

**CIG**

中國基建

中國基建港口有限公司\*

**CIG Yangtze Ports PLC**

(incorporated in the Cayman Islands with limited liability stock code: 8233)

**3Q 2009**

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

Third Quarterly Report 2009



\* For identification only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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

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

## CONTENTS

	<i>Page No.</i>
<b>Highlights</b>	2-3
<b>Management Commentary</b>	4-10
<b>Forward Looking Observations</b>	10
<b>Financial Statements</b>	11-14
<b>Other Information</b>	15-24

## RESULTS HIGHLIGHTS

### For the three months ended 30 September 2009

Comparing to corresponding three months in 2008:

- Container throughput increased by 163% to 70,496 TEUs
- Market share of container throughput of Wuhan increased from 25% to 46%
- Turnover increased by 68% to HK\$13.6 million
- Gross profit increased by 24% to HK\$5.1 million
- EBITDA improved by 301% to HK\$1.7 million
- Net loss attributable to shareholders reduced from HK\$6.9 million to HK\$3.9 million

### For the nine months ended 30 September 2009

Comparing to corresponding nine months in 2008:

- Container throughput increased by 62% to 184,370 TEUs
- Market share of container throughput of Wuhan increased from 35% to 45%
- Turnover increased by 40% to HK\$41.5 million
- Gross profit increased by 10% to HK\$17.8 million
- EBITDA improved by 220% to HK\$8.0 million
- Net loss attributable to shareholders reduced from HK\$15.6 million to HK\$8.8 million

## OTHER HIGHLIGHTS

- While achieving higher container throughput and greater market share, gross profit margin for the three months ended 30 September 2009 has decreased as a result of higher mix of transshipment containers being handled which command lower tariff
- By way of a rights issue, the Group successfully raised net proceeds of HK\$31.5 million in August 2009 to partly finance its development of the Heavy Item Port and to provide additional working capital to the Group

## MANAGEMENT COMMENTARY

### RESULTS HIGHLIGHTS

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	41,519	29,662	13,629	8,102
Cost of services rendered	(23,749)	(13,467)	(8,579)	(4,022)
Gross profit	17,770	16,195	5,050	4,080
Other income	1,231	196	967	56
General and administrative expenses	(11,020)	(13,896)	(4,270)	(5,003)
EBITDA	7,981	2,495	1,747	(867)
Finance costs	(9,381)	(12,262)	(3,363)	(4,247)
EBTDA	(1,400)	(9,767)	(1,616)	(5,114)
Depreciation and amortization	(8,119)	(7,208)	(2,655)	(2,489)
Loss for the period	(9,519)	(16,975)	(4,271)	(7,603)
Minority interest	678	1,340	322	675
Loss attributable to Shareholders	(8,841)	(15,635)	(3,949)	(6,928)

## 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.

Despite adverse economic and trade conditions, during the first nine months of 2009, GDP of Wuhan and Hubei Province grew by 11.5% (first half of 2009: 10.1%) and 12.5% (first half of 2009: 11.3%) respectively while that of the whole of China grew by 7.7% (first half of 2009: 7.1%).

Meanwhile, the Company's