CIG
中國基建

中國基建港口有限公司*

CIG Yangtze Ports PLC

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

2006 Annual Report

* For identification only

The biggest **hub-port** in Central China

長江中游第一港

Contents

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

This report, for which the directors (the "Directors") of CIG Yangtze Ports PLC (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

DIRECTORS

Executive Director:
Mr. Chow Kwong Fai, Edward

Non-executive Directors:
Mr. Wong Yuet Leung, Frankie
Mr. Lee Jor Hung, Dannis
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
Central
Hong Kong

AUDITORS

Moores Rowland Mazars
34th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

LEGAL ADVISERS

Richards Butler
20th Floor, Alexandra House
16-20 Chater Road
Central
Hong Kong

Maples and Calder
1504 One International Finance Centre
1 Harbour View Street
Central
Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank
Wuhan Branch
1 Hongshan Road
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
Hong Kong

HEAD OFFICE

1604 Bank of America Tower
12 Harcourt Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

COMPANY WEBSITE

www.cigyangtzeports.com

STOCK CODE

8233

CONTACT DETAILS

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

Chairman's Statement

On behalf of the Board, I am pleased to present the second annual report of CIG Yangtze Ports PLC since 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 2006, the Group's 85% owned WIT Port in Wuhan handled a throughput of 107,384 containers (TEUs), an 82% increase on the 59,098 TEUs achieved in 2005. This, in terms of market share for the whole of Wuhan, saw the Group's share in 2006 increased to 31% from 24% in 2005 and against an aggregate of 348,724 TEUs handled for the year. Throughput for the month of December 2006 stood at 15,794 TEUs, an all time high achievement for a full month's operation since the WIT Port was opened in February 2004.

Due to unreasonable pricing tactics of our competitor in Wuhan, WIT has not been able to increase tariffs.

The 2006 year also saw the Group pursuing the development of port related services of freight forwarding and integrated logistics in accordance with our defined business model.

On the port construction and development front, the Group completed the development of Phase I Stage 2 of the WIT Port which includes the construction of the second berth and stacking yard and the deployment of additional cargo handling equipment thereby increasing WIT's annual handling capacity to beyond 250,000 TEUs.

On the WIT Phase II development and exercising our 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). The development of Phase II of the WIT Port will further increase capacity by 800,000 TEUs by 2010.

FINANCIAL RESULTS

The Group recorded turnover of HK$16.1 million, net loss attributable to shareholders of HK$14.99 million and loss per share of HK3.94 cents per share. The loss is due to the Group being at the initial stage in building up its business with throughput and revenue not having reached breakeven point. The Directors are confident in the Group achieving profitability once container throughput and revenue from port related sources reach breakeven point.

DIVIDEND

The Directors do not recommend the payment of a dividend for 2006.

FORWARD LOOKING OBSERVATIONS

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 expanding revenue sources and future investments at the WIT Port.

GDP growth of Wuhan has continued to remain high with the 2006 GDP growth at 14.8% compared with 10.7% for the whole of China. Based on the studies conducted by the Group's traffic consultants, BMT Asia Pacific Pte Limited, there is a distinct correlation between GDP growth and port throughput growth in developing economies in the form of a 2.8 times multiplier. In fact, the actual throughput growth of Wuhan in the last 3 years carried a multiplier of between 2.5 to 4.2 times GDP growth for those years.

Wuhan has also been identified as a major developing logistics hub by the Central Government and the WIT Port is in an excellent position to benefit from this.

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 Plans and the Wuhan Municipal Government's plan to build up container handling capability to 1,500,000 TEUs by the year 2010 will facilitate future growth in this region and the Group's port and related businesses. The WIT Port is the only container port in Wuhan with development and expansion potentials.

As the Yangshan Port (洋山港) in Shanghai expands its throughput and requires more cargo, WIT, as a transshipment and feeder port to service bigger river and ocean going ships capable of carrying more containers between Wuhan and Yangshan Port at lower cost and in shorter time, will assume increasing importance. Following the launch of the first direct sailing (江海直達) of the bigger river and ocean going ships from the WIT Port to the Yangshan Port in May 2006, more such ships have since been launched to join this service.

The opening of the Yanglou Bridge close to the WIT Port in late 2007 will enhance WIT's competitive advantages in amassing more cargo from within Wuhan and from other parts of the Central China region as this bridge will provide the much needed link of the WIT Port with the outer-ring road which links Wuhan with China's major north-south and east-west highway systems.

With WIT having built the operation structure to expand into freight forwarding and integrated logistics services business in 2006, these two divisions will see high growth in 2007 and beyond. Henceforth, the Directors are confident that the Group's revenue sources will be strengthened.

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 for their continuing 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, 30 March 2007

Vision, Mission, Strategy, Core Value

VISION

- To continue to be 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, agency and logistics services and to achieve break-even within one to two years.
- To enhance the value of the Group's assets 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.

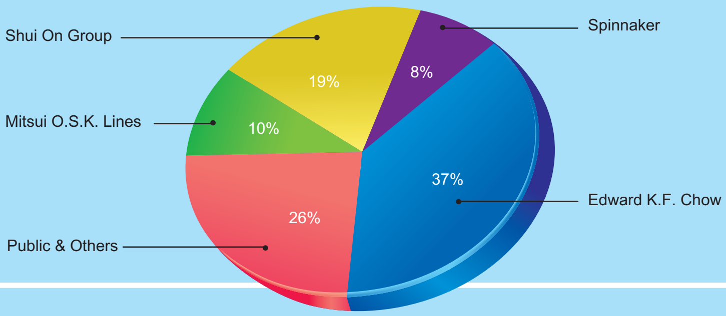
STRATEGY

- To continue to grow the existing port business of WIT.
- To develop Phase I Stage 3 of the WIT Port in 2007/8.
- To continue to develop the logistics business in Wuhan.
- To develop Phase II of the WIT Port in the medium term to bring the Group's annual handling capacity to 1,200,000 TEUs by 2010.

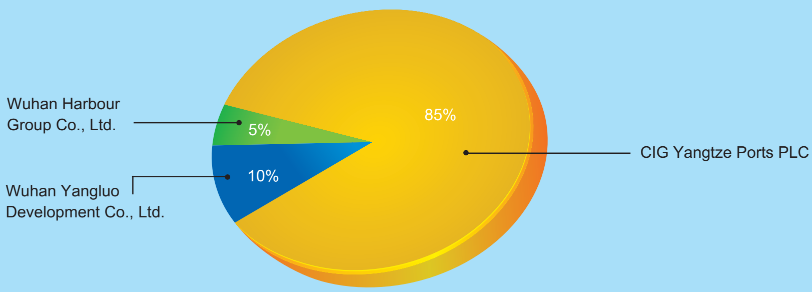
CORE VALUE

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

Shareholding in CIG Yangtze Ports PLC



Shareholding in WIT Port



CIG's Business Model

BUSINESS REVIEW

REVIEW OF OPERATION

Business Development

The Group's principal activities are investment in and the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group. As a deep water regional container hub 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 economic growth in the Central China region (中部崛起) 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 Plan, Wuhan will also become one of the four major regional logistics hubs in the whole of China.

Wuhan achieved GDP growth of 14.8% in 2006 (14.7% in 2005). Under the 11th 5-year plan, the expected annual GDP growth is 12% or above for 2006 to 2010.

With the development of the WIT Port and the development of the Yanglou District, Wuhan (where the WIT Port is located) into a logistics hub of Wuhan as a major development project (重點項目) under the Wuhan Municipal Government's 11th 5-year Plan and against the existing industrial and commercial base of Wuhan, many international and local PRC enterprises, including the Wuhan Steel Corporation, have set up new operations in or migrated their operations to Yanglou.


The successful marketing and business development drive of the WIT management team, 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, has contributed to the continued growth in throughput. At the close of business of 17 December 2006, the WIT Port had handled a total of 100,000 TEUs throughput from the beginning of the year, having reached a new milestone and meeting the entire 2006 budget ahead of time. WIT was congratulated by the Wuhan Government for such an achievement. The total throughput achieved by WIT for 2006 was 107,384 TEUs, an increase of 48,286 TEUs or 82% over that of 59,098 TEUs for 2005. Of the 107,384 TEUs handled in 2006, 34,143 TEUs or 32 % and 73,241 TEUs or 68% were Wuhan sourced and transshipment cargos respectively. Principal customers of the Group are major shipping companies.

The strong and well established industrial base of Wuhan with 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 the construction materials and farm products businesses have been and will continue to be the principal providers of the Wuhan sourced container cargo 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 operators in the 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 and the shallower draft of the surrounding waterways, particularly during the draught season between October to February each year, have precluded bigger ships from navigating directly between those areas and Shanghai. Surrounding areas which are serviced by WIT include Hunan, Guizhou, Chongqing, Sichuan, Shanxi, Henan, Hubei and Shaanxi Provinces. The Yanglou Bridge near the WIT Port, which is under construction and due for completion in 2007, will provide a much needed link between Yanglou and the outer-ring road in the outskirt of Wuhan, which links the Beijing-Zhuhai and Shanghai-Chengdu Highways, thereby reducing the time and cost of transshipment cargo calling at the WIT Port. On the other hand, the Yanglou Bridge will also cut down substantially the transportation time from Wuchang (武昌) to the WIT Port.

On 16 May 2006, as an initiative of the Wuhan Municipal and Hubei Provincial governments to provide more cost effective and faster transportation of container cargo from Wuhan to Yangshan Port (洋山港) in Shanghai for shipment to overseas ports, the first direct sailing (江海直達) of bigger river and ocean going ships capable of carrying more containers with fixed sailing schedule was launched from the WIT Port to the Yangshan Port.

The Group has also been developing its agency and integrated logistics businesses to expand its revenue source. In this respect, with the designation of the WIT Port area as the distribution centre for both imported fertilizers and cotton, WIT had entered into co-operation agreements with both fertilizer and cotton importers and shipping companies to provide logistics services including bonded warehousing, customs clearance and distribution at the WIT Port.

Master Plan of WIT Port Area

WIT PORT 武漢陽邏港

	Phase I 第一期 2004 to 2008 二零零四至 二零零八年	Phase II 第二期 Expected 2010 預期二零一零年	TOTAL 總計
Designed annual throughput Capacity (TEU) 設計年處理能力 (TEU)	400,000	800,000	1,200,000
No. of Berths 泊位數目	2	4	6
Length of Berth (m.) 泊位長度（米）	270	540	810
Area of Stacking Yard (sq.m) 堆場面積（平方米）	76,000	100,000	176,000
C.F.S. / Warehouse / Logistics Centre 集裝箱貨運站 /倉庫 / 物流中心	7	10	17
Major Operation Equipment: **主要營運設備：**			
Quay Crane 碼頭起重機	3	6	9
Multi-purpose Gantry Crane 多用途起重機	1	-	1
Rubber Tyred Gantry Crane 橡膠輪胎橋式起重機	6	10	16

Expanding Port Construction Activities

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

Construction of Phase I Stage 2 of WIT Port

The development and construction of Phase I Stage 2, which commenced in early 2005, was fully completed in accordance with plan in 2006 increasing WIT Port's designed annual container handling capacity to 250,000 TEUs.

Following completion of Phase I Stage 2, construction of Phase I Stage 3 will commence progressively in 2007/8. Upon completion, aggregate annual container handling capacity of the WIT Port will be increased to 400,000 TEUs and logistics and warehousing facilities will also be enhanced in line with expected business growth.

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 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 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 to be submitted to the municipal, provincial and central government for approval (立項). In tandem with the 11th 5-year Plan, the Phase II development will increase capacity by 800,000 TEUs, taking the overall designed annual container handling capacity of the WIT Port to 1,200,000 TEUs.

OPERATING RESULTS

Turnover

For the year ended 31 December 2006, the Group's turnover amounted to HK$16.1 million, representing an increase of HK$7.2 million or 81% over that of HK$8.9 million for 2005. The increase in turnover was mainly attributable to the additional containers handled for the year under review compared with 2005.

Volume and Throughput

The TEUs achieved for 2006 was 107,384 TEUs, an increase of 48,286 TEUs or 82% over that of 59,098 TEUs for 2005, reflecting the combined achievements in marketing and business development of the management team of WIT.

In terms of market share, the 2006 year saw the Group's share increased to 31% from 24 % against an aggregate of 348,724 TEUs (2005: 242,967 TEUs) handled in 2006 for the whole of Wuhan, an increase of 44%. The WIT's ability to handle transshipment cargo contributed significantly to the year-on-year increase of the total throughput of Wuhan.

Tariff

Container handling tariffs had little scope of increase due to the unreasonable tactics of WIT's competitor.

Gross Profit and Gross Profit Margin

The gross profit for the year ended 31 December 2006 was HK$9.2 million, representing a gross profit margin of 57% on turnover and a continuous improvement on the gross profit of HK$4.6 million and gross profit margin of 52% recorded in 2005. The significant improvement in gross profit and gross profit margin reflected the increase in containers handled and better economies of scale achieved.

General and Administrative Expenses

The increase was mainly attributable to head office and listing related expenses begun to be incurred by the Group since the Group's listing in September 2005. Prior to the listing, such expenses were either absorbed by the Company's then holding company or not existed.

Finance Costs

The decrease in finance costs is attributable to certain borrowing costs relating to the construction of Phase I Stage 2 of the WIT Port which were capitalised under construction in progress.

Loss for the Year and Attributable to Shareholders

Loss for the year amounted to HK$16.0 million, representing an increase of HK$2.8 million or 21% over that of HK$13.2 million for the 2005 year. Loss attributable to shareholders amounted to HK$15.0 million, representing an increase of HK$3.4 million or 29% over that of HK$11.6 million for the 2005 year. This increase is attributable to the reasons stated above and the reduction in the share of the loss for the year by minority shareholders for the year 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 HK cents 3.94 compared with HK cents 4.07 for 2005.

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 2006 and 2005 is set out below:

	As at 31 December 2006			As at 31 December 2005		
	H.K.	**Wuhan**	**Total**	H.K.	Wuhan	Total
Operation	**–**	**83**	**83**	–	63	63
Project Planning and management	**2**	**6**	**8**	2	7	9
Corporate and business development	**–**	**12**	**12**	–	8	8
Finance	**2**	**8**	**10**	2	7	9
Engineering	**–**	**22**	**22**	–	24	24
Administration and Personnel	**4**	**14**	**18**	4	14	18
	8	**145**	**153**	8	123	131

Remuneration of Employees and Policies

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

Total remuneration together with pension contributions incurred for the year ended 31 December 2006 amounted to HK$10.6 million (2005: HK$5.7 million). The Directors received remuneration of HK$2.6 million during the year ended 31 December 2006 (2005: HK$0.8 million).

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 2006, the Group had total outstanding bank borrowings of HK$150 million (RMB150 million) (as at 31 December 2005: HK$115.4 million) against total facilities available of HK$150 million (RMB150 million), all of which are long-term bank project finance provided by two PRC banks.

Except for the bank borrowings disclosed above, as at 31 December 2006, the Group did not have any other committed borrowing facilities.

The Group had total pledged bank balances and cash of HK$0.9 million as at 31 December 2006 and pledged deposit and bank balances and cash of HK$24.4 million as at 31 December 2005 and consolidated net assets of HK$89.8 million and HK$102.7 million as at 31 December 2006 and 31 December 2005 respectively.

GEARING RATIO

As at 31 December 2006, the Group had a gearing ratio of approximately 56% (as at 31 December 2005: 48%). The calculation of the gearing ratio was based on the long-term bank borrowings and total assets as at 31 December 2006 and 2005 respectively. The higher gearing in 2006 reflected the drawdown on the loan facilities for the financing of the completed construction of Phase I Stage 2 of WIT in 2006.

EXCHANGE RATE RISKS

The Group's reporting currency is the Hong Kong dollar. Hence, the Group's exposure to foreign currency exchange rates relate primarily to the Group's operations in Wuhan.

For the year ended 31 December 2006, the Group generated revenue solely in Renminbi, its loans are in Renminbi and incurred costs mainly in Renminbi and Hong Kong dollars. The Directors consider that the impact on foreign exchange exposure of the Group to be minimal.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SIGNIFICANT INVESTMENTS

Save as those disclosed in the "BUSINESS REVIEW", the Group did not hold any significant investment as at 31 December 2006.

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 31 December 2006.

CAPITAL COMMITMENTS

As at 31 December 2006, 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$ 3,799,000 (2005: HK$26,439,000).

CONTINGENT LIABILITIES

As of the date of this report and as at 31 December 2006, 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 a net book value of approximately HK$140,815,000 (2005: HK154,694,000) and HK$3,276,000 (2005: HK$3,225,000) respectively to secure a bank loan granted to WIT, the same operating subsidiary.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this report, the Group does not plan to have any other material investments or acquisition of material capital assets.

MARKET CAPITALIZATION

Based on the closing price of HK$0.65 per share on 29 December 2006, the market capitalization of the Company as at 31 December 2006 was HK$246.95 million.

DIRECTORS

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

Certificate of Merit in Directorship 2006

Executive Director

Mr. Chow Kwong Fai, Edward (周光暉), *BA, FCA, FCPA, FHKIoD*, aged 54, 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 a 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 the Ninth Chinese People's Political Consultative Conference of Zhejiang Province and a member of the Election Committee of Hong Kong SAR. He is an independent 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 and an independent director of China Merchants Bank Co., Ltd., a company listed on the Hong Kong and Shanghai stock exchanges.

Non-executive Directors

Mr. Wong Yuet Leung, Frankie (黃月良), aged 58, 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 52, 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 a former 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. Goh Pek Yang, Michael (吳伯炎), aged 57, 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 46, 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 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 53, 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.

Mr. Leung Kwong Ho, Edmund (梁廣灝), *OBE, JP, BSc (Eng), CEng, R.P.E., FHKIE, FIMechE, FCIBSE, FIEAust, FHKEng, FHKIoD*, aged 60, 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 51, 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 34, 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 45, 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 44, 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 60, 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 37, 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 35, 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 (黃兢), aged 36, 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 40, 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 importance 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 achieved and safeguarded.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2006 (the "2006 Year"), 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 have 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 2006, the required standard of dealings had been fully complied with and there was no incident of non-compliance.

THE BOARD OF DIRECTORS

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

The Board comprises an executive Director and chairman, namely Mr. Chow Kwong Fai, Edward; three non-executive Directors, namely Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis 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 six-sevenths of the Board. Independent non-executive Directors currently represent three-sevenths of the Board.

During the 2006 Year, there were in total 5 Board meetings held and the attendance record of the directors is set out below:

Members of the Board	Number of meetings Held	Number of meetings Attended	Attendance percentage
CHAIRMAN AND EXECUTIVE DIRECTOR			
Mr. Chow Kwong Fai, Edward	5	5	100%
NON-EXECUTIVE DIRECTORS			
Mr. Wong Ying Wai (Retired on 8 May 2006)	1	0	0%
Mr. Wong Yuet Leung, Frankie	5	4	80%
Mr. Lee Jor Hung, Dannis	5	5	100%
Mr. Zhao Cong, Richard (Resigned on 1 January 2007)	5	3	60%
Mr. Goh Pek Yang, Michael	5	3	60%
INDEPENDENT NON-EXECUTIVE DIRECTORS			
Mr. Lee Kang Bor, Thomas	5	5	100%
Mr. Wong Tin Yau, Kelvin	5	4	80%
Mr. Leung Kwong Ho, Edmund	5	5	100%

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 (up to the date of his retirement as a Director of the Company) 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 (up to the date of his retirement as a Director of the Company) 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 2006 Year, 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 2006 Year.

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 2006 Year, the Audit and Remuneration Committee has reviewed the first-quarterly, the half-yearly, third-quarterly and the annual results as well as the effectiveness of the systems of internal control (the "Systems of Internal Control") of the Group which covers financial, operational and compliance controls and risk management functions. The Audit and Remuneration Committee has liaised with the Directors, senior management and the qualified accountant as well as reviewed the "Report to the Audit Committee" from and discussed with the auditors on the audit and internal control related issues of the Group. 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 held discussions with management and Wuhan government officials.

During the 2006 Year, management of the Company had conducted an internal audit on the systems of internal control of WIT to ensure compliance with procedures laid down by the Company and the board of directors of WIT and a review of the overall systems of internal control and risk management functions of the Group. The findings of this review which is in the form of an "Internal Audit Report" was reviewed by the Audit and Remuneration Committee. Further details of these are set out in the section headed "Internal Control" contained in this report.

2. The Functions of a Remuneration Committee

The primary duties of the "remuneration committee function" of the Audit and Remuneration Committee 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 5 to the Financial Statements on pages 56 and 57 of the annual report.

The Company has a share option scheme (the "Share Option Scheme"), details of which are set out in Note 26 to the financial statements. No options have been granted under the Share Option Scheme.

3. Auditors' remuneration

Remuneration in respect of audit services provided by the auditors to the Group for the 2006 Year is HK$386,000. The auditors did not provide any other services to the Group in 2006.

The Audit and Remuneration Committee held in total five meetings during the 2006 Year and up to the date of this annual report to review the financial results, systems of internal control and risk management and remuneration policy and levels of the Group. The attendance record of members of the Audit and Remuneration Committee is summarized as below:

	Number of meetings		**Attendance**
Members of the Audit and Remuneration Committee	**Held**	**Attended**	**percentage**
Mr. Lee Kang Bor, Thomas *(Chairman)*	5	5	100%
Mr. Wong Tin Yau, Kelvin	5	5	100%
Mr. Leung Kwong Ho, Edmund	5	5	100%
Mr. Wong Yuet Leung, Frankie	5	5	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.

INTERNAL CONTROL

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

For the 2006 Year, the Board has, through the Audit and Remuneration Committee with the assistance of head office management, conducted a risk-and-control-based approach review of the Group's Systems of Internal Control, including without limitations, financial controls, operational controls, compliance controls and risk management functions. Summaries of head office management's review findings and control weaknesses identified, if any, and recommendations for improvement, where applicable, are reviewed by the Audit and Remuneration Committee. The head office management monitors the follow-up actions agreed upon in response to its recommendations and report back to the Audit and Remuneration Committee.

The Board is of the view that the Systems of Internal Control and risk management are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's Systems of Internal Control.

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 operation of the Group's core businesses;
- Responsible management of the Group's investment and business risks; and
- True, fair, in depth and timely disclosure of the financial position and operating performance of the Group.

As at 31 December 2006, the shareholding structure of the Company was as follows:

Category		No. of shares held	%
SIGNIFICANT SHAREHOLDERS AND DIRECTORS:			
Mr. Chow Kwong Fai, Edward		141,751,266	37.31%
Shui On Construction and Materials Limited		72,141,985	18.99%
MOL (Asia) Limited		37,620,000	9.90%
Spinnaker Capital Limited and Spinnaker Asset Management – SAM Limited		28,608,085	7.53%
Mr. Lee Jor Hung, Dannis		4,568,232	1.20%
PUBLIC SHAREHOLDERS		95,228,149	25.07%
	Total	379,917,717	100.00%

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 through quarterly results announcements, interim and 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

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 year ended 31 December 2006 (the "Comparison Period") as set out in the "Future Plans" of the Group on pages 121 to 123 of the Prospectus. To attain its long-term business goals, the Group reviews its business objectives and strategies in an ongoing basis and makes appropriate adjustments as necessary.

