

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



Third Quarterly Report 2008



* 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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RESULTS HIGHLIGHTS:

For the nine months ended 30 September 2008

Comparing to corresponding nine months in 2007:

- Container throughput increased by 12.5% to 113,735 TEUs
- Market share of container throughput in Wuhan was at 32% (2007: 35%)
- Turnover increased by 23% to HK\$29.7 million
- Revenue per TEU increased by 28% to HK\$168
- Gross profit increased by 47% to HK\$16.2 million. Gross profit margin increased from 46% to 55%
- Net loss attributable to shareholders was HK\$15.6 million (2007: HK\$10.0 million)

For the three months ended 30 September 2008

Comparing to corresponding three months in 2007:

- Container throughput decreased by 8.5% to 26,772 TEUs reflecting mainly the one-off ban on shipment of dangerous cargo before and during the Beijing Olympics
- Market share of container throughput in Wuhan was 25% (2007: 30%)
- Turnover increased by 25% to HK\$8.1 million
- Revenue per TEU increased by 37% to HK\$156
- Gross profit increased by 82% to HK\$4.1 million. Gross profit margin increased from 35% to 50%
- Net loss attributable to shareholders was HK\$6.9 million (2007: HK\$3.6 million)

MANAGEMENT COMMENTARY

RESULTS HIGHLIGHTS

	Nine months ended 30 September		Three months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover	29,662	24,101	8,102	6,485
Cost of services rendered	(13,467)	(13,107)	(4,022)	(4,245)
Gross profit	16,195	10,994	4,080	2,240
Other income	196	2,498	56	2,420
General and administrative expenses	(13,896)	(10,998)	(5,003)	(3,904)
EBITDA	2,495	2,494	(867)	756
Finance costs	(12,262)	(8,145)	(4,247)	(3,014)
EBTDA	(9,767)	(5,651)	(5,114)	(2,258)
Depreciation and amortization	(7,208)	(5,320)	(2,489)	(1,925)
Loss for the period	(16,975)	(10,971)	(7,603)	(4,183)
Minority interest	1,340	976	675	606
Loss attributable to Shareholders	(15,635)	(9,995)	(6,928)	(3,577)

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.

Against adverse economic conditions, high material costs, inflation and tough fiscal measures, during the first nine months of 2008, GDP of Wuhan and Hubei Province grew by 15.8% and 14.2% respectively while that of the whole of China grew by 9.9%.

Container throughput

The throughput achieved for the nine months ended 30 September 2008 was 113,735 TEUs, an increase of 12,596 TEUs or 12% over that of 101,139 TEUs for the same period in 2007. For the three months ended 30 September 2008, throughput was 26,772 TEUs, a decrease of 2,493 TEUs or 9% over that of 29,265 TEUs for the same period in 2007. The decrease in throughput in the third quarter reflected mainly the ban on the shipment of dangerous cargo in the period before and during the Beijing Olympics.

Of the 113,735 TEUs handled in the first nine months of 2008, 31,341 TEUs or 28% (2007: 42%) and 82,394 TEUs or 72% (2007: 58%) were attributed to Wuhan sourced and transshipment cargos respectively. High ground transportation cost including toll charges 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.

Of the 82,394 TEUs of transshipment cargo handled, 24,794 TEUs or 30% (2007: 16%) and 57,600 TEUs or 70% (2007: 84%) were attributable to Road-River (水陸中轉) and River-River (水水中轉) modes of transshipments respectively. The change in mode of transshipment also affected the counting of throughput. Principal customers of the Group are the major shipping companies which serve the Yangtze River corridor.

General and bulk cargo

Throughput of general and bulk cargo for the nine months and three months ended 30 September 2008 was 84,359 tons and 33,560 tons, an increase of 132% and 215% over the same periods of 2007 respectively.

Agency & Logistics

The agency business and the integrated logistics business continue to make important contributions to the revenue of the Group during the first nine months of 2008. Revenue from these sources accounted for 30% (2007: 42%) and 38% (2007: 45%) of turnover for the nine months and the three months ended 30 September 2008 respectively.

OPERATING RESULTS

Turnover

	Nine months ended 30 September				Increase/ (Decrease)	
	2008		2007		HK\$'000	%
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling service	19,065	64	13,216	55	5,849	44
General and bulk cargo handling service	1,716	6	645	3	1,071	166
Agency income	3,373	11	5,310	22	(1,937)	(36)
Integrated logistics services	5,508	19	4,930	20	578	12
	29,662	100	24,101	100	5,561	

For the nine months ended 30 September 2008, the Group's turnover amounted to HK\$29.7 million, representing an increase of HK\$5.6 million or 23% over that of HK\$24.1 million for the corresponding period of 2007. For the three months ended 30 September 2008, the Group's turnover amounted to HK\$8.1 million, representing an increase of HK\$1.6 million or 25% over that of HK\$6.5 million for the corresponding period of 2007. The increase in turnover was mainly attributable to extra revenue from additional containers handled and higher average tariff rates achieved for the period under review. The reduction in revenue for agency income was due to the reduced import of fertilizers requiring customs clearance services due to unstable supply and price problems.

In respect of revenue contributions for the nine months ended 30 September 2008, container handling service accounted for 64% (2007: 55%), general and bulk cargo handling service accounted for 6% (2007: 3%), agency income accounted for 11% (2007: 22%) and integrated logistics services accounted for 19% (2007: 20%) of turnover for the nine months ended 30 September 2008.

Container Throughput

	Nine months ended 30 September				Increase/ (Decrease)	
	2008		2007		TEUs	%
	TEUs	%	TEUs	%	TEUs	%
Wuhan sourced	31,341	28	42,454	42	(11,113)	(26)
Transshipment	82,394	72	58,685	58	23,709	40
	113,735	100	101,139	100	12,596	

The volume of throughput achieved for the nine months ended 30 September 2008 was 113,735 TEUs, an increase of 12,596 TEUs or 12.5% over that of 101,139 TEUs for the same period in 2007. The TEUs achieved for the three months ended 30 September 2008 was 26,772 TEUs, a decrease of 2,493 TEUs or 8.5% over that of 29,265 TEUs for the same period in 2007.

For the nine months ended 30 September 2008, the Group achieved a market share of 32% (2007: 35%) against a total of 355,344 TEUs (2007: 286,255 TEUs) handled for the whole of Wuhan.

Tariff

From 1 January 2008, the Group has raised its tariff by approximately 9% over that of 2007. However, overall scale remains 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 2008 was HK\$168 compared with HK\$131 achieved in the corresponding period in 2007 and for the three months ended 30 September 2008 was HK\$156 compared with HK\$114 achieved in the corresponding period in 2007.

Gross Profit and Gross Profit Margin

Gross profit for the nine months ended 30 September 2008 was HK\$16.2 million, a significant improvement on the gross profit of HK\$11.0 million in the corresponding period of 2007. Gross profit for the three months ended 30 September 2008 was HK\$4.1 million, a significant improvement on the gross profit of HK\$2.2 million in the corresponding period of 2007. Gross profit margin for the nine months ended 30 September 2008 was

55%, a significant improvement on the 46% for the corresponding period of 2007. Gross profit margin for the three months ended 30 September 2008 was 50%, a significant improvement on the 35% for the corresponding period of 2007. These mainly reflected the increased contributions from the increase in volume of containers handled, higher average container tariff rates achieved and the continuing contributions from general and bulk cargo, the agency and integrated logistics services business segments.

Loss for the Period

Loss for the nine months ended 30 September 2008 amounted to HK\$17.0 million, representing an increase of HK\$6.0 million or 55% over that of HK\$11.0 million for the same period in 2007. Loss for the three months ended 30 September 2008 amounted to HK\$7.6 million, representing an increase of HK\$3.4 million or 82% over that of HK\$4.2 million for the same period in 2007. Despite the increase in gross profit contributions, the increase in finance costs as a result of increased capital expenditure and the increase in interest rates; and the increase in amortization charge have caused an increase in losses for the periods under review.

Loss per share for the nine months ended 30 September 2008 was HK3.12 cents compared with that of HK2.23 cents for the same period in 2007. Loss per share for the three months ended 30 September 2008 was HK1.38 cents compared with that of HK0.71 cents for the same period in 2007.

New Ports & Logistics facilities

Other than the progress reported in the 2008 Interim Report which was circulated to the shareholders on 13 August 2008, very little progress has been made on the new projects during the quarter under review.

FORWARD LOOKING OBSERVATIONS

Despite GDP growth of Wuhan for the first nine months of 2008 has improved to 15.8% compared with 15.6% for the first half of 2008, the GDP growth for the whole of China for the first nine months of 2008 has dropped from 10.4% for the first half of 2008 to 9.9% signifying an economic slowdown in China over the third quarter of 2008. Such slowdown is expected to continue to affect the last quarter of 2008. In anticipation of this, the Group will continue to strive to gear itself up to face such challenges and monitor them closely.

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 2008, together with the comparative figures for the corresponding period in 2007 (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 2008

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover	2	29,662	24,101	8,102	6,485
Cost of services rendered		(13,467)	(13,107)	(4,022)	(4,245)
Gross profit		16,195	10,994	4,080	2,240
Other income		196	2,498	56	2,420
Other operating expenses		(4,262)	(4,504)	(1,498)	(1,609)
General and administrative expenses		(16,842)	(11,814)	(5,994)	(4,220)
Finance costs		(12,262)	(8,145)	(4,247)	(3,014)
Loss before taxation	3	(16,975)	(10,971)	(7,603)	(4,183)
Taxation	4	–	–	–	–
Loss for the period		(16,975)	(10,971)	(7,603)	(4,183)
Attributable to:					
Shareholders		(15,635)	(9,995)	(6,928)	(3,577)
Minority interest		(1,340)	(976)	(675)	(606)
		(16,975)	(10,971)	(7,603)	(4,183)
Dividend	5	–	–	–	–
Loss per share – basic (HK cent)	6	3.12	2.23	1.38	0.71

Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2008

	Attributable to shareholders							
	Share capital	Share premium	Foreign exchange reserve	Share-based payment reserve	Accumulated losses	Total	Minority Interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2008	45,590	103,189	9,803	-	(47,020)	111,562	14,648	126,210
Bonus issue of shares	4,559	(4,559)	-	-	-	-	-	-
Issuing expenses	-	(28)	-	-	-	(28)	-	(28)
Net income recognized directly to equity								
- Exchange difference on consolidation	-	-	5,439	-	-	5,439	952	6,391
- Equity settled share-based transaction	-	-	-	509	-	509	-	509
Net loss for the period	-	-	-	-	(15,635)	(15,635)	(1,340)	(16,975)
At 30 September 2008	50,149	98,602	15,242	509	(62,655)	101,847	14,260	116,107
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)
At 30 September 2007	45,590	103,308	4,876	-	(40,732)	113,042	10,608	123,650

Notes to the Condensed Consolidated Income Statement

For the three months and nine months ended 30 September 2008

1. BASIS OF PREPARATION

The unaudited 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 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 is as follows:

	Nine months ended 30 September		Three months ended 30 September	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Container handling service	19,065	13,216	4,183	3,347
General and bulk cargo handling service	1,716	645	854	232
Agency income	3,373	5,310	727	1,697
Integrated logistics services	5,508	4,930	2,338	1,209
	29,662	24,101	8,102	6,485

3. LOSS BEFORE TAXATION

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

	Nine months ended 30 September		Three months ended 30 September	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Share-based payment expense	509	–	252	–
Depreciation and amortization	7,208	5,320	2,489	1,925

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 year which exceeds 15 years and upon approval by the tax bureau, WIT is entitled to exemption from PRC enterprise income tax for five years (the “5-Year Exemption Entitlement”) and a 50% reduction for five years thereafter (the “5-Year 50% Tax Reduction Entitlement”). The 5-Year Exemption Entitlement, which commenced on 1 January 2008, will 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%.

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 reporting 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 nine months of 2008 (2007: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2008 is based on the net loss for each of the periods and on the weighted average number of 501,491,386 shares (2007: 501,491,386 shares) and 501,491,386 shares (2007: 447,913,246 shares) in issue for the period respectively.

No diluted earnings per share has been presented because the only potential dilutive shares are those of the Share Options granted under the Share Option Scheme but the conditions for the exercise of such options have not yet been met during the period. Details of the Share Options and the Share Option Scheme are set out in the Section headed “Share Option Scheme” of this report.

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 2008	
		No. of Shares (Note 1)	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution (note 2)	174,977,592 (L)	34.89%
		61,000,000 (S)	12.16%
Lee Jor Hung, Dannis	Interest by attribution (note 3)	5,025,055 (L)	1.00%

Notes:

- The letter "L" denotes a long position whilst the letter "S" denotes a short position.
- The 174,977,592 (L) Shares are held as to 111,966,195 Shares by Unbeatable Holdings Limited, 35,710,197 Shares by Chow Holdings Limited and 27,301,200 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 61,000,000 (S) Shares are held by Unbeatable 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 (the 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	0.57	450,000	0.09%
Wong Yuet Leung, Frankie	0.57	450,000	0.09%
Lee Jor Hung, Dannis	0.57	450,000	0.09%
Goh Pek Yang, Michael	0.57	450,000	0.09%
Lee Kang Bor, Thomas	0.57	450,000	0.09%
Wong Tin Yau, Kelvin	0.57	450,000	0.09%
Leung Kwong Ho, Edmund	0.57	450,000	0.09%

Save as disclosed above, none of the Share Options granted to the Directors had been exercised or lapsed since the Grant Date to 30 September 2008 or the date of this report.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as was known to the Directors, as at 30 September 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 (note 2)	Beneficial owner	111,966,195 (L)	22.33%
		61,000,000 (S)	12.16%
Harbour Master Limited (note 3)	Beneficial owner	140,356,183 (L)	27.98%
The Yangtze Ventures II Limited (note 3)	Interest by attribution	140,356,183 (L)	27.98%
Goldcrest Development Limited (note 4)	Interest by attribution	140,356,183 (L)	27.98%
Shui On Construction and Materials Limited (note 5)	Interest by attribution	140,356,183 (L)	27.98%
Shui On Company Limited (note 6)	Interest by attribution	140,356,183 (L)	27.98%

Name	Capacity	Number of Shares	Approximate percentage of holding
Bosrich Holdings Inc. (note 7)	Interest by attribution	140,356,183 (L)	27.98%
HSBC International Trustee Limited (note 8)	Interest by attribution	140,356,183 (L)	27.98%
Lo Hong Sui, Vincent (note 9)	Interest by attribution	140,356,183 (L)	27.98%
Mitsui O.S.K. Lines, Ltd. (note 10)	Interest by attribution	41,382,000 (L)	8.25%
MOL (Asia) Limited (note 10)	Beneficial owner	41,382,000 (L)	8.25%
Chow Holdings Limited (note 2)	Beneficial owner	35,710,197 (L)	7.12%
Spinnaker Capital Limited (note 11)	Investment manager	30,368,893 (L)	6.06%
Spinnaker Asset Management – SAM Limited (note 11)	Investment manager	30,368,893 (L)	6.06%
CIG China Holdings Limited (note 2)	Beneficial owner	27,301,200 (L)	5.44%
Value Partners China Hedge Fund Master Fund Limited (note 12)	Beneficial owner	31,204,800 (L)	6.22%

Name	Capacity	Number of Shares	Approximate percentage of holding
Value Partners Asia Fund, LLC (<i>note 12</i>)	Beneficial owner	32,889,497 (L)	6.55%
Value Partners Limited (<i>note 12</i>)	Investment manager	83,581,897 (L)	16.66%
Value Partners Group Limited (<i>note 13</i>)	Interest by attribution	83,581,897 (L)	16.66%
Cheah Capital Management Limited (<i>note 14</i>)	Interest by attribution	83,581,897 (L)	16.66%
Cheah Company Limited (<i>note 15</i>)	Interest by attribution	83,581,897 (L)	16.66%
Hang Seng Bank Trustee International Limited (<i>note 16</i>)	Interest by attribution	83,581,897 (L)	16.66%
Cheah Cheng Hye (<i>note 16</i>)	Interest by attribution	83,581,897 (L)	16.66%
To Hau Yin (<i>note 16</i>)	Interest by attribution	83,581,897 (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 3.52%, 1.57% and 0.97% 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 Fund 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

During the nine months ended 30 September 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 Scheme. 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" or the "Exercise 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). The Subscription Price was subsequently adjusted to HK\$0.57 per Share as a result of a bonus issue of shares by the Company, details of which are set out below;

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 Share Issue”) pursuant to the approval by the Shareholders at the annual general meeting of the Company on 5 May 2008, the original Subscription Price of HK\$0.63 was adjusted to HK\$0.57 per share accordingly as stipulated under the terms of the Share Option Scheme. Details of the Bonus Share Issue are set out in the Interim Report 2008 which was circulated to the Shareholders on 13 August 2008.

Save as disclosed above, none of the Share Options granted had been exercised or lapsed since the Grant Date to 30 September 2008 or the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the period from 1 January 2008 to 30 September 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 nine months ended and as at 30 September 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 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 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 30 September 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 nine months ended 30 September 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 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 2008 and had made an on-site visit to the WIT Port in Wuhan this year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the period from 1 January 2008 to 30 September 2008, 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, 7 November 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.