



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)

Third Quarterly Report 2007

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\* For identification only

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

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## HIGHLIGHTS

### For the nine months ended 30 September 2007

Comparing to corresponding period in 2006:

- Container throughput increased by 42% to 101,139 TEUs
- Market share of container throughput in Wuhan increased from 29% to 35%
- Turnover increased by 152% to HK\$24.1 million due to continuing growth in new revenue sources principally from the agency and integrated logistics businesses which collectively accounted for 42% of turnover as a result of the diversification/expansion of revenue segments taking shape
- Gross profit increased by 103% to HK\$11.0 million. Net loss attributable to shareholders reduced from HK\$11.3 million to HK\$10.0 million

### For the three months ended 30 September 2007

Comparing to corresponding period in 2006:

- Container throughput increased by 44% to 29,265 TEUs
- Market share of container throughput in Wuhan increased from 22% to 30%
- Turnover increased by 124% to HK\$6.5 million due to continuing growth in new revenue sources principally from the agency and integrated logistics businesses which collectively accounted for 45% of turnover
- Gross profit increased by 49% to HK\$2.2 million. Net loss attributable to shareholders reduced from HK\$4.2 million to HK\$3.5 million

## MANAGEMENT COMMENTARY

## RESULTS HIGHLIGHTS

	Nine months ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	<b>24,101</b>	9,579
Cost of services rendered	<b>(13,107)</b>	(4,152)
Gross profit	<b>10,994</b>	5,427
Other income	<b>2,498</b>	246
General and administrative expenses	<b>(10,998)</b>	(10,665)
Operating Profit/EBITDA	<b>2,494</b>	(4,992)
Finance costs	<b>(8,145)</b>	(3,408)
EBTDA	<b>(5,651)</b>	(8,400)
Depreciation and amortization	<b>(5,320)</b>	(3,819)
Loss for the period	<b>(10,971)</b>	(12,219)
Minority interest	<b>976</b>	881
Loss attributable to Shareholders	<b>(9,995)</b>	(11,338)

## REVIEW OF OPERATION

### *Overall business environment*

The Group's principal activities are investment in and the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group. As a deep water regional container hub port at the mid-stream of Yangtze River and a feeder port to the ports in Shanghai, the WIT Port plays 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 increase in container throughput brought about by the rapid economic growth in Central China region (中部崛起) which is a key theme of China's 11th 5-year Plan (2006-2010). The pivotal role which Wuhan and WIT Port plays 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, by 2010, Wuhan will have container cargo handling capacity of 1.5 million TEUs, of which the WIT Port will account for 1.2 million. Under the 5-year Plans, Wuhan will also become one of the four major regional logistics hubs in the whole of China. Commencing 2006, the Group began developing port related agency and integrated logistics businesses to increase its revenue sources.

During the first nine months of 2007, GDP of Wuhan and Hubei Province grew by 15.6% and 14.2% respectively while that of the whole of China grew by 11.5%.

### *Container Throughput*

The success of the WIT management team in the marketing and business development drive has continued to cause throughput to grow. The throughput achieved for the three months ended 30 September 2007 was 29,265 TEUs, an increase of 8,918 TEUs or 44% over that of 20,347 TEUs for the same period in 2006 and for the nine months ended 30 September 2007 was 101,139 TEUs, an increase of 29,894 TEUs or 42% over that of 71,245 TEUs for the same period in 2006. Of the 101,139 TEUs handled in the first nine months of 2007, 42,454 TEUs or 42% (2006: 35%) and 58,685 TEUs or 58% (2006: 65%) were attributed to Wuhan sourced and transshipment cargos respectively. Principal customers of the Group are the major shipping companies which serve the Yangtze River corridor.

### ***Agency & Logistics***

The continuing development of the agency business and the integrated logistics business have made significant contributions to the revenue of the Group during the first nine months of 2007. Revenue from these sources accounted for 42% of turnover (2006: 9%). With the WIT Port's new logistics facilities now in service, revenue from this source will achieve further growth.

### ***Expanding Ports & Logistics Facilities***

Being a ports and logistics company operating in a high growth economy, the Group's strategy is twofold – expanding the volume of business on the operations side and constructing new facilities to cater for growth concurrently. The implementation of this strategy, which creates enterprise and shareholder value, could only be achieved at the expense of short term accounting profit due to higher depreciation and interest charges. During the last nine months the Group and WIT have pressed ahead to negotiate future port expansion concessions and construct new container storage, logistics and warehousing facilities at the WIT Port to increase capacity to cater for growth.

Management expects revenue to continue to come from container handling, agency & logistics services.

### ***Construction of Phase I Stage 3 of WIT Port***

Following the completion of the construction of Phase I Stage 2 in 2006 which increased WIT Port's annual container handling capacity to beyond 250,000 TEUs, the Phase I Stage 3 development works have commenced progressively to focus on the contribution of additional break-bulk and warehousing facilities to cater for the growing integrated logistics business requirements of customers. Upon completion, aggregate annual container handling capacity of the WIT Port will be increased to more than 400,000 TEUs and additional revenue from logistics and warehousing facilities are also expected to grow significantly.

## ***Post Phase I Developments***

### *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 Phase II of the WIT Port by the PRC joint venture partners who are Wuhan government agencies. Pursuant to this and the importance given to the development of Wuhan into a major hub port and logistics base for the Central China region under the 11th 5-year Plan, 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 and a supplemental agreement signed in April 2007 to facilitate a development plan which was finalized and has since been submitted to the municipal, provincial and central government for approval of the project (立項) in September 2007.

Under the Heads of Agreement, the Group will take a 44% equity interest in the Phase II development with the rest of the interest to be taken up by the two PRC Joint Venture partners of WIT. Preliminary estimated total cost of the Phase II development is RMB800 million. Such cost is expected to be incurred progressively over the planned five year development horizon after the project has been approved by the Central Government. In tandem with the 11th 5-year Plan, the Phase II development will increase capacity by 800,000 TEUs, taking the overall annual container handling capacity of the WIT Port to 1,200,000 TEUs. Shareholders' approval to the Phase II development will be sought once the related joint venture agreement and the articles of the Phase II joint venture company have been negotiated to an advance stage or signed subject to shareholders' approval.

### *Heavy Item Port*

Following the signing of the non-legally binding heads of agreement with the Wuhan Xinzhou District Government on 1 August 2007 to construct and operate a heavy item port (重特大件碼頭) ("Heavy Item Port"), the Group has commissioned for a feasibility study and preliminary designs to be conducted ahead of the submission of the application for Government approval (立項). The Heavy Item Port is to be built adjacent to the downstream direction of the WIT Port and designed to handle large and heavy cargo (up to 600 tonnes in weight) shipments to cater for the transportation needs of some major European power generation transmission and distribution equipment manufacturers which have chosen to establish manufacturing plants in the Yanglou District of Wuhan (where the WIT Port is situated). Shareholders' approval to the project will be sought in accordance with the relevant GEM Listing Rules once the legal status of the project has been established.



## OPERATING RESULTS

### *Turnover*

For the three months ended 30 September 2007, the Group's turnover amounted to HK\$6.49 million, representing an increase of HK\$3.60 million or 125% over that of HK\$2.89 million for the corresponding period of 2006. For the nine months ended 30 September 2007, the Group's turnover amounted to HK\$24.10 million, representing an increase of HK\$14.52 million or 152% over that of HK\$9.58 million for the corresponding period of 2006. The increase in turnover was mainly attributable to additional revenue from additional containers handled and the continuing growth in the agency and integrated logistics businesses for the period under review.

The Group's strategy to diversify/expand its revenue segments is taking shape. In respect of revenue contributions for the nine months ended 30 September 2007, container handling service accounted for 55% (2006: 84%), agency income accounted for 22% (2006: Nil), integrated logistics services accounted for 20% (2006: 9%) and general and bulk cargo handling service accounted for 3% (2006: 7%) of turnover for the nine months ended 30 September 2007.

### *Container Volume and Throughput*

The volume of throughput achieved for the three months ended 30 September 2007 was 29,265 TEUs, an increase of 8,918 TEUs or 44% over that of 20,347 TEUs for the same period in 2006. The TEUs achieved for the nine months ended 30 September 2007 was 101,139 TEUs, an increase of 29,894 TEUs or 42% over that of 71,245 TEUs for the same period in 2006. These achievements reflected the combined achievements in marketing and business development of the management team of WIT and WIT's ability to handle transshipment cargo from neighbouring and upstream provinces of Wuhan.

In terms of market share, for the nine months ended 30 September 2007, the Group increased its market share from 29% to 35% with a total of 286,255 TEUs (2006: 246,033 TEUs) handled for the whole of Wuhan.

### ***Tariff***

Tariff for both the three months and nine months period ended 30 September 2007 was at the same scale as that for the corresponding periods in 2006 which was below the recommended rates of the Ministry of Communication (MOC) and rates charged by other major ports in the PRC. The average tariff per TEU achieved in the first nine months of 2007 was RMB131 compared with RMB113 achieved in the corresponding period in 2006. The increase in 2007 average tariff was attributable to a higher percentage of Wuhan sourced containers attracting much higher tariff rates than transshipment containers and a reduction in domestic cargo containers with lower tariff rates.

### ***Gross Profit and Gross Profit Margin***

Gross profit for the three months ended 30 September 2007 was HK\$2.24 million, a significant improvement on the gross profit of HK\$1.50 million in the corresponding period of 2006. Gross profit for the nine months ended 30 September 2007 was HK\$10.99 million, a significant improvement on the gross profit of HK\$5.43 million in the corresponding period of 2006. These reflected the increased contributions from the increase in the volume of containers handled and the agency and integrated logistics services income.

### ***Loss for the Period***

Loss for the three months ended 30 September 2007 amounted to HK\$4.18 million, representing a decrease of HK\$0.35 million or 8% over that of HK\$4.53 million for the same period in 2006. Loss for the nine months ended 30 September 2007 amounted to HK\$10.97 million, representing a decrease of HK\$1.25 million or 10% over that of HK\$12.22 million for the same period in 2006.

These were attributable to the increase in gross profit contributions and the effort to keep administrative costs down, though partly offset by (i) the increase in amortization charge; and (ii) the increase in finance costs principally as a result of the increase in bank loans taken out to partially finance the cost of development of Phase I Stage 2 of the WIT Port.

Loss per share for the three months ended 30 September 2007 was HK0.76 cents compared with that of HK1.10 cents for the same period in 2006. Loss per share for the nine months ended 30 September 2007 was HK2.45 cents compared with that of HK2.98 cents for the same period in 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 expanding revenue sources and future investments at the WIT Port.

GDP growth of Wuhan has remained high with the first nine months of 2007 GDP growth at 15.6% compared with 11.5% for the whole of China.

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 continue to assume increasing importance. The launching of the direct sailing (江海直達) of the bigger river and ocean going ships from the WIT Port to the Yangshan Port last year has since saw more ships joining the service.

Ground transportation cost for cargos to the port and the lack of government policy and incentive to encourage cargo calling at our port have slowed down the growth of Wuhan sourced/destined cargo for our port. The planned opening of the Yanglou Bridge close to the WIT Port in the fourth quarter of 2007 will enhance WIT's competitive advantages in amassing more cargo from the Wuchang district of Wuhan (in the south bank of the Yangtze River) and from other parts of China as this bridge will provide the much needed link of the Port to the southern part of outer ring-road of Wuhan and to China's major highway systems.

To capitalize on the future development potential of Wuhan and Central China, the Group will continue with its marketing and business development initiatives to increase its market share of container throughput in the region, to pursue the development plan for Phase I Stage 3 and other aforementioned projects and to continue to develop the logistics business to complement its existing port operations in Wuhan.

The Logistics Project, which the Group was granted the Right of Refusal to invest or participate in (details of which are set out in the announcement of the Company to shareholders dated 7 June 2006) has progressed from the approval of the master plan by the Wuhan Xinzhou Government in 2006 to the commissioning of the feasibility study to facilitate the approval of the project by the Wuhan Municipal Government. Shareholders' approval to the project will be sought in accordance with the relevant GEM Listing Rules once the legal status of the project has been established.

## THE FINANCIAL STATEMENTS

### Quarterly Results

The Directors are pleased to announce the unaudited consolidated third quarterly results of the Group for the three months and nine months ended 30 September 2007, together with the comparative figures for the corresponding periods in 2006 (the “Quarterly Results”), which have been reviewed by the Audit and Remuneration Committee, as follows:

### Condensed Consolidated Income Statement

For the three months and nine months ended 30 September 2007

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2007	2006	2007	2006
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Turnover	2	24,101	9,579	6,485	2,893
Cost of services rendered		(13,107)	(4,152)	(4,245)	(1,393)
Gross profit		10,994	5,427	2,240	1,500
Other income		2,498	246	2,420	30
Other operating expenses		(4,504)	(2,966)	(1,609)	(1,020)
General and administrative expenses		(11,814)	(11,518)	(4,220)	(3,848)
Finance costs		(8,145)	(3,408)	(3,014)	(1,193)
Loss before taxation		(10,971)	(12,219)	(4,183)	(4,531)
Taxation	4	–	–	–	–
Loss for the period		(10,971)	(12,219)	(4,183)	(4,531)
Attributable to:					
Shareholders		(9,995)	(11,338)	(3,461)	(4,174)
Minority interest		(976)	(881)	(722)	(357)
		(10,971)	(12,219)	(4,183)	(4,531)
Dividend	5	–	–	–	–
Loss per share – basic (HK cent)	6	2.45	2.98	0.76	1.10

**Consolidated Statement of Changes in Equity***For the three months and nine months ended 30 September 2007*

	Attributable to shareholders						
	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2007	37,992	66,101	4,876	(30,737)	78,232	11,584	89,816
Issuance of new shares	7,598	37,232	-	-	44,830	-	44,830
Issuing expenses	-	(25)	-	-	(25)	-	(25)
Net Loss for the period	-	-	-	(9,995)	(9,995)	(976)	(10,971)
<b>At 30 September 2007</b>	<b>45,590</b>	<b>103,308</b>	<b>4,876</b>	<b>(40,732)</b>	<b>113,042</b>	<b>10,608</b>	<b>123,650</b>
At 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)	-	-	-	-	-
Issuing expenses	-	(112)	-	-	(112)	-	(112)
Net Loss for the period	-	-	-	(11,338)	(11,338)	(881)	(12,219)
<b>At 30 September 2006</b>	<b>37,992</b>	<b>66,101</b>	<b>2,124</b>	<b>(27,090)</b>	<b>79,127</b>	<b>11,261</b>	<b>90,388</b>

## Notes to the Condensed Consolidated Income Statement

For the three months and nine months ended 30 September 2007

### 1. BASIS OF PREPARATION

The unaudited consolidated results of the Group have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those set out in the Group’s consolidated financial statements for the year ended 31 December 2006.

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

### 2. TURNOVER

Turnover represents cargo handling service fee income, general and bulk cargo handling service fee income, agency income and integrated logistics services income earned.

Analysis of turnover and revenue is as follows:

	<b>Three months ended 30 September 2007 HK\$'000</b>	<b>Nine months ended 30 September 2007 HK\$'000</b>	Three months ended 30 September 2006 HK\$'000	Nine months ended 30 September 2006 HK\$'000
Container handling service	3,347	13,216	2,256	8,046
General and bulk cargo handling service	232	645	69	695
Agency income	1,697	5,310	–	–
Integrated logistics services	1,209	4,930	569	838
	<b>6,485</b>	<b>24,101</b>	2,894	9,579

### 3. 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 People’s Republic of China (the “PRC”). Hence, no segmental information is presented.

#### **4. TAXATION**

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

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

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

#### **5. DIVIDEND**

The directors do not recommend payment of a dividend in respect of the first nine months of 2007 (2006: Nil).

#### **6. LOSS PER SHARE**

The calculation of basic loss per share for the three months and nine months ended 30 September 2007 is based on the net loss for each of the periods and on the weighted average number of 455,901,260 shares (2006: 379,917,717 shares) and 407,193,861 shares (2006: 379,917,717 shares) in issue for the period respectively.

No diluted earnings per share has been presented because no dilutive events existed during or at the end of the period.

## DISCLOSURE OF INTERESTS

### DIRECTORS', CHIEF EXECUTIVES' INTERESTS IN SHARES AND SHORT POSITIONS IN THE SHARES OF THE COMPANY (THE "SHARE")

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*

Name of Director	Capacity	As at 30 September 2007	
		No. of Shares (Note 1)	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution (note 2)	151,155,266 (L)	33.16%
		67,079,374 (S)	14.71%
Lee Jor Hung, Dannis	Interest by attribution (note 3)	4,568,232 (L)	1.00%

#### Notes:

- The letter "L" denotes a long position whilst the letter "S" denotes a short position.
- The 151,155,266 (L) Shares are held as to 101,787,450 Shares by Unbeatable Holdings Limited, 32,463,816 Shares by Chow Holdings Limited and 16,904,000 Shares by 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. The 67,079,374 (S) Shares are held as to 65,610,231 Shares by Unbeatable Holdings Limited and 1,469,143 Shares held by Chow Holdings Limited.
- 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.



## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors, as at 30 September 2007, 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*

#### *Substantial shareholders*

Name	Capacity	Number of Shares	Approximate percentage of holding
Unbeatable Holdings Limited <i>(note 2)</i>	Beneficial owner	101,787,450 (L) 65,610,231 (S)	22.33% 14.39%
Harbour Master Limited <i>(note 3)</i>	Beneficial owner	133,141,985 (L)	29.20%
The Yangtze Ventures II Limited <i>(note 3)</i>	Interest by attribution	133,141,985 (L)	29.20%
Goldcrest Development Limited <i>(note 4)</i>	Interest by attribution	133,141,985 (L)	29.20%
Shui On Construction and Materials Limited <i>(note 5)</i>	Interest by attribution	133,141,985 (L)	29.20%
Shui On Company Limited <i>(note 6)</i>	Interest by attribution	133,141,985 (L)	29.20%
Bosrich Holdings Inc. <i>(note 7)</i>	Interest by attribution	133,141,985 (L)	29.20%
HSBC International Trustee Limited <i>(note 8)</i>	Interest by attribution	133,141,985 (L)	29.20%

Name	Capacity	Number of Shares	Approximate percentage of holding
Lo Hong Sui, Vincent ( <i>note 9</i> )	Interest by attribution	133,141,985 (L)	29.20%
Mitsui O.S.K. Lines, Ltd. ( <i>note 10</i> )	Interest by attribution	37,620,000 (L)	8.25%
MOL (Asia) Limited ( <i>note 10</i> )	Beneficial owner	37,620,000 (L)	8.25%
Chow Holdings Limited ( <i>note 2</i> )	Beneficial owner	32,463,816 (L) 1,469,143 (S)	7.12% 0.32%
Spinnaker Capital Limited ( <i>note 11</i> )	Investment manager	109,207,765 (L)	23.95%
Spinnaker Asset Management – SAM Limited ( <i>note 11</i> )	Investment manager	109,207,765 (L)	23.95%
Spinnaker Global Emerging Markets Fund Limited ( <i>note 11</i> )	Beneficial owner/ Security interest/ Others	93,676,278 (L)	20.54%
CIG China Holdings Limited ( <i>note 2</i> )	Beneficial owner	16,904,000 (L)	3.71%
Value Partners China Hedge Fund Master Fund Limited ( <i>note 12</i> )	Beneficial owner	28,368,000 (L)	6.22%
Value Partners Asia Fund, LLC ( <i>note 12</i> )	Beneficial owner	29,899,543 (L)	6.55%
Value Partners Limited ( <i>note 12</i> )	Investment manager	75,983,543 (L)	16.66%
Cheah Cheng Hye ( <i>note 13</i> )	Interest by attribution	75,983,543 (L)	16.66%

*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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Mr. Lo Hong Sui, Vincent is interested in the shares of Bosrich Holdings Inc. held by HSBC International Trustee Limited.
10. Mitsui O.S.K. Lines, Ltd. is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of MOL (Asia) Ltd.
11. 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 20.54%, 2.11% and 1.3% of the share capital of the Company respectively.
12. Value Partners Limited is an investment manager and it is deemed to be interested in the Shares held by Value Partners Asia Fund, LLC, Value Partners China Hedge Master Fund Limited and Value Partners China Greenchip Fund Limited, which holds 6.55%, 6.22% and 3.89% of the share capital of the Company respectively.
13. Mr. Cheah Cheng Hye is interested in the shares of Value Partners Limited.

## DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the nine months ended 30 September 2007, none of the Directors was granted any other options to subscribe for the Shares.

## 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, 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 nine months ended 30 September 2007.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the period from 1 January 2007 to 30 September 2007, 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.

## COMPETING INTERESTS

During the nine months ended and as at 30 September 2007, save as disclosed in the 2006 half year results announcement of the Company and an announcement of the Company to its shareholders dated 7 June 2006 in relation to Mr. Chow Kwong Fai, Edward's interest in the Logistics Project, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders as defined in the GEM Listing Rules of the Company had any interest in a business which competes or may compete with the business of the Group.

## COMPLIANCE ADVISER'S INTERESTS

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 16,799,771 Shares (30 June 2007: 16,879,771 Shares) of the Company as at 30 September 2007.

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.

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

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules at any time during the period from 1 January 2007 to 30 September 2007.

## CORPORATE GOVERNANCE PRACTICES

The Company endeavours to adopt prevailing best corporate governance practices.

As at the date of this report, with the exception of Mr. Chow Kwong Fai, Edward who acted as both the Chairman of the Board and the Chief Executive Officer of the Company, the Company has complied with the Code of Corporate Governance Practice contained in Appendix 15 of GEM Listing Rules in all other respects throughout the nine months ended 30 September 2007.

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 straightforward 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 and the Group level.

## 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), Dr. 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 and the determination of the remunerations of the auditors, and the determination of executive Director's service contract, the review of Directors' and senior management's emoluments and the award of discretionary bonuses and share options of the Company.

The Audit and Remuneration Committee has reviewed the results of the Group for the nine months ended 30 September 2007 and three of its members visited the WIT Port in Wuhan to review the operations and to meet with the management of WIT.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

For the period from 1 January 2007 to 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

By order of the Board  
**CIG Yangtze Ports PLC**  
**Edward K. F. Chow**  
*Chairman*

Hong Kong, 9 November 2007