

*UTILIZE THE GOLDEN WATERWAY ALONG YANGTZE RIVER TO DEVELOP
THE BIGGEST HUB-PORT AND LOGISTICS BASE IN CENTRAL CHINA*



First Quarterly Report 2008



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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 OF THE THREE MONTHS ENDED 31 MARCH 2008

Comparing to corresponding period in 2007:

- Against very severe weather conditions in January and February in central China and despite our port in Wuhan was kept open, many access roads to the port were closed, causing container throughput to increase by only 3% to 36,634 TEUs
- Market share of container throughput in Wuhan maintained at 34%
- Turnover increased by 10% to HK\$8.6 million
- Revenue per TEU increased by 14% to HK\$158
- Gross profit increased by 11% to HK\$4.3 million. Net loss attributable to shareholders was HK\$5.39 million

OTHER HIGHLIGHT

- Container Throughput of April 2008 rose by 29% to an all time high at 16,710 TEUs (April 2007: 12,908 TEUs)

MANAGEMENT COMMENTARY

RESULTS HIGHLIGHTS

| | Three months ended 31 March | |
|-------------------------------------|-----------------------------|-------------------------|
| | 2008 <i>HK\$'000</i> | 2007 <i>HK\$'000</i> |
| Turnover | 8,610 | 7,828 |
| Cost of services rendered | (4,295) | (3,941) |
| Gross profit | 4,315 | 3,887 |
| Other income | 82 | 23 |
| General and administrative expenses | (4,158) | (3,467) |
| EBITDA | 239 | 443 |
| Finance costs | (3,845) | (2,478) |
| EBTDA | (3,606) | (2,035) |
| Depreciation and amortization | (2,287) | (1,635) |
| Loss for the period | (5,893) | (3,670) |
| Minority interest | 508 | 254 |
| Loss attributable to Shareholders | (5,385) | (3,416) |

REVIEW OF OPERATION

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 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 2020, 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. Since 2006, the Group has also begun developing port related agency and integrated logistics businesses to diversify its revenue sources.

During the first three months of 2008, GDP of Wuhan and Hubei Province grew by 15.5% and 13.5% respectively while that of the whole of China grew by 10.6%.

Container Throughput

Throughput achieved for the three months ended 31 March 2008 was 36,634 TEUs, an increase of 909 TEUs or 3% over that of 35,725 TEUs for the same period in 2007. This performance was achieved against very severe weather conditions which existed in central China during January and February this year which affected many businesses there. Despite the WIT Port was kept operational, many access roads to the port were closed, adversely affecting throughput.

Of the 36,634 TEUs handled, 9,940 TEUs or 27% (2007: 42%) and 26,694 TEUs or 73% (2007: 58%) were attributed to Wuhan sourced and transshipment cargo respectively. Ground transportation cost for cargo to the port and the lack of government policy incentive to encourage cargo calling at our port have continued to affect the volume of Wuhan sourced/destined cargo for our port.

General and Bulk Cargo

Throughput of general and bulk cargo for the three months ended 31 March 2008 was 19,725 tons, an increase of 72% over the same period for 2007.

Agency and Logistics

The agency and the integrated logistics businesses have continued to make significant contributions to the revenue of the Group during the first three months of 2008. Revenue from these sources accounted for 30% of turnover.

Developing New Ports and 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, while creating enterprise and shareholder value, is at the expense of short term profit due to higher depreciation and interest charges. During the last three 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 cater for future growth.

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 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 WIT 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 progress to a development plan which is currently awaiting final approval by the central government.

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 were included in the submission of the application for Government approval (立項) and entered into a land procurement agreement with the government for the acquisition of the 129 mou of land for the port in February 2008. The Heavy Item Port is to be built adjacent to the WIT Port and designed to handle very large and heavy cargo (up to 600 tonnes in weight) shipments to cater for the transportation needs of some major international 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 31 March 2008, the Group's turnover amounted to HK\$8.6 million, representing an increase of HK\$0.8 million or 10% over that of HK\$7.8 million for the corresponding period of 2007. The increase in turnover was mainly attributable to revenue from additional containers handled for the period under review.

In respect of revenue contributions for the three months ended 31 March 2008, container handling service accounted for 67% (2007: 63%), agency income accounted for 15% (2007: 19%), integrated logistics services accounted for 15% (2007: 15%) and general and bulk cargo handling service accounted for 3% (2007: 3%) of turnover for the three months ended 31 March 2008.

Container Volume and Throughput

The volume of throughput achieved for the three months ended 31 March 2008 was 36,634 TEUs, an increase of 909 TEUs or 3% over that of 35,725 TEUs for the same period in 2007.

In terms of market share, for the three months ended 31 March 2008, the Group achieved a 34% share of the 108,020 TEUs handled for the whole of Wuhan.

Gross Profit and Gross Profit Margin

Gross profit for the three months ended 31 March 2008 was HK\$4.3 million, an improvement on the gross profit of HK\$3.9 million in the corresponding period of 2007. Gross profit margin for the three months was maintained at 50% of turnover, same as that achieved in the corresponding period in 2007.

Loss for the Period

Loss for the three months ended 31 March 2008 amounted to HK\$5.89 million, representing an increase of HK\$2.22 million or 60% over that of HK\$3.67 million for the same period in 2007. This was attributable to the increase in gross profit contributions which were offset by (i) the increase in amortization charge; and (ii) the increase in finance costs as a result of capital expenditure for expansion and the increase in interest rates.

Loss per share for the three months ended 31 March 2008 was HK1.29 cents compared with that of HK0.90 cents for the same period in 2007.

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 benefit from its expanding revenue sources and future investments in the region.

GDP growth of Wuhan has continued to out-pace that of the whole of China with the latest government released data showing GDP growth of Wuhan for the first three months of 2008 of 15.5% compared with 10.6% for the whole of China.

Throughput for the month of April 2008 rose by 29% to an all time high at 16,710 TEUs compared with 12,908 TEUs for the corresponding period in 2007.

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. To accelerate the development of such service, the Group has developed and submitted a plan to encourage shipping companies to participate in the direct sailing to Yangshan (江海直達) to the Hubei and Wuhan government for consideration.

The opening of the Yanglou Bridge close to the WIT Port in December 2007 will enhance WIT's competitive advantage 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 WIT Port to the southern part of outer ring-road of Wuhan which forms part of China's major east-west and north-south highway system.

Ground transportation cost for cargos to the port and the lack of government policy incentive to encourage cargo calling at our port have slowed down the growth of Wuhan sourced/destined cargo for our port. With the alliance of prospective customers which are keen to use the efficient container handling and bonded logistics services offered by our port, the Group has approached the Hubei government to consider adopting a policy to abolish or partially abolish toll charges for container trucks calling at our port.

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 our existing port operations in Wuhan.

THE FINANCIAL STATEMENTS

First Quarterly Results

The Directors are pleased to announce the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2008, together with the comparative figures for the corresponding period in 2007 (the "Quarterly Results") which have been reviewed and approved by the Audit and Remuneration Committee, as follows:

Condensed Consolidated Income Statement

For the three months ended 31 March 2008

| | Notes | Three months ended 31 March | |
|-------------------------------------|-------|---------------------------------|---------------------------------|
| | | 2008 HK\$'000 (Unaudited) | 2007 HK\$'000 (Unaudited) |
| Turnover | 2 | 8,610 | 7,828 |
| Cost of services rendered | | (4,295) | (3,941) |
| Gross profit | | 4,315 | 3,887 |
| Other income | | 82 | 23 |
| Other operating expenses | | (1,369) | (1,443) |
| General and administrative expenses | | (5,076) | (3,659) |
| Finance costs | | (3,845) | (2,478) |
| Loss before taxation | | (5,893) | (3,670) |
| Taxation | 4 | – | – |
| Loss for the period | | (5,893) | (3,670) |
| Attributable to: | | | |
| Shareholders | | (5,385) | (3,416) |
| Minority interest | | (508) | (254) |
| | | (5,893) | (3,670) |
| Dividend | 5 | – | – |
| Loss per share – basic (HK cent) | 6 | 1.29 | 0.90 |

Consolidated Statement of Changes in Equity

For the period ended 31 March 2008

| | Attributable to shareholders of the Company | | | | | | |
|--|---|---------------------------|--------------------------------------|--------------------------------|-------------------|-------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Foreign exchange reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | Minority interest HK\$'000 | Total equity HK\$'000 |
| At 1 January 2007 | 37,992 | 66,101 | 4,876 | (30,737) | 78,232 | 11,584 | 89,816 |
| Loss for the period | - | - | - | (3,416) | (3,416) | (254) | (3,670) |
| At 31 March 2007 | 37,992 | 66,101 | 4,876 | (34,153) | 74,816 | 11,330 | 86,146 |
| At 1 January 2008 | 45,590 | 103,189 | 9,803 | (47,020) | 111,562 | 14,648 | 126,210 |
| Net income recognized directly to equity | | | | | | | |
| – Exchange difference on consolidation | - | - | 2,327 | - | 2,327 | 411 | 2,738 |
| Loss for the period | - | - | - | (5,385) | (5,385) | (508) | (5,893) |
| At 31 March 2008 | 45,590 | 103,189 | 12,130 | (52,405) | 108,504 | 14,551 | 123,055 |

Notes to the Condensed Consolidated Income Statement

For the period ended 31 March 2008

1. BASIS OF PREPARATION

The audited consolidated results of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”), which collective terms includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IAS”) and Interpretations 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 2007.

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

2. TURNOVER

Turnover represents container 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:

| | 31 March 2008 <i>HK\$'000</i> | 31 March 2007 <i>HK\$'000</i> |
|---|---|----------------------------------|
| Container handling service | 5,781 | 4,923 |
| General and bulk cargo handling service | 284 | 218 |
| Agency income | 1,234 | 1,491 |
| Integrated logistics services | 1,311 | 1,196 |
| | 8,610 | 7,828 |

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

Prior to 1 January 2008, in accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction with year which exceeds 15 years, upon approval by the tax bureau, WIT would be subject to a reduced PRC enterprise income tax of 15% and exempted from PRC enterprise income tax for five years (the "5-Year Exemption Entitlement") starting from its first profit-making year, after offsetting losses brought forward from the previous five years, if any, and followed by a 50% reduction (7.5%) for the next five years (the "5-Year 50% Tax Reduction Entitlement").

With the amendments to the relevant income tax laws which became effective on 1 January 2008, WIT's 5-Year Exemption Entitlement will commence on 1 January 2008 and end on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement will commence from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

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 has been made as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose for the period.

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

5. DIVIDEND

The directors do not recommend payment of a dividend in respect of the first three months of 2008 (2007: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 31 March 2008 is based on the net loss for the period and on 455,901,260 shares (2007: 379,917,717 shares).

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(S)")

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 31 March 2008 | |
|------------------------|-------------------------------------|---------------------------|---|
| | | No. of Shares (note 1) | Approximate percentage of total no. of Shares in issue |
| Chow Kwong Fai, Edward | Interest by attribution (note 2) | 153,543,266 (L) | 33.68% |
| | | 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 153,543,266 (L) Shares are held as to 101,787,450 Shares by Unbeatable Holdings Limited, 32,463,816 Shares by Chow Holdings Limited and 19,292,000 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.

Long Positions in Underlying Shares of Equity Derivatives

On 27 March 2008 (“Grant Date”), the Board resolved to grant share options to subscribe for Shares (the “Share Options”) to all Directors and certain employees of the Group under the Company’s share option scheme which was adopted by the Company upon listing of the Company’s shares on 16 September 2005 (the “Share Option Scheme”) . Details of the Share Option Scheme and terms and conditions of the Share Options granted are set out in the Section headed “Share Option Scheme” of this report.

Below sets out the Share Options which were granted to the Directors under the Share Option Scheme on the Grant Date and accepted by the Directors on 24 April 2008:

| Name of Director | Exercise Price (HK\$) | Number of underlying Shares | Approximate percentage of total no. of Shares in issue |
|--------------------------|----------------------------------|--|---|
| Chow Kwong Fai, Edward | 0.63 | 450,000 | 0.10 |
| Wong Yuet Leung, Frankie | 0.63 | 450,000 | 0.10 |
| Lee Jor Hung, Dannis | 0.63 | 450,000 | 0.10 |
| Goh Pek Yang, Michael | 0.63 | 450,000 | 0.10 |
| Lee Kang Bor, Thomas | 0.63 | 450,000 | 0.10 |
| Wong Tin Yau, Kelvin | 0.63 | 450,000 | 0.10 |
| Leung Kwong Ho, Edmund | 0.63 | 450,000 | 0.10 |

Save as disclosed above, none of the Share Options granted to the Directors had been exercised or lapsed since the Grant Date to 31 March 2008 or the date of this report.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors, as at 31 March 2008, 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 (note 9) | Interest by attribution | 133,141,985 (L) | 29.20% |
| Mitsui O.S.K. Lines, Ltd. (note 10) | Interest by attribution | 37,620,000 (L) | 8.25% |
| MOL (Asia) Limited (note 10) | Beneficial owner | 37,620,000 (L) | 8.25% |
| Chow Holdings Limited (note 2) | Beneficial owner | 32,463,816 (L) 1,469,143(S) | 7.12% 0.32% |
| Spinnaker Capital Limited (note 11) | Investment manager | 109,207,765 (L) | 23.95% |
| Spinnaker Asset Management – SAM Limited (note 11) | Investment manager | 109,207,765 (L) | 23.95% |
| Spinnaker Global Emerging Markets Fund Limited (note 11) | Beneficial owner/ Security interest/ Others | 93,676,278 (L) | 20.54% |
| CIG China Holdings Limited (note 2) | Beneficial owner | 19,292,000 (L) | 4.23% |
| Value Partners China Hedge Fund Master Fund Limited (note 12) | Beneficial owner | 28,368,000 (L) | 6.22% |
| Value Partners Asia Fund, LLC (note 12) | Beneficial owner | 29,899,543 (L) | 6.55% |
| Value Partners Limited (note 12) | Investment manager | 75,983,543 (L) | 16.66% |
| Value Partners Group Limited (note 13) | Interest by attribution | 75,983,543 (L) | 16.66% |

| Name | Capacity | Number of Shares | Approximate percentage of holding |
|---|-------------------------|------------------|-----------------------------------|
| Cheah Capital Management Limited (<i>note 14</i>) | Interest by attribution | 75,983,543 (L) | 16.66% |
| Cheah Company Limited (<i>note 15</i>) | Interest by attribution | 75,983,543 (L) | 16.66% |
| Hang Seng Bank Trustee International – Limited (<i>note 16</i>) | Interest by attribution | 75,983,543 (L) | 16.66% |
| Cheah Cheng Hye (<i>note 16</i>) | Interest by attribution | 75,983,543 (L) | 16.66% |
| To Hau Yin (<i>note 16</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 respectively holds 6.55%, 6.22% and 3.89% of the share capital of the Company.
13. Value Partners Group Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Value Partners Limited.
14. Cheah Capital Management Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Value Partners Group Limited.
15. Cheah Company Limited is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Cheah Capital Management Limited.
16. Hang Seng Bank Trustee International Limited, as trustee for a discretionary trust, the discretionary objects of which include Mr. Cheah Cheng Hye and certain members of his family, is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Cheah Company Limited. For the purpose of the SFO, Mr. Cheah Cheng Hye and Ms. To Hau Yin are respectively interested in the Shares by virtue of Mr. Cheah being the founder of the trust and Ms. To being the spouse of Mr. Cheah.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors, Chief Executives Interests in Shares and Short Positions in the Shares of the Company" under the Section headed "Disclosure of Interests", during the three months ended 31 March 2008, 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 of the Company on 2 September 2005, a share option scheme (the "Share Option Scheme") which provided for, subject to certain terms and conditions, the granting of a maximum of 34,537,974 Shares, representing 10% of the total number of Shares in issue of 345,379,747 as of the Listing Date following the placement and public offer of Shares by the Company upon listing on GEM.

On 27 March 2008, the Board resolved to grant share options (the "Share Options") to subscribe for an aggregate of 10,550,000 Shares to all Directors and certain employees of the Group under the Share Option Schemes. Principal terms and conditions on the exercise of the Share Options granted are as follows:

General conditions applicable to all option holders

1. The subscription price (the "Subscription Price") for Shares to be allotted on exercise of the options granted is at HK\$0.63 per Share (excluding brokerage and Stock Exchange transaction levy, if applicable, and subject to potential adjustment in the event of alteration of the Company's capital structure);
2. No options may be exercised for the period of twelve months from the date of grant of 27 March 2008 (the "Grant Date") and that not more than 50% of the options may be exercised for the period of twelve months immediately thereafter and that all options shall lapse on the third anniversary of the Grant Date; and
3. The right to exercise the options is conditional upon the option holder is an employee of the Group or a Director or an alternate director of any company within the Group on the date of exercise of the option.

Specific condition applicable to the Chairman, Mr. Chow Kwong Fai, Edward and other option holders who are Employees of the Group

The right to exercise the option is conditional upon the Board confirming to these option holders that WIT has achieved the target of generating a net profit for the year ending 31 December 2008.

As a result of the issuance of the bonus shares (the “Bonus Issue”) pursuant to the approval by the Shareholders at the annual general meeting of the Company on 5 May 2008, the Subscription Price will be adjusted accordingly as stipulated under the terms of the Share Option Scheme. Option holders would be notified of the revised Subscription Price once such adjustment has been verified by the Auditors of the Company. Details of the Bonus Issue are set out in the Section headed “Subsequent Event” of this report.

Save as disclosed above, none of the Share Options granted had been exercised or lapsed since the Grant Date to 31 March 2008 or the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the period from 1 January 2008 to 31 March 2008, 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 three months ended and as at 31 March 2008, 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 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 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 2008 to 31 March 2008.

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 three months ended 31 March 2008.

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 currently 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 three months ended 31 March 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the period from 1 January 2008 to 31 March 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

SUBSEQUENT EVENT

The 2008 annual general meeting (the "AGM") of the shareholders ("Shareholders") of the Company was convened as scheduled on 5 May 2008. At the AGM, Shareholders considered and approved, inter alia, resolutions for the proposed one for ten bonus issue of shares (the "Bonus Share Issue") and the re-election of retiring directors as set out in the notice of annual general meeting dated 31 March 2008 contained in the 2007 Annual Report and a circular dated 31 March 2008 (the "Circular") to the Shareholders.

As of the date of this report, in accordance with the terms of the Bonus Share Issue, a total of 45,590,126 shares ("Bonus Shares") of the Company have been dispatched to the Shareholders, taking the total number of shares of the Company in issue to 501,491,386 shares. Approval from the Stock Exchange on the listing of the Bonus Shares has been received and trading of these shares has commenced on 15 May 2008. Details of this are set out in the announcement of the Company dated 6 May 2008 and the Circular.

At the AGM, Mr. Chow Kwong Fai, Edward, Mr. Wong Yuet Leung, Frankie and Mr. Leung Kwong Ho, Edmund, Directors of the Company, retired by rotation in accordance with article 130 of the articles of association of the Company, were duly re-elected.

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

Hong Kong, 15 May 2008

As at the date of this report, 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, Dr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund.