
CAPITAL AND RESERVES			
Share capital	21	**34,538**	22,106
Reserves		**56,039**	24,633
		90,577	46,739
Minority interest		**12,142**	38,022
		102,719	84,761

Approved and authorised for issue by the Board of Directors on 15 March 2006.

Director *Director*

Balance Sheet

The Company
As at 31 December 2005

	Note	2005 HK$'000	2004 HK$'000
NON-CURRENT ASSETS			
Interest in subsidiaries	22	**102,286**	50,897
CURRENT ASSETS			
Prepayments, deposits and other receivables		**100**	1,212
CURRENT LIABILITIES			
Accrued expenses and other payables		**540**	659
Due to related companies	19	**–**	2,102
		540	2,761
NET CURRENT LIABILITIES		**(440)**	(1,549)
NET ASSETS		**101,846**	49,348
CAPITAL AND RESERVES			
Share capital	21	**34,538**	22,106
Reserves		**67,308**	27,242
		101,846	49,348

Approved and authorised for issue by the Board of Directors on 15 March 2006

Director *Director*

Statement of Changes in Equity

For the year ended 31 December 2005

The Group

	Attributable to shareholders of the Company						
	Share capital HK$'000	Share premium HK$'000	Foreign exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interest HK$'000	Total equity HK$'000
On incorporation	10	–	–	–	10	–	10
Issue of shares	22,096	28,801	–	–	50,897	–	50,897
Acquisition of subsidiaries	–	–	–	–	–	40,007	40,007
Loss for the period	–	–	–	(4,168)	(4,168)	(1,985)	(6,153)
At 31 December 2004 and 1 January 2005	22,106	28,801	–	(4,168)	46,739	38,022	84,761
Issue of shares to the public and placees	12,432	62,158	–	–	74,590	–	74,590
Share issuing expenses	–	(21,292)	–	–	(21,292)	–	(21,292)
Acquisition of additional interest in a subsidiary *(note 23(b))*	–	–	–	–	–	(24,667)	(24,667)
Exchange differences on consolidation	–	–	2,124	–	2,124	375	2,499
Loss for the year	–	–	–	(11,584)	(11,584)	(1,588)	(13,172)
At 31 December 2005	**34,538**	**69,667**	**2,124**	**(15,752)**	**90,577**	**12,142**	**102,719**

Notes on reserves in respect of the Company's PRC subsidiary:

(a) Distributable earnings

The statutory financial statements of the Company's subsidiary in the PRC, Wuhan International Container Transshipment Co. Ltd. ("WIT"), are prepared under generally accepted accounting principles in the PRC which differ from International Financial Reporting Standards. Any dividends paid by WIT will be based on profits as reported in its statutory financial statements. Accordingly, distributable retained earnings would be limited to the amounts of available retained earnings as recorded in the statutory financial statements of WIT.

At 31 December 2005, WIT did not have any distributable earnings.

(b) 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 a 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.

During the year, WIT had not generated any profits for appropriations to these statutory reserves.

The Company

	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
On incorporation	10	–	–	10
Issue of shares	22,096	28,801	–	50,897
Loss for the period	–	–	(1,559)	(1,559)
At 31 December 2004 and 1 January 2005	22,106	28,801	(1,559)	49,348
Issue of shares to the public and placees	12,432	62,158	–	74,590
Share issuing expenses	–	(21,292)	–	(21,292)
Loss for the year	–	–	(800)	(800)
At 31 December 2005	**34,538**	**69,667**	**(2,359)**	**101,846**

Cash Flow Statement

For the year ended 31 December 2005

	Note	**Year ended 31.12.2005 (consolidated) HK$'000**	Period ended 31.12.2004 (consolidated) See note on page 36 HK$'000	Year ended 31.12.2004 (combined) See note on page 36 HK$'000
OPERATING ACTIVITIES				
Net cash (used in) from operating activities	23(a)	**(3,028)**	386	(13,598)
Interest paid		**(5,930)**	(1,599)	(2,656)
Net cash used in operating activities		**(8,958)**	(1,213)	(16,254)
INVESTING ACTIVITIES				
Interest received		**168**	46	104
Acquisition of additional interest in a subsidiary	23(b)	**(40,349)**	–	–
Purchases of property, plant and equipment		**(1,118)**	(1,621)	(2,293)
Payment for construction in progress		**(42,013)**	(3,372)	(17,872)
Proceeds from disposal of property, plant and equipment		**631**	–	–
Net cash received from acquisition of subsidiaries		**–**	11,244	–
Net cash (used in) from investing activities		**(82,681)**	6,297	(20,061)
FINANCING ACTIVITIES				
Bank loan drawdown		**57,693**	–	23,365
Net proceeds from issue of shares		**53,298**	–	–
NET CASH FROM FINANCING ACTIVITIES		**110,991**	–	23,365
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**19,352**	5,084	(12,950)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		**5,084**	–	18,034
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, REPRESENTED BY PLEDGED DEPOSIT, BANK BALANCES AND CASH	17	**24,436**	5,084	5,084

CORPORATE INFORMATION

CIG Yangtze Ports PLC is a limited liability company incorporated in the Cayman Islands. The Company's registered office is located at Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding and the principal activities of WIT, the major operating subsidiary, are port construction and operation.

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong). These financial statements also comply with applicable disclosure provisions of the GEM Listing Rules. A summary of the principal accounting policies adopted by the Group is set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries make up to 31 December, each year. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, until the date such control ceases. All intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A company is a subsidiary of the Company if the Company, directly or indirectly, holds more than 50% of the issued voting capital of the investee company, or if the Company is in a position to appoint a majority of the members of the board of directors and/or is able to govern the financial and operating policies of the investee company under a statute or agreement among the shareholders or equity holders.

Property, plant and equipment

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

Depreciation of property, plant and equipment is provided on the following bases to write off the cost of each asset over the following estimated useful lives:

Buildings		50 years, straight line method
Port facilities	– foundation work	Over the remaining joint venture period, straight line method
	– others	Units of production method
Terminal equipment		5-20 years, straight line method
Motor vehicles		5 years, straight line method
Furniture and equipment		1-5 years, straight line method

When assets are sold or retired, their costs and accumulated depreciation are eliminated from the balance sheet and any gain or loss resulting from their disposals is dealt with in the income statement.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Construction in progress

Construction in progress represents port facilities and terminal equipment under construction and is stated at cost less accumulated impairment losses. Cost includes cost of construction, plant and equipment and other direct costs (such as borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance the port project during the construction year, to the extent these are regarded as an adjustment to interest charges).

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into operational use at which time they will be transferred to property, plant and equipment.

Impairment of assets

Property, plant and equipment and construction in progress are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised as an expense for items of property, plant and equipment and construction in progress carried at cost. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. Such reversal of impairment loss is recognised as income.

Land use rights

Land use rights represent amounts paid for the acquisition of the rights to use land located in the PRC for periods of 50 years. Land use rights are recognised as prepayments for operating leases and amortised to income statement over the lease terms.

Revenue recognition

Cargo handling service fees are recognised when services are rendered.

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the applicable interest rates.

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 weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sales.

Borrowing costs

Borrowing costs are expensed as incurred except when they are directly attributable to the construction or acquisition of qualifying assets that necessarily take a substantial period of time to prepare for its intended use. Such borrowing costs are capitalised as part of the cost of that property or equipment until the asset is ready for its intended use.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of cash flow statement, cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Deferred taxation

Deferred taxation is provided under the liability method in respect of significant temporary differences arising from differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

Operating leases

Leases are classified as operating leases whenever substantially all the risks and rewards incidental to ownership of the leased assets remain with the lessor.

Lease payments under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Aggregate benefit of incentives on operating leases is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currency translation

The Company and its subsidiaries maintain their books and records in Hong Kong dollars or Renminbi. Transactions in other currencies are translated into Hong Kong dollars or Renminbi as applicable at exchange rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated at exchange rates prevailing at that date. Non-monetary assets and liabilities in other currencies are translated at historical rates. Exchange differences, other than those capitalised in fixed assets and construction in progress, are dealt with in the income statement.

On consolidation, the assets and liabilities of financial statements of the subsidiary in the PRC expressed in Renminbi are translated into Hong Kong dollars at rates of exchange ruling at the balance sheet date. Income and expense items are translated into Hong Kong dollars at the weighted average rates for the year. Exchange differences arising therefrom are dealt with as movement in reserves.

Employee benefits

Retirement benefits scheme

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Payments made to state-managed retirement benefit schemes are dealt in the same manner as payments to defined contribution plans, as the Group's obligations under the schemes are similar to those arising in a defined contribution retirement benefit plan, and are charged as expenses as they fall due.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which (i) the vesting period has expired, and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movements in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of any outstanding options is reflected as additional share dilution in the computation of earnings per share.

Related parties

A party is related to the Group if

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Critical accounting estimates and judgements

Impairment of assets

Port facilities 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 as asset is impaired involves management estimates on uncertain matters, such as the amount of tariffs may be 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.

Future changes in IFRS

At the date of authorisation of these financial statements, the IASB has issued a number of new/revised standards and interpretations that would become effective after the balance sheet date. The directors anticipate that the adoption of these new/revised IFRS in the future periods will have no material impact on the result of the Group.

2. SEGMENTAL INFORMATION

All of the Group's turnover and contribution to loss from operating activities are derived from its principal activities of port development, construction and operations in the PRC. Hence, no segmental information is presented.

3. TURNOVER

Turnover represents cargo handling service fees income earned.

4. OTHER INCOME

	Year ended 31.12.2005 (consolidated)	Period ended 31.12.2004 (consolidated) See note on page 36	Year ended 31.12.2004 (combined) See note on page 36
	HK$'000	HK$'000	HK$'000
Interest income	**168**	46	104
Sundry income	**106**	92	93
	274	138	197

5. LOSS BEFORE TAXATION

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

	Year ended 31.12.2005 (consolidated) **HK$'000**	Period ended 31.12.2004 (consolidated) See note on page 36 HK$'000	Year ended 31.12.2004 (combined) See note on page 36 HK$'000
Cost of services rendered	**4,219**	1,613	2,554
Auditors' remuneration	**372**	51	92
Depreciation	**4,395**	1,896	3,267
Amortisation of prepaid lease payment for land use rights	**185**	95	190
Staff costs (including directors' remuneration and pension contributions)	**5,363**	1,406	2,736
Pension contributions	**329**	147	270
Operating lease rental in respect of land and buildings and machinery	**187**	65	307

6. DIRECTORS' REMUNERATION

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

	Number of directors **2005**	2004
Executive Directors	**1**	1
Non-executive Directors	**5**	3
Independent non-executive Directors	**3**	–
	9	4

6. DIRECTORS' REMUNERATION *(Continued)*

Details of directors' emoluments for the year ended 31 December 2005 are:

Name of director	Title	Fee	Salaries, allowances and benefit in kind	Pension contribution	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Chow Kwong Fai, Edward	Executive director	35	452	4	491
Zhao Cong, Richard	Non-executive director	35	2	–	37
Wong Ying Wai	Non-executive director	35	–	–	35
Wong Yuet Leung, Frankie	Non-executive director	35	1	–	36
Lee Jor Hung, Dannis	Non-executive director	35	–	–	35
Goh Pek Yang, Michael	Non-executive director	15	–	–	15
Wong Tin Yau, Kelvin	Independent non-executive director	35	–	–	35
Lee Kang Bor, Thomas	Independent non-executive director	35	–	–	35
Leung Kwong Ho, Edmund	Independent non-executive director	35	–	–	35
		295	455	4	754

Details of directors' emoluments for the period ended 31 December 2004 (Consolidated, see note on page 36) are:

Name of director	Title	Fee	Salaries, allowances and benefit in kind	Pension contribution	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Chow Kwong Fai, Edward	Executive director	–	1	–	1
Zhao Cong, Richard	Non-executive director	–	1	–	1
Wong Ying Wai	Non-executive director	–	–	–	–
Wong Yuet Leung, Frankie	Non-executive director	–	–	–	–
		–	2	–	2

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

Other than options granted under the Pre-IPO Share Option Scheme as more fully disclosed in note 26, there were no other share options granted by the Company to its directors.

Notes to the Financial Statements

7. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one director (2004: no director) whose emoluments are reflected in the analysis presented in Note 6 above. The emoluments payable to the remaining four (2004: five) individuals during the year are as follows:

	Year ended 31.12.2005 (consolidated) HK$'000	Period ended 31.12.2004 (consolidated) See note on page 36 HK$'000	Year ended 31.12.2004 (combined) See note on page 36 HK$'000
Salaries, allowances and benefits in kind	**826**	125	249
Pension contributions	**10**	16	41
	836	141	290

Other than options granted under the Pre-IPO Share Option Scheme as more fully disclosed in note 26, there were no other share options granted by the Company to the non-director, highest paid employees.

The remuneration of each of the non-director, highest paid employees for the year ended 31 December 2005 and period ended 31 December 2004 fell within the band of Nil to HK$1,000,000.

8. FINANCE COSTS

	Year ended 31.12.2005 (consolidated) HK$'000	Period ended 31.12.2004 (consolidated) See note on page 36 HK$'000	Year ended 31.12.2004 (combined) See note on page 36 HK$'000
Interests on bank loans wholly repayable within 5 years	**4,531**	1,599	2,656
Interests on loans from shareholders	**1,738**	–	–
	6,269	1,599	2,656
Less: Amount capitalised as construction in progress	**(339)**	–	–
	5,930	1,599	2,656

9. 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 operating year exceeds 15 years, upon approval by the tax bureau, WIT would be subject to a reduced PRC enterprises 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, WIT is also exempted from PRC local income tax of 3% for 5 years.

9. TAXATION *(Continued)*

During the year, WIT did not have any profit which was subject to taxation.

No provision for Hong Kong Profits Tax has been made as the Group incurred a loss for taxation purpose for the year.

Reconciliation of tax expense

	Year ended 31.12.2005 (consolidated)	Period ended 31.12.2004 (consolidated) See note on page 36	Year ended 31.12.2004 (combined) See note on page 36
	HK$'000	HK$'000	HK$'000
Loss before taxation	**(13,172)**	(6,153)	(11,702)
Income tax at applicable tax rate of 15% (2004: 15%)	**(1,976)**	(923)	(1,755)
Non-deductible expenses	**775**	255	1,255
Tax exempt revenue	**(1)**	–	(1,300)
Unrecognised tax losses	**1,534**	893	1,692
Unrecognised temporary differences	**(332)**	(225)	108
Tax expense for the year/period	**–**	–	–

The Group has not recognised deferred tax assets in respect of tax losses of HK$21,836,000 (2004: HK$11,282,000). Under the current tax legislation, every year's agreed tax loss can be carried forward for five years.

10. LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The loss for the year ended 31 December 2005 attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$800,000 (period ended 31.12.2004: HK$1,559,000).

11. 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$11,584,000 (period ended 31.12.2004: HK$4,168,000), and the weighted average number of 258,527,972 (period ended 31.12.2004: weighted average number of 221,062,500) ordinary shares in issue during the year.

No diluted loss 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 been met during the year.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Port facilities HK$'000	Terminal equipment HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
NET BOOK VALUE AT 1 JANUARY 2005	490	90,862	32,834	1,888	902	126,976
Exchange differences on consolidation	14	2,621	947	55	26	3,663
Additions	–	–	521	143	454	1,118
Transferred from construction in progress	–	13,777	1,141	–	–	14,918
Fair value adjustment arising from acquisition of additional interest in a subsidiary (note #)	–	15,682	–	–	–	15,682
Depreciation	(16)	(1,649)	(2,001)	(397)	(332)	(4,395)
Disposals	(260)	–	(41)	(14)	(150)	(465)
NET BOOK VALUE AT 31 DECEMBER 2005	**228**	**121,293**	**33,401**	**1,675**	**900**	**157,497**
AT 31 DECEMBER 2005						
Cost/valuation (note #)	268	123,971	37,150	2,612	1,412	165,413
Accumulated depreciation	(40)	(2,678)	(3,749)	(937)	(512)	(7,916)
NET BOOK VALUE	**228**	**121,293**	**33,401**	**1,675**	**900**	**157,497**

All land and buildings are situated in the PRC and held under long-term leases.

Property, plant and equipment of WIT with an aggregate net book value at the balance date of HK$154,694,000 (2004: Nil) were pledged to secure a bank loan granted to WIT, the same operating subsidiary.

On 28 February 2005, the Group further increased its interest in WIT from 56.1% to 85% at a consideration of approximately HK$40 million. The consideration approximates the attributable fair values of the identifiable assets acquired and as a results, the cost of the port facilities was adjusted accordingly. However, such fair value adjustment does not signify that the Group has elected to apply an accounting policy of revaluation after the initial recognition in accordance with International Accounting Standards 16 "Property, plant and equipment".

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Port facilities HK$'000	Terminal equipment HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
On acquisition of subsidiaries	495	95,931	22,147	1,050	431	120,054
Additions	–	–	–	1,025	596	1,621
Transferred from construction in progress	–	–	7,201	–	–	7,201
Reclassification	–	(4,537)	4,537	–	–	–
Depreciation	(5)	(532)	(1,051)	(183)	(125)	(1,896)
Disposals	–	–	–	(4)	–	(4)
Net book value at 31 December 2004	490	90,862	32,834	1,888	902	126,976
At 31 December 2004						
Cost	537	91,861	34,537	2,488	1,794	131,217
Accumulated depreciation	(47)	(999)	(1,703)	(600)	(892)	(4,241)
Net book value	490	90,862	32,834	1,888	902	126,976

13. LAND USE RIGHTS

	2005 HK$'000	2004 HK$'000
Net book value at beginning of year/period	**8,386**	–
On acquisition of subsidiaries	**–**	8,481
Exchange differences on consolidation	**242**	–
Disposals	**(259)**	–
Amortisation	**(185)**	(95)
Net book value at end of year/period	**8,184**	8,386
At balance sheet date		
Cost	**8,463**	8,481
Accumulated amortisation	**(279)**	(95)
Net book value	**8,184**	8,386

Land use rights of WIT with an aggregate net book value at the balance date of HK$3,225,000 (2004: Nil) were pledged to secure a bank loan granted to WIT, the same operating subsidiary.

14. CONSTRUCTION IN PROGRESS

	2005 HK$'000	2004 HK$'000
At cost		
At beginning of year/period	**7,293**	–
On acquisition of subsidiaries	**–**	11,121
Exchange differences on consolidation	**211**	–
Additions	**54,766**	3,373
Transferred to property, plant and equipment	**(14,918)**	(7,201)
At balance sheet date	**47,352**	7,293

15. INVENTORIES

	2005 HK$'000	2004 HK$'000
Consumables, at cost	**497**	410

16. ACCOUNT RECEIVABLES

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

An aging analysis of account receivables at the balance sheet date, based on invoice date, is as follows:

	2005 HK$'000	2004 HK$'000
Within 30 days	**741**	810
31 – 60 days	**579**	676
61 – 90 days	**419**	35
Over 90 days	**214**	7
	1,953	1,528

17. CASH AND CASH EQUIVALENTS

	2005 HK$'000	2004 HK$'000
Bank balances and cash	**14,820**	1,346
Time deposit	**4,808**	3,738
As stated in the balance sheet	**19,628**	5,084
Pledged deposit	**4,808**	–
As stated in the cash flow statement	**24,436**	5,084

Bank balances and cash earn interest at floating rates based on daily bank deposit rates. Time and pledged deposits are made between one month to six months depending on the immediate cash requirement of the Group and earn interest at the respective time deposit rates. The carrying amount of cash and cash equivalents approximates their fair value.

18. ACCRUED EXPENSES AND OTHER PAYABLES

	2005 HK$'000	2004 HK$'000
Payables to contractors and equipment suppliers	**20,331**	6,619
Accrued expenses and other payables	**2,586**	1,849
	22,917	8,468

An aged analysis of account payables as at the balance sheet date, based on the invoice date, is as follows:

	2005 HK$'000	2004 HK$'000
Within 30 days	**9,614**	3,624
31 – 60 days	**7,475**	336
61 – 90 days	**327**	10
91 – 180 days	**17**	28
Over 180 days	**5,484**	4,470
	22,917	8,468

19. DUE TO RELATED COMPANIES

The amounts due are unsecured, interest-free and have no fixed repayment terms.

20. LONG-TERM INTEREST-BEARING BORROWINGS

	Note	2005 HK$'000	2004 HK$'000
Bank loans			
Secured	20(b)	**57,693**	–
Unsecured	20(a)	**57,692**	56,075
		115,385	56,075

As at 31 December 2005, the bank loans were repayable as follows:

	2005 HK$'000	2004 HK$'000
After 2 years but within 5 years	**115,385**	56,075

20. LONG-TERM INTEREST-BEARING BORROWINGS *(Continued)*

(a) On 23 June 2003, WIT entered into an agreement with a PRC bank for a loan facility of RMB60 million (HK$58 million) to finance Phase I Stage 1 of the WIT Port. The loan was fully drawn down and is interest-bearing at 5.58% per annum, repayable on 30 June 2008 and, as at 31 December 2005, guaranteed by a former holding company.

(b) On 30 May 2005, WIT entered into an agreement with another PRC bank for a loan facility of RMB90 million (HK$87 million) to finance the construction of the Phase I Stage 2 of the WIT Port. WIT has drawn down RMB60 million (HK$58 million) as at 31 December 2005. The loan is interest bearing at 5.85% per annum, repayable as to RMB10 million (HK$10 million) on 21 December 2008, RMB25 million (HK$24 million) on 21 December 2009 and RMB55 million (HK$53 million) on 30 May 2010 and is secured by WIT's port facilities and land use rights.

21. SHARE CAPITAL

	2005		2004	
	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/period	**221,062,500**	**22,106**	–	–
On incorporation	**–**	**–**	100,000	10
Issue of shares to the public and placees	**124,317,247**	**12,432**	–	–
New issue for acquisition of subsidiaries	**–**	**–**	220,962,500	22,096
At balance sheet date	**345,379,747**	**34,538**	221,062,500	22,106

On 13 September 2005, the issued share capital of the Company was increased to HK$34,538,000 by allotting 124,317,247 ordinary shares of HK$0.1 each at a premium of HK$0.5 each, for which 12,000,000 ordinary shares was by way of public offer for cash, 108,000,000 ordinary shares by way of placing for cash and 4,317,247 ordinary shares by way of remuneration shares to the Sponsor as sponsorship fee. Net Proceeds from the issue of shares have been applied to repay loans from shareholders, to provide additional working capital and to finance the construction of Phase I Stage 2 of the WIT Port. These shares rank pari passu with the existing shares in all respects.

22. INTEREST IN SUBSIDIARIES

	2005 HK$'000	2004 HK$'000
Unlisted shares, at cost	**50,897**	50,897
Due from a subsidiary	**51,389**	–
	102,286	50,897

Details of the Company's subsidiaries are set out below:

Name	Place and date of incorporation/ registration and operations	Capital	Attributable interest Direct	Attributable interest Indirect	Principal activities
CIG Port Holdings Limited ("CIG Port")	The British Virgin Islands ("BVI") 8 December 1997	*Authorised capital:* US$6,860,000 *Issued and fully paid:* US$12,000	100%	–	Investment holding
Wuhan Investment Holdings Limited	BVI 22 April 2003	*Authorised capital:* US$50,000 *Issued and fully paid:* US$100	100%	–	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong 28 October 2005	*Authorised capital:* HK$10,000 *Issued and fully paid:* HK$100	100%	–	Provision of general and administrative services to Group companies
Wuhan International Container Transshipment Co. Ltd.	The PRC 16 April 1998	*Registered capital:* RMB110,000,000 *Paid up by the Group:* RMB93,500,000	–	85%	Port construction and operations

The amount due from a subsidiary is unsecured, interest-free and has no fixed repayment terms.

23. NOTES TO THE CASH FLOW STATEMENT

(a) Cash flow (used in) from operating activities

	Year ended 31.12.2005 (consolidated)	Period ended 31.12.2004 (consolidated) See note on page 36	Year ended 31.12.2004 (combined) See note on page 36
	HK$'000	HK$'000	HK$'000
Loss before taxation	**(13,172)**	(6,153)	(11,702)
Depreciation and amortization	**4,580**	1,991	3,457
Loss on disposal of property, plant and equipment	**93**	4	5
Interest income	**(168)**	(46)	(104)
Interest expenses	**5,930**	1,599	2,656
Changes in working capital:			
Account receivables	**(425)**	(1,528)	(1,528)
Prepayments, deposits and other receivables	**662**	(938)	(295)
Inventories	**(87)**	(282)	(410)
Accrued expenses and other payables	**1,696**	3,602	(7,326)
Due to related companies	**(2,137)**	2,137	1,649
Net cash (used in) from operating activities	**(3,028)**	386	(13,598)

(b) Acquisition of additional interest in a subsidiary

On 28 February 2005, CIG Port further increased its interest in WIT from 56.1% to 85% at a consideration of approximately HK$40.3 million by the purchase of an additional 28.9% interest from another joint venture partner. The consideration was fully settled by way of cash on 28 February 2005. The acquisition of the additional 28.9% interest in WIT has been accounted for using the purchase method and the attributable identifiable assets and liabilities acquired are as follows:

Net assets acquired attributable to the additional interest in a subsidiary	HK$'000
Property, plant and equipment	36,517
Land use rights	2,415
Construction in progress	2,110
Account receivables	519
Prepayments, deposits and other receivables	194
Inventories	115
Bank balances and cash	783
Accrued expenses and other payables	(1,780)
Long-term interest-bearing borrowings	(16,206)
	24,667
Fair value adjustment on cost of port facilities	15,682
Total consideration	40,349

24. RELATED PARTY TRANSACTIONS

Particulars of significant transactions between the Group and related parties during the year/period are summarised below:

Name	Nature of transactions	Relationship	**Year ended 31.12.2005 (consolidated) HK$'000**	Period ended 31.12.2004 (consolidated) See note on page 36 HK$'000	Year ended 31.12.2004 (combined) See note on page 36 HK$'000
Unbeatable Holdings Limited ("Unbeatable")	Interest expenses	Shareholder	**857**	–	–
Chow Holdings Limited ("Chow Holdings")	Interest expenses	Shareholder	**273**	–	–
Harbour Master Limited ("Harbour Master")	Interest expenses	Shareholder	**608**	–	–
CIG Corporate and Project Finance Limited ("CIGCPF")	Use of office premises and office equipment	(i) Mr. Chow Kwong Fai, Edward is a common director (ii) Unbeatable, Chow Holdings and Harbour Master are beneficial shareholders	**175**	–	–

In the opinion of the directors of the Company, the above related party transactions were carried out in the usual course of business of the Group.

25. PENSION 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.

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 the income statement 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.

25. PENSION SCHEME *(Continued)*

Contributions to the state-sponsored retirement plan and MPF Scheme during the year were approximately HK$307,000 (period ended 31.12.2004: HK$147,000) and HK$22,000 (period ended 31.12.2004: HK$Nil) respectively.

26. SHARE OPTION SCHEMES

(a) Pre-IPO share option scheme

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 options to subscribe for a total of 28,800,000 ordinary shares ("Shares") of the Company (the "Pre-IPO Share Options") to certain Directors and employees of the Group. Principal terms of the Pre-IPO Share Option Scheme are set out below:

(i) 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);

(ii) 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

(iii) The right to exercise the options is conditional upon:

(a) the Board confirming to the option holders that the Group has achieved its business plan and budgeted performance target for the financial year ended 31 December 2005; and

(b) 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.

	Number of share options				Approximate
Name of participant	**Number of underlying shares**	**Exercised during the year**	**At 31 December 2005**	**Exercise price** *HK$*	**percentage of total no. of shares in issue**
Directors					
Chow Kwong Fai, Edward	10,000,000	–	10,000,000	0.50	2.90%
Wong Ying Wai	1,000,000	–	1,000,000	0.50	0.29%
Wong Yuet Leung, Frankie	1,000,000	–	1,000,000	0.50	0.29%
Zhao Cong, Richard	1,000,000	–	1,000,000	0.50	0.29%
Lee Jor Hung, Dannis	1,000,000	–	1,000,000	0.50	0.29%
Wong Tin Yau, Kelvin	1,000,000	–	1,000,000	0.50	0.29%
Lee Kang Bor, Thomas	1,000,000	–	1,000,000	0.50	0.29%
Leung Kwong Ho, Edmund	1,000,000	–	1,000,000	0.50	0.29%
	17,000,000	–	17,000,000		
Other employees in aggregate	11,800,000	–	11,800,000	0.50	3.4%
	28,800,000	–	28,800,000		

26. SHARE OPTION SCHEMES *(Continued)*

(a) Pre-IPO share option scheme *(Continued)*

Pursuant to a Board of Directors meeting held on 15 March 2006, having taken into account of the results and performance of the Group for the year ended 31 December 2005, although recognising that certain business achievements had been attained in the 2005 year, the Board considered that such achievements had not met the targets set in its entirety for that year, which is a condition for the exercise of the Pre-IPO Share Options (See (a)(iii)(a) above), and accordingly declared that all options granted under the Pre-IPO Share Option Scheme are no longer exercisable and have therefore lapsed.

(b) 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 ("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. None of the Share Option has been granted under the Share Option Scheme as at 31 December 2005 or at the date of this report.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank balances and cash, bank loans and loan from shareholders. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as account receivables and account payables, which arise directly from its business activities.

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

Interest rate risk

The Group's interest rate risk relates to long-term interest-bearing borrowings. The interest rates and terms of repayment have been disclosed in notes 20 to the financial statements.

Liquidity risk

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

Foreign currency risk

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Renminbi and Hong Kong dollar. The Group did not incur substantial foreign currency gain or loss during the year as the relevant exchange rates have remained relatively stable during the year.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. In extending credit terms to customers the Group has carefully assessed the creditworthiness and financial standing of each customer. Management also closely monitors all outstanding debts and reviews the collectability of trade debtors periodically. As at the balance sheet date, there were no significant concentrations of credit risks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Fair values

The carrying amounts of the Group's bank balances and cash, account receivables and accrued expenses and other payables approximate their fair values due to their short maturities.

28. COMMITMENTS

(i) Commitments payable under non-cancellable operating leases of land and buildings and machinery:

	2005 **HK$'000**	2004 HK$'000
Within one year	**608**	12
In the second to fifth year inclusive	**550**	8
	1,158	20

(ii) Capital commitments in respect of the acquisition and construction of port facilities:

	2005 **HK$'000**	2004 HK$'000
Contracted but not provided for	**26,439**	31

29. PLEDGE OF ASSETS

The Group has pledged port facilities and land use rights owned by WIT with an aggregate net book value of approximately HK$154,694,000 (2004: Nil) and HK$3,225,000 (2004: Nil) respectively to secure a bank loan granted to WIT, the same operating subsidiary.

As at 31 December 2005, bank deposit of RMB5,000,000 (HK$4,808,000) (2004: HK$Nil) owned by WIT has been pledged to a bank to secure banking facility granted to WIT, the same operating subsidiary.

30. CONTINGENT LIABILITIES

As at 31 December 2005, the Group did not have any significant contingent liabilities.

31. SUBSEQUENT EVENTS

At a Board of Directors meeting held on 15 March 2006, the Board considered the results and performances of the Group for the year ended 31 December 2005 and recognised that certain business achievements, the attainment of which is a condition for the exercise of the Pre-IPO Share Options (See note 26 (a)(iii)), had not been attained and accordingly declared that all options granted under the Pre-IPO Share Option Scheme have lapsed and are no longer exercisable.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of directors on 15 March 2006.

Financial Summary

	For the year ended 31 December		
	2003	2004	**2005**
	HK$'000	HK$'000	**HK$'000**
Turnover	–	2,726	**8,863**
Cost of services rendered	–	(2,554)	**(4,219)**
Gross profit	–	172	**4,644**
Other income	211	197	**274**
Other operating expenses	–	(2,702)	**(3,650)**
General and administrative expenses	(2,413)	(6,713)	**(8,510)**
Finance costs	(211)	(2,656)	**(5,930)**
Loss before taxation	(2,413)	(11,702)	**(13,172)**
Taxation	–	–	**–**
Loss for the year	(2,413)	(11,702)	**(13,172)**
Attributable to:			
Shareholders of the Company	(1,721)	(7,300)	**(11,584)**
Minority interest	(692)	(4,402)	**(1,588)**
	(2,413)	(11,702)	**(13,172)**

	As at 31 December		
	2003	2004	**2005**
	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES			
Non-current assets	125,952	142,655	**213,033**
Current assets	19,503	8,786	**27,988**
Current liabilities	16,282	10,605	**22,917**
Net current assets (liabilities)	3,221	(1,819)	**5,071**
Non-current liabilities	32,710	56,075	**115,385**
Shareholders' funds	96,463	84,761	**102,719**

Notes:

(1) The Company was incorporated in the Cayman Islands on 17 January 2003 and became the holding company of the Group with effect from 16 June 2004.

(2) The results of the Group for the two years ended 31 December 2003 and 2004 and its assets and liabilities as at 31 December 2003 and 2004 which had been prepared on a combined basis were extracted from the Company's prospectus dated 6 September 2005, which also set out the details of the basis of presentation adopted. The results of the Group for the year ended 31 December 2005 and its assets and liabilities as at 31 December 2005 are set out on pages 36 and 37 respectively, of this annual report and are presented on the basis set out in Note 1 to the financial statements.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the "AGM") of the shareholders of CIG Yangtze Ports PLC (the "Company") will be held at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 8 May 2006 at 11:00 a.m. for the following purposes:-

1. to receive and consider the audited financial statements and the reports of the directors of the Company ("Directors") and the auditors for the year ended 31 December 2005;

2. to declare and propose a bonus issue of shares on the basis of one bonus share for every ten existing shares held to be made to shareholders whose names appear on the Register of Members on 8 May 2006;

3. to re-elect and appoint Directors;

4. to authorise the Board of Directors to fix the remunerations of Directors;

5. to re-appoint Messrs. Moores Rowland Mazars as the auditors of the Company and to authorise the Board of Directors to fix their remuneration;

to consider and, if thought fit, pass the following resolutions as ordinary resolutions;

6. **"THAT:**

   (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

   (b) the approval of paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the grant or exercise of any option under the share option scheme of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purpose of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

"Rights Issue" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company)."

7. "**THAT**:

(a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong ("Securities and Futures Commission") and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(c) for the purpose of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and

Notice of the Annual General Meeting

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution."

8. "**THAT** conditional upon resolutions no. 6 and 7 above being passed, the unconditional general mandate granted to the Directors to allot, issue and deal with additional shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to resolution no. 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 7 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the said resolution."

By order of the Board
CIG Yangtze Ports PLC

Wong Wai Keung, Frederick
Company Secretary

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

Hong Kong, 31 March 2006

Notes:

1. The register of members of the Company shall be closed from 2 May 2006 to 8 May 2006 (both days inclusive), during which period no transfer of shares of the Company (the "Shares") will be registered.

2. Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy needs not be a member of the Company.

3. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he /she/it were solely entitled thereto; but if more than one of such holders be present at the meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereto.

4. A form of proxy for the AGM is enclosed herewith.

5. In order to be valid, a form of proxy must be deposited by hand or by post at Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or attorney, not less than 48 hours before the time appointed for holding the AGM.

6. Shareholders or their proxies shall produce their identity documents when attending the AGM.

7. Shareholders or proxies attending the AGM should state clearly, in respect of each resolution requiring a vote, whether they are voting for or against the resolution. Abstention votes will not be regarded by the Company as having voting rights for the purpose of vote counts.

Directors and representatives of the Stock Exchange
at the Listing Ceremony
董事及聯交所代表列席上市慶典

MOL, Spinnaker and Shun Tak, strategic shareholders
who had made the Listing possible
*協助實現上市計劃之策略性投資者商船三井(亞洲),
Spinnaker及信德集團*

Professional team who had worked diligently to
the success of the Listing
全力推動上市之專業隊伍

Distinguished guests from the Wuhan government
and Bank of Communications, Wuhan
武漢政府及交通銀行之嘉賓(武漢分行)

Management team (Head Office and WIT) at the Listing Ceremony
香港總部及武漢集裝箱碼頭管理層列席上市慶典

Distinguished guests from the COSCO group and the
Mitsui O.S.K. group at the Listing Ceremony
中遠太平洋及日本商船三井株式會社代表列席上市慶典

Presentation of Listing Souvenir by the Chairman to Mr. Moses
Cheng, Chairman of the Listing Committee of the Stock Exchange
主席向聯交所上市委員會主席鄭慕智先生頒發上市記念品

Presentation of Listing Souvenir by the Chairman to
Mr. Paul Chow, Chief Executive of the Stock Exchange
主席向聯交所行政總裁周文耀先生頒發上市紀念品