Business objectives for the Comparison Period as set out in the Prospectus

1 January 2006 to 30 June 2006

Business Development and Throughput

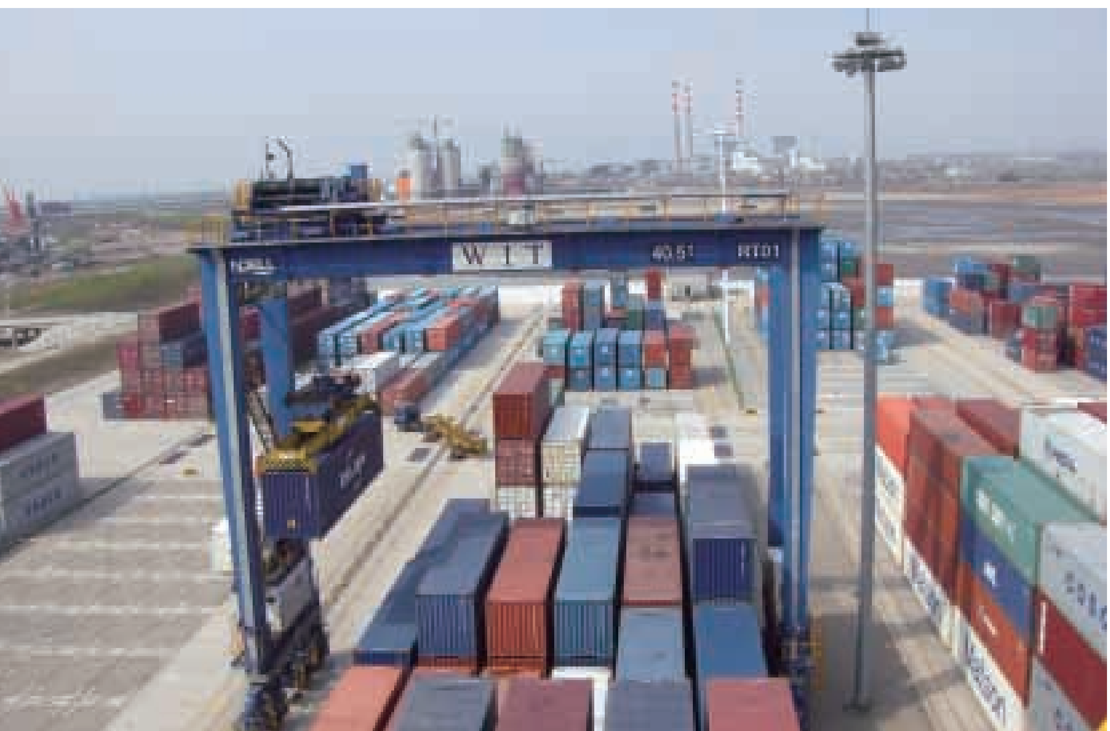
To continue to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters. Target throughput for the period is:

- Container 54,000 TEUs
- General Cargo 35,000 Tonnes

Actual business progress for the Comparison Period

The Group has continued to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters as planned. Based on the actual achievements of 2005, the Group had revised its original targets at the beginning of the period and they are as follows:

- Container 44,159 TEUs
- General Cargo 7,000 Tonnes



Business objectives for the Comparison Period as set out in the Prospectus	Actual business progress for the Comparison Period
	Actual throughputs achieved for the period is: • Container 50,898 TEUs • General Cargo 16,503 Tonnes The better than revised planned achievement in container throughput is attributable to the new domestic cargo and additional transshipment cargo handled than planned which have been partly offset by the lower than expected Wuhan sourced containers as major automobile companies and electronics manufacturer which use the WIT Port reduced their import of parts in accordance with their production requirements. The better than revised planned achievement in general cargo throughput is mainly attributable to higher demand for the handling of the construction materials needed for the construction of the Yangluo Bridge close to the WIT Port than planned.
Corporate • To implement 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 in March 2006. • The Group implemented the 2006 year business plan and budget as planned.

Business objectives for the Comparison Period as set out in the Prospectus	Actual business progress for the Comparison Period
Design and Construction	
• To commence construction of the new CFS building/warehouse	• The construction of the CFS building has been delayed till the 2007 to match with existing and projected future utilization of the existing warehouse/CFS.
• To continue the construction of the second berth	• The construction of the second berth progressed as planned.
• To take delivery of and the installation of 2 RTGs	• Contract for the manufacturing of the 2 RTGs was awarded and signed during this period with delivery expected by the end of 2006.
• To sign contract for the acquisition of empty container stacker	• With the delivery of 2 RTGs by the end of 2006, WIT management considered it not yet necessary to acquire an additional empty container stacker.
Financing	
• Through internal resources and	• The Group continued to finance its operations by way of internal resources and loan facilities from SPDB
• Through utilization of loan facilities from SPDB	

Human Resources

Business objectives for the Comparison Period as set out in the Prospectus:

	HK	Wuhan	Total
Operation	–	115	115
Project Planning and Management	2	7	9
Corporate and Business Development	–	9	9
Finance	2	8	10
Engineering	–	23	23
Administration and Personnel	4	18	22
Total	8	180	188

Actual business progress for the Comparison Period:

	HK	Wuhan	Total
Operation	–	84	84
Project Planning and Management	2	6	8
Corporate and Business Development	–	11	11
Finance	2	8	10
Engineering	–	23	23
Administration and Personnel	4	14	18
Total	8	146	154

Business objectives for the Comparison Period as set out in the Prospectus	Actual business progress for the Comparison Period
	Due to the slower achievement of budgeted growth in throughput, the number of operating and supporting personnel at the WIT level was kept at 146, a marginal increase on that of 131 as at 31 December 2005 to match with the projected throughput volume for 2006.
1 July 2006 to 31 December 2006	
Business Development and Throughput To continue to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters. Target throughput for the six months is:	The Group has continued to promote the services of WIT to shipping companies, cargo forwarders, importers and exporters as planned. Based on the actual achievements of 2005, the Group had revised its original targets for the period at the beginning of 2006 and they are as follows:
• Container 76,000 TEUs • General Cargo 35,000 Tonnes	• Container 57,841 TEUs • General Cargo 7,000 Tonnes
	Actual throughput achieved for the period is: • Container 56,486 TEUs • General Cargo 9,904 Tonnes
	The difference between revised planned and actual throughput for container cargo is marginal.
	The better than revised plan achievement in general cargo throughput is mainly attributable to higher demand for the handling of construction materials needed for the construction of the Yangluo Bridge close to the WIT Port than planned.

Business objectives for the Comparison Period as set out in the Prospectus	Actual business progress for the Comparison Period
Design and Construction	
• To complete the construction of the second berth	• The construction of the second berth was completed as planed
• To take delivery of and the installation of the quay crane	• The quay crane was delivered and installed as planned
• To complete the construction of the new CFS building/warehouse	• The construction of the CFS building has been delayed till 2007 to match with existing and projected future utilization of the existing warehouse/CFS
• To take delivery of the empty container stacker	• Not required hence not ordered
Regulatory approvals	
• To obtain 交工驗工證書 (delivery and inspection certificate) from 交通部長江航務工程質量監督中心站 (Yangtze River Quality Inspection Unit of MOC) in respect of civil construction work of stage 2 of Phase I of the WIT Port	• Approval obtained as planned
• To obtain 交工驗工證書 (delivery and inspection certificate) from 交通部長江航務工程質量監督中心站 (Yangtze River Quality Inspection Unit of MOC) in respect of the marine works and civil construction work of stage 2 of Phase I of the WIT Port	• Approval obtained as planned
Financing	
• Through internal resources • Through utilization of loan facilities from SPDB	• The Group continued to finance its operations by way of internal resources and loan facilities from SPDB

Business objectives for the Comparison Period as set out in the Prospectus

Human Resources

	HK	Wuhan	Total
Operation	–	133	133
Project Planning and Management	2	7	9
Corporate and Business Development	–	9	9
Finance	2	9	11
Engineering	–	24	24
Administration and Personnel	4	18	22
Total	8	200	208

Actual business progress for the Comparison Period

	HK	Wuhan	Total
Operation	–	83	83
Project Planning and Management	2	6	8
Corporate and Business Development	–	12	12
Finance	2	8	10
Engineering	–	22	22
Administration and Personnel	4	14	18
Total	8	145	153

With the slower achievement of originally budgeted growth in throughput but in line with the 2006 business plan and budget, the number of operating and supporting personnel at the WIT level has been maintained at similar level as that of 30 June 2006.

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 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was investment holding and those of the subsidiaries are set out in note 21 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2006 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on page 42.

DIVIDEND, APPROPRIATIONS AND RESERVES

The Directors do not recommend the payment of a dividend for 2006.

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 64% of total turnover of the Group with services provided to the largest customer included therein accounted for 26% of total turnover of the Group. Purchases from the Group's five largest suppliers accounted for 96% of the total purchases of the Group for the year and purchases from the largest supplier included therein accounted for 59% 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 on page 36 of this report and 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 11 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 20 to the financial statements.

DIRECTORS

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

Executive Director:

Mr. Chow Kwong Fai, Edward

Non-executive Directors:

Mr. Wong Ying Wai (retired on 8 May 2006)
Mr. Wong Yuet Leung, Frankie
Mr. Lee Jor Hung, Dannis
Mr. Zhao Cong, Richard (resigned on 1 January 2007)
Mr. Goh Pek Yang, Michael

Independent Non-Executive Directors:

Mr. Lee Kang Bor, Thomas
Mr. Wong Tin Yau, Kelvin
Mr. Leung Kwong Ho, Edmund

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 8 May 2006 until the Company's annual general meeting in 2007.

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.

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.

COMPETING INTERESTS

During the year ended and as at 31 December 2006, save as disclosed in the half year results announcement of the Company and an announcement of the Company to its shareholders dated 7 June 2006 of Mr. Chow Kwong Fai, Edward's interest in the Logistics Project, none of the other Directors, the management shareholders, the significant shareholders or the substantial shareholders of the Company as defined in the GEM Listing Rules had any interest in a business which competes or may compete with the business of the Group.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed elsewhere in this report and 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 5 and 6 to the financial statements.

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

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

Long positions in Shares

		As at 31 December 2006	
Name of Director	**Capacity**	**No. of Shares** *(note 1)*	**Approximate percentage of total no. of Shares in issue**
Chow Kwong Fai, Edward	Interest by attribution *(note 2)*	141,751,266 (L)	37.31%
		67,079,374 (S)	17.66%
Lee Jor Hung, Dannis	Interest by attribution *(note 3)*	4,568,232 (L)	1.20%

Notes:

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.

2. Amongst the 141,751,266 Shares, 101,787,450 Shares are registered in the name of Unbeatable Holdings Limited, 32,463,816 Shares are registered in the name of Chow Holdings Limited and 7,500,000 Shares are registered in the name of CIG China 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. Unbeatable Holdings Limited had granted a security interest over 61,000,000 Shares to the Yangtze Ventures II Limited. In addition, Unbeatable Holdings Limited had granted options to acquire 2,673,934 Shares, 1,198,660 Shares and 737,637 Shares to Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited respectively. Chow Holdings Limited had granted options to acquire 852,103 Shares, 381,977 Shares and 235,063 Shares to Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited respectively.

3. 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.

SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for 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 exists. Save as disclosed above, no share option has been granted under the Share Option Scheme during the year ended 31 December 2006.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended and as at 31 December 2006, other than the options granted under the Pre-IPO Share Option Scheme which are no longer exercisable and lapsed, details of which were set out in the 2005 annual report of the Company, none of the Directors was granted any other options to subscribe for the Shares.

MANAGEMENT / SUBSTANTIAL / SIGNIFICANT SHAREHOLDERS

So far as was known to the Directors, as at 31 December 2006, the persons (not being Directors or chief executives of the Company) whose interests in shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register to be kept under section 336 of the SFO, or who were interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

Long positions in Shares

Name	Capacity	Number of Shares	Approximate percentage of holding
Unbeatable Holdings Limited *(note 2)*	Beneficial owner	101,787,450 (L) 65,610,231 (S)	26.80% 17.27%
Harbour Master Limited *(note 3)*	Beneficial owner	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
The Yangtze Ventures II Limited *(note 4)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
Goldcrest Development Limited *(note 5)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
Shui On Construction and Materials Limited *(note 6)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
Shui On Company Limited *(note 7)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%

Name	Capacity	Number of Shares	Approximate percentage of holding
Bosrich Holdings Inc. *(note 8)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
HSBC International Trustee Limited *(note 9)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
Lo Hong Sui, Vincent *(note 10)*	Interest by attribution	133,141,985 (L) 75,408,306 (S)	35.04% 19.85%
Mitsui O.S.K. Lines, Ltd. *(note 11)*	Interest by attribution	37,620,000 (L)	9.90%
MOL (Asia) Limited *(note 11)*	Beneficial owner	37,620,000 (L)	9.90%
Chow Holdings Limited *(note 2)*	Beneficial owner	32,463,816 (L) 1,469,143 (S)	8.54% 0.39%
Spinnaker Capital Limited *(note 12)*	Investment manager	110,095,765 (L)	28.98%
Spinnaker Asset Management – SAM Limited *(note 12)*	Investment manager	110,095,765 (L)	28.98%
CIG China Holdings Limited *(note 2)*	Beneficial owner	7,500,000 (L)	1.97%

Notes:

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.

2. 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, Chow Holdings Limited and CIG China Holdings Limited. Unbeatable Holdings Limited has granted a security interest over 61,000,000 Shares to the Harbour Master Limited. In addition, Unbeatable Holdings Limited had granted options to acquire 2,673,934 Shares, 1,198,660 Shares and 737,637 Shares to Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited respectively. Chow Holdings Limited has granted options to acquire 852,103 Shares, 381,977 Shares and 235,063 Shares to Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited respectively.

3. Harbour Master Limited had a security interest over 61,000,000 Shares. Harbour Master Limited has granted a security interest over 72,141,985 Shares to Spinnaker Global Emerging Markets Fund Limited. In addition, Harbour Master Limited has granted options to acquire 1,894,466 Shares, 849,244 Shares and 522,611 Shares to Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited respectively.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. Mr. Lo Hong Sui, Vincent is interested in the shares of Bosrich Holdings Inc. held by HSBC International Trustee Limited.

11. 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.

12. 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 1.2% of the share capital of the Company respectively. Spinnaker Global Emerging Markets Fund Limited has a security interest over 72,141,985 Shares. In addition, Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited have been granted options to acquire 5,420,503 Shares, 2,429,881 Shares and 1,495,311 Shares respectively.

COMPLIANCE ADVISER'S INTERESTS

The Company has been advised by Oriental Patron Asia Limited ("Oriental Patron"), the Compliance Adviser of the Company, that through its fellow subsidiary, Pacific Top Holding Limited, it had an interest in 16,879,771 Shares (31 December 2005: 6,417,247 Shares): of the Company as at 31 December 2006.

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 2006, 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

For the year ended 31 December 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2006, the Company had adopted a code of conduct regarding securities transactions by directors ("Code of Conduct") on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). The Company has also made specific enquiry of all Directors and is not aware of any non-compliance with the Required Standard of Dealings and the Code of Conduct.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers. Based on the confirmations received, the Company considers the independent non-executive Directors to be independent.

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 three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Mr. Wong Tin Yau, Kelvin, Mr. Leung Kwong Ho, Edmund and one non-executive Director, Mr. Wong Yuet Leung, Frankie. The primary duties of the Audit and Remuneration Committee include reviewing the financial reporting process, the system of internal control and risk management of the Group, the appointment of auditors and the determination of executive Director's service contract, the review of Directors' and senior management's emoluments and the award of discretionary bonuses and share options of the Company.

The Audit and Remuneration Committee has reviewed the results of the Group for the year ended 31 December 2006 and its members visited the WIT Port in Wuhan to review the operations and meet with the management of WIT during the year.

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, 30 March 2007

Independent Auditors' Report

Moores Rowland Mazars
摩斯倫・馬賽會計師事務所

Chartered Accountants
Certified Public Accountants

To the members of
CIG Yangtze Ports PLC
(incorporated in the Cayman Islands with limited liability)

We have audited the accompanying financial statements of CIG Yangtze Ports PLC (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 70, which comprise the balance sheets of the Company and the Group as at 31 December 2006, and the Group's income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2006 and of the Group's financial performance 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.

Moores Rowland Mazars
Chartered Accountants
Certified Public Accountants
Hong Kong, 30 March 2007

Income Statement

Year ended 31 December 2006

	Note	2006 *HK$'000*	2005 *HK$'000*
Turnover	*3*	**16,122**	8,863
Cost of services rendered		**(6,888)**	(4,219)
Gross profit		**9,234**	4,644
Other income		**556**	274
Other operating expenses		**(4,473)**	(3,650)
General and administrative expenses		**(16,205)**	(8,510)
Finance costs	*7*	**(5,140)**	(5,930)
Loss before taxation	*4*	**(16,028)**	(13,172)
Taxation	*8*	**–**	–
Loss for the year	*9*	**(16,028)**	(13,172)
Attributable to:			
Shareholders of the Company		**(14,985)**	(11,584)
Minority interest		**(1,043)**	(1,588)
		(16,028)	(13,172)
Loss per share – Basic	*10*	**HK3.94 cents**	HK4.07 cents

Consolidated Balance Sheet

As at 31 December 2006

	Note	2006 HK$'000	2005 HK$'000
Non-current assets			
Property, plant and equipment	11	**249,465**	157,497
Land use rights	12	**8,065**	8,184
Construction in progress	13	**1,046**	47,352
		258,576	213,033
Current assets			
Inventories	14	**586**	497
Account receivables	15	**5,328**	1,953
Prepayments, deposits and other receivables		**1,252**	1,102
Pledged deposit	16	**–**	4,808
Bank balances and cash	16	**886**	19,628
		8,052	27,988
Current liabilities			
Accrued expenses and other payables	17	**24,750**	22,917
Advances from a shareholder	18	**1,636**	–
Due to a related company	22	**200**	–
Current portion of interest-bearing borrowings	19	**66**	–
		26,652	22,917
Net current (liabilities) assets		**(18,600)**	5,071
Total assets less current liabilities		**239,976**	218,104
Non-current liabilities			
Long-term interest-bearing borrowings	19	**(150,160)**	(115,385)
NET ASSETS		**89,816**	102,719
Capital and reserves			
Share capital	20	**37,992**	34,538
Reserves		**40,240**	56,039
		78,232	90,577
Minority interest		**11,584**	12,142
TOTAL EQUITY		**89,816**	102,719

Approved and authorised for issue by the Board of Directors on 30 March 2007.

Director *Director*

Balance Sheet

As at 31 December 2006

The Company

	Note	2006 HK$'000	2005 HK$'000
Non-current assets			
Interest in subsidiaries	21	**100,382**	102,286
Current assets			
Prepayments, deposits and other receivables		**100**	100
Current liabilities			
Accrued expenses and other payables		**636**	540
Due to a related company	22	**200**	–
Due to a fellow subsidiary	22	**599**	–
		1,435	540
Net current liabilities		**(1,335)**	(440)
NET ASSETS		**99,047**	101,846
Capital and reserves			
Share capital	20	**37,992**	34,538
Reserves		**61,055**	67,308
TOTAL EQUITY		**99,047**	101,846

Approved and authorised for issue by the Board of Directors on 30 March 2007.

Director *Director*

The Group

	Attributable to shareholders of the Company						
	Share capital	Share premium	Foreign exchange reserve	Accumulated losses	Total	Minority interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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	–	–	–	–	–	(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 and 1 January 2006	34,538	69,667	2,124	(15,752)	90,577	12,142	102,719
Bonus issue of shares	3,454	(3,454)	–	–	–	–	–
Share issuing expenses	–	(112)	–	–	(112)	–	(112)
Exchange differences on consolidation	–	–	2,752	–	2,752	485	3,237
Loss for the year	–	–	–	(14,985)	(14,985)	(1,043)	(16,028)
At 31 December 2006	**37,992**	**66,101**	**4,876**	**(30,737)**	**78,232**	**11,584**	**89,816**

Notes on reserves in respect of the Company's subsidiary in People's Republic of China ("PRC"):

(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 2006, 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.

Statement of Changes in Equity

Year ended 31 December 2006

The Company

	Share capital *HK$'000*	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 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 and 1 January 2006	34,538	69,667	(2,359)	101,846
Bonus issue of shares	3,454	(3,454)	–	–
Share issuing expenses	–	(112)	–	(112)
Loss for the year	–	–	(2,687)	(2,687)
At 31 December 2006	**37,992**	**66,101**	**(5,046)**	**99,047**

Cash Flow Statement

Year ended 31 December 2006

	Note	2006 HK$'000	2005 HK$'000
OPERATING ACTIVITIES			
Net cash used in operating activities	*23*	**(7,692)**	(3,028)
Interest paid		**(8,419)**	(5,930)
Net cash used in operating activities		**(16,111)**	(8,958)
INVESTING ACTIVITIES			
Interest received		**157**	168
Dividend received		**82**	–
Acquisition of additional interest in a subsidiary		**–**	(40,349)
Purchases of property, plant and equipment		**(1,836)**	(1,118)
Payment for construction in progress		**(38,820)**	(42,013)
Proceeds from disposal of property, plant and equipment		**555**	631
Net cash used in investing activities		**(39,862)**	(82,681)
FINANCING ACTIVITIES			
Advances from a shareholder		**1,636**	–
Payment of share issuing expenses		**(112)**	–
Inception of obligations under finance lease		**265**	–
Repayment of obligations under finance lease		**(39)**	–
Bank loan drawdown		**30,000**	57,693
Net proceeds from issue of shares		**–**	53,298
Net cash from financing activities		**31,750**	110,991
Exchange difference		**673**	–
Net (decrease) increase in cash and cash equivalents		**(23,550)**	19,352
Cash and cash equivalents at beginning of year		**24,436**	5,084
Cash and cash equivalents at end of year, represented by pledged deposit, bank balances and cash	*16*	**886**	24,436

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, the 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"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2005 financial statements. A summary of the principal accounting policies adopted by the Group is set out below.

These financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. Certain major shareholders of the Company have confirmed their intention to make available adequate funds to the Group as and when required to maintain the Group as a going concern.

Basis of measurement

The measurement basis used in the preparation of these financial statements is historical cost.

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 the 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.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation of property, plant and equipment is provided to 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 and impairment are eliminated from the balance sheet and any gain or loss resulting from their disposals, being the difference between the net disposal proceeds and the carrying amount, is dealt with in the income statement.

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

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.

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.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which incorporates any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables including trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income statement.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and other borrowings and obligations under finance leases. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Cash and cash equivalents

For the purpose of the 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.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

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

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Foreign currency translation

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates ("functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Exchange differences arising from the translation of the net investment in foreign operations are recognised in a separate component of equity and recognised in income statement on disposal of the foreign operations.

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.

Impairment of non-financial assets

Property, plant and equipment, land use right, construction in progress and investment in subsidiaries are reviewed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

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)*

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

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)*

Critical accounting estimates and judgements

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the accounts receivable. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

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 an 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 several 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 were derived from its principal activities of port operations in the PRC. Hence, no segmental information is presented.

3. TURNOVER AND REVENUE

	2006	2005
	HK$'000	*HK$'000*
Container handling service	**12,563**	7,754
General and bulk cargo handling service	**977**	625
Agency income	**1,041**	–
Integrated logistics services	**1,541**	484
	16,122	8,863

4. LOSS BEFORE TAXATION

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

	2006	2005
	HK$'000	*HK$'000*
Employee benefit expenses (including directors' remuneration)	**10,274**	5,363
Pension contributions	**350**	329
	10,624	5,692
Cost of services rendered	**6,888**	4,219
Auditors' remuneration	**386**	372
Depreciation	**5,436**	4,395
Amortisation of prepaid lease payment for land use rights	**192**	185
Loss on disposal of property, plant and equipment	**89**	93
Operating lease rental in respect of land and buildings and machinery	**648**	187
Gain on disposal of financial assets at fair value through profit or loss	**(88)**	–

5. 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	
	2006	2005
Executive Directors	**1**	1
Non-executive Directors	**5**	5
Independent non-executive Directors	**3**	3
	9	9

Details of directors' emoluments for the year ended 31 December 2006 are:

Name of director	Title	Fee *HK$'000*	Salaries, allowances and benefit in kind *HK$'000*	Pension contribution *HK$'000*	Total *HK$'000*
Chow Kwong Fai, Edward	Executive director	**155**	**1,526**	**12**	**1,693**
Zhao Cong, Richard	Non-executive director	**120**	**1**	**–**	**121**
Wong Ying Wai, Wilfred	Non-executive director	**43**	**–**	**–**	**43**
Wong Yuet Leung, Frankie	Non-executive director	**120**	**1**	**–**	**121**
Lee Jor Hung, Dannis	Non-executive director	**120**	**–**	**–**	**120**
Goh Pek Yang, Michael	Non-executive director	**120**	**–**	**–**	**120**
Wong Tin Yau, Kelvin	Independent non-executive director	**120**	**–**	**–**	**120**
Lee Kang Bor, Thomas	Independent non-executive director	**120**	**–**	**–**	**120**
Leung Kwong Ho, Edmund	Independent non-executive director	**120**	**–**	**–**	**120**
		1,038	**1,528**	**12**	**2,578**

5. DIRECTORS' REMUNERATION *(Continued)*

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

Name of director	Title	Fee *HK$'000*	Salaries, allowances and benefit in kind *HK$'000*	Pension contribution *HK$'000*	Total *HK$'000*
Chow Kwong Fai, Edward	Executive director	35	452	4	491
Zhao Cong, Richard	Non-executive director	35	2	–	37
Wong Ying Wai, Wilfred	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

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

6. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one director (2005: one director) whose emoluments are reflected in the analysis presented in Note 5 above. The emoluments payable to the remaining four *(2005: four)* individuals during the year are as follows:

	2006 ***HK$'000***	2005 *HK$'000*
Salaries, allowances and benefits in kind	**2,114**	826
Pension contributions	**32**	10
	2,146	836

The remuneration of each of the non-director, highest paid employees for the years ended 31 December 2005 and 2006 fell within the band of Nil to HK$1,000,000.

7. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interests on bank loans wholly repayable within 5 years	**8,385**	4,531
Interests on loans from shareholders	**–**	1,738
Interests on advances from a shareholder	**27**	–
Finance charges on obligations under finance lease	**7**	–
Total borrowing costs	**8,419**	6,269
Less: Borrowing costs capitalised as construction in progress	**(3,279)**	(339)
	5,140	5,930

8. 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.

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.

8. TAXATION *(Continued)*

Reconciliation of tax expense

	2006	2005
	HK$'000	*HK$'000*
Loss before taxation	**(16,028)**	(13,172)
Income tax at applicable tax rate of 15% *(2005: 15%)*	**(2,404)**	(1,976)
Non-deductible expenses	**1,564**	775
Tax exempt revenue	**(42)**	(1)
Unrecognised tax losses	**1,233**	1,534
Unrecognised temporary differences	**(160)**	(332)
Difference in tax rate	**(114)**	–
Others	**(77)**	–
Tax expense for the year	**–**	–

The Group has not recognised deferred tax assets in respect of tax losses of HK$30,057,000 *(2005: HK$21,836,000)*. Under the current tax legislation, every year's agreed tax loss can be carried forward for five years.

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

The loss for the year ended 31 December 2006 attributable to shareholders of the Company dealt with in the financial statements of the Company was HK$2,687,000 *(2005: HK$800,000)*.

10. 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$14,985,000 *(2005: HK$11,584,000)*, and the weighted average number of 379,917,717 *(2005: 284,380,767)* ordinary shares in issue during the year.

The number of shares for the purpose of calculating basic loss per share for year 2005 has been adjusted to reflect the bonus issue of shares during 2006.

No diluted loss per share has been presented because no dilutive potential shares existed during the year.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Port facilities	Terminal equipment	Furniture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value at 1 January 2006	228	121,293	33,401	1,675	900	157,497
Exchange differences on consolidation	9	4,233	1,336	65	36	5,679
Additions	–	–	816	261	759	1,836
Transferred from construction in progress	–	89,584	695	–	–	90,279
Depreciation	(2)	(2,401)	(2,215)	(449)	(369)	(5,436)
Disposals	(235)	–	(3)	(5)	(147)	(390)
Net book value at 31 December 2006	**–**	**212,709**	**34,030**	**1,547**	**1,179**	**249,465**
At 31 December 2006						
Cost	–	217,887	40,143	2,966	1,868	262,864
Accumulated depreciation	–	(5,178)	(6,113)	(1,419)	(689)	(13,399)
Net book value	**–**	**212,709**	**34,030**	**1,547**	**1,179**	**249,465**

All land and buildings are situated in the PRC and held under medium leases.

Property, plant and equipment of WIT with an aggregate net book value at the balance sheet date of HK$140,815,000 *(2005: HK$154,694,000)* were pledged to secure a bank loan granted to WIT, the same operating subsidiary.

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

	Buildings	**Port facilities**	**Terminal equipment**	**Furniture and equipment**	**Motor vehicles**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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

\# 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. LAND USE RIGHTS

	2006	2005
	HK$'000	*HK$'000*
Net book value at beginning of year	**8,184**	8,386
Exchange differences on consolidation	**327**	242
Disposals	**(254)**	(259)
Amortisation	**(192)**	(185)
Net book value at end of year	**8,065**	8,184
At balance sheet date		
Cost	**8,545**	8,463
Accumulated amortisation	**(480)**	(279)
Net book value	**8,065**	8,184

Land use rights of WIT with an aggregate net book value at the balance sheet date of HK$3,276,000 *(2005: HK$3,225,000)* were pledged to secure a bank loan granted to WIT, the same operating subsidiary.

13. CONSTRUCTION IN PROGRESS

	2006	2005
	HK$'000	*HK$'000*
At cost		
At beginning of year	**47,352**	7,293
Exchange differences on consolidation	**1,894**	211
Additions	**42,079**	54,766
Transferred to property, plant and equipment	**(90,279)**	(14,918)
At balance sheet date	**1,046**	47,352

14. INVENTORIES

	2006	2005
	HK$'000	*HK$'000*
Consumables, at cost	**586**	497

15. 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:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**2,720**	741
31 – 60 days	**1,337**	579
61 – 90 days	**1,088**	419
Over 90 days	**183**	214
	5,328	1,953

16. CASH AND CASH EQUIVALENTS

	2006	2005
	HK$'000	*HK$'000*
Bank balances and cash	**886**	14,820
Time deposit	**–**	4,808
As stated in the balance sheet	**886**	19,628
Pledged deposit	**–**	4,808
As stated in the cash flow statement	**886**	24,436

Bank balances and cash earn interest at floating rates based on daily bank deposit rates.

17. ACCRUED EXPENSES AND OTHER PAYABLES

	2006	2005
	HK$'000	*HK$'000*
Payables to contractors and equipment suppliers	**21,124**	20,331
Accrued expenses and other payables	**3,626**	2,586
	24,750	22,917

17. ACCRUED EXPENSES AND OTHER PAYABLES *(Continued)*

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

	2006 HK$'000	2005 HK$'000
Within 30 days	**17,598**	9,614
31 – 60 days	**504**	7,475
61 – 90 days	**222**	327
91 – 180 days	**1,775**	17
Over 180 days	**4,651**	5,484
	24,750	22,917

18. ADVANCES FROM A SHAREHOLDER

The advances from a shareholder are unsecured, interest bearing at the prevailing Hong Kong Dollar prime rate quoted by the Hongkong and Shanghai Banking Corporation and are to be repaid from future new funding raised by the Group.

19. INTEREST-BEARING BORROWINGS

	Note	2006 HK$'000	2005 HK$'000
Bank loans			
Secured	*19(b)*	**90,000**	57,693
Unsecured	*19(a)*	**60,000**	57,692
		150,000	115,385
Obligations under finance lease		**226**	–
		150,226	115,385
Current portion		**66**	–
Non-current portion		**150,160**	115,385
		150,226	115,385

(a) On 23 June 2003, WIT entered into an agreement with a PRC bank for a loan facility of RMB60 million (HK$60 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 guaranteed by a former holding company.

19. INTEREST-BEARING BORROWINGS *(Continued)*

(b) On 30 May 2005, WIT entered into an agreement with another PRC bank for a loan facility of RMB90 million (HK$90 million) to finance the construction of Phase I Stage 2 of the WIT port. The loan was fully drawn down and is interest bearing at the rate ranged from 5.85% to 6.12% per annum, repayable as to RMB10 million (HK$10 million) on 21 December 2008, RMB25 million (HK$25 million) on 21 December 2009 and RMB55 million (HK$55 million) on 30 May 2010 and is secured by WIT's port facilities and land use rights.

Obligations under finance lease

	Minimum lease payments		**Present value of minimum lease payments**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable:				
Within one year	**79**	–	**66**	–
In the second to fifth years inclusive	**190**	–	**160**	–
	269	–	**226**	–
Future finance charges	**(43)**	–	**–**	–
Present value of lease obligations	**226**	–	**226**	–

20. SHARE CAPITAL

	2006		2005	
	No. of shares	***HK$'000***	No. of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At beginning of year	**345,379,747**	**34,538**	221,062,500	22,106
Issue of shares to the public and placees	**–**	**–**	124,317,247	12,432
Bonus issue of shares	**34,537,970**	**3,454**	–	–
At balance sheet date	**379,917,717**	**37,992**	345,379,747	34,538

At the annual general meeting of the shareholders of the Company ("Shareholders") held on 8 May 2006, the resolution for a one for ten bonus issue of shares (the "Bonus Share Issue") in lieu of cash dividend was approved. Following approval for listing of the new shares under the Bonus Share Issue, a total of 34,537,970 shares were issued at par to Shareholders, taking the total number of shares of the Company in issue to 379,917,717 shares. These share rank pari passu with the existing shares in all respects.

21. INTEREST IN SUBSIDIARIES

	2006 HK$'000	2005 HK$'000
Unlisted shares, at cost	**50,897**	50,897
Due from a subsidiary	**49,485**	51,389
	100,382	102,286

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

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered capital	Percentage of nominal value of issued/ registered capital attributable to the Company Direct	Indirect	Principal activities
CIG Port Holdings Limited	The British Virgin Islands ("BVI")	US$12,000 ordinary	100%	–	Investment holding
Wuhan Investment Holdings Limited	BVI	US$100 ordinary	100%	–	Dormant
CIG Yangtze Corporate and Project Finance Limited	Hong Kong	US$100 ordinary	100%	–	Provision of general and administrative services to Group companies
Wuhan International Container Transshipment Co. Ltd.	The PRC	RMB110,000,000 registered capital	–	85%	Port construction and operations

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

22. DUE TO A SUBSIDIARY / A RELATED COMPANY

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

The amount due to a related company is due to CIG Corporate and Project Finance Limited, a company in which Mr. Chow Kwong Fai, Edward is a common director and Unbeatable Holdings Limited, Chow Holdings Limited and Harbour Master Limited are beneficial shareholders.

23. NOTES TO THE CASH FLOW STATEMENT

Cash flow used in operating activities

	2006 HK$'000	2005 HK$'000
Loss before taxation	**(16,028)**	(13,172)
Depreciation and amortisation	**5,628**	4,580
Loss on disposal of property, plant and equipment	**89**	93
Interest income	**(157)**	(168)
Interest expenses	**5,140**	5,930
Dividend income	**(82)**	–
Changes in working capital:		
Account receivables	**(3,297)**	(425)
Prepayments, deposits and other receivables	**(114)**	662
Inventories	**(69)**	(87)
Accrued expenses and other payables	**998**	1,696
Due to related companies	**200**	(2,137)
Net cash used in operating activities	**(7,692)**	(3,028)

24. RELATED PARTY TRANSACTIONS

In addition to the transaction/information disclosed elsewhere in the financial statements, during the year, the Group had the following transactions with related parties:

Name	Nature of transactions	Relationship	2006 HK$'000	2005 HK$'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	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	**600**	175
CIG China Holdings Limited	Interest expenses	Shareholder	**27**	–

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.

Contributions to the state-sponsored retirement plan and MPF Scheme during the year were approximately HK$271,000 *(2005: HK$307,000)* and HK$79,000 *(2005: HK$22,000)* respectively.

26. SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for 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 exists. None of the share option has been granted under the Share Option Scheme during the year ended 31 December 2006 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, obligations under finance lease, bank loans and advances from a shareholder. 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 advances from a shareholder and interest-bearing borrowings. The interest rates and terms of repayment have been disclosed in notes 18 and 19 to the financial statements respectively.

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

Liquidity risk

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

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.

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 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.

28. COMMITMENTS

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

	2006	2005
	HK$'000	*HK$'000*
Within one year	**606**	608
In the second to fifth year inclusive	**50**	550
	656	1,158

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

	2006	2005
	HK$'000	*HK$'000*
Contracted but not provided for	**3,799**	26,439

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$140,815,000 *(2005: HK$154,694,000)* and HK$3,276,000 *(2005: HK$3,225,000)* respectively to secure a bank loan granted to WIT, the same operating subsidiary.

30. CONTINGENT LIABILITIES

As at 31 December 2006, the Group did not have any significant contingent liabilities.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 30 March 2007.

	For the year ended 31 December			
	2003	2004	2005	**2006**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	–	2,726	8,863	**16,122**
Cost of services rendered	–	(2,554)	(4,219)	**(6,888)**
Gross profit	–	172	4,644	**9,234**
Other income	211	197	274	**556**
Other operating expenses	–	(2,702)	(3,650)	**(4,473)**
General and administrative expenses	(2,413)	(6,713)	(8,510)	**(16,205)**
Finance costs	(211)	(2,656)	(5,930)	**(5,140)**
Loss before taxation	(2,413)	(11,702)	(13,172)	**(16,028)**
Taxation	–	–	–	**–**
Loss for the year	(2,413)	(11,702)	(13,172)	**(16,028)**
Attributable to:				
Shareholders of the Company	(1,721)	(7,300)	(11,584)	**(14,985)**
Minority interest	(692)	(4,402)	(1,588)	**(1,043)**
	(2,413)	(11,702)	(13,172)	**(16,028)**

	As at 31 December			
	2003	2004	2005	**2006**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES				
Non-current assets	125,952	142,655	213,033	**258,576**
Current assets	19,503	8,786	27,988	**8,052**
Current liabilities	(16,282)	(10,605)	(22,917)	**(26,652)**
Net current assets (liabilities)	3,221	(1,819)	5,071	**(18,600)**
Non-current liabilities	(32,710)	(56,075)	(115,385)	**(150,160)**
Shareholders' funds	96,463	84,761	102,719	**89,816**

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 two years ended 31 December 2006 and 31 December 2005 and its assets and liabilities as at 31 December 2006 and 31 December 2005 are set out on pages 42 and 43 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 7 May 2007 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 2006;

2. to re-elect and appoint Directors;

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

4. 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;

5. "**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)."

6. "**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

(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."

7. "**THAT** conditional upon resolutions no. 5 and 6 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. 5 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. 6 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, three non-executive directors namely Mr. Wong Yuet Leung, Frankie, Mr. Lee Jor Hung, Dannis 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, 30 March 2007

Notes:

1. 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.

2. 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.

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

4. 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 Rooms 1806-7, 18th 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.

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

6. 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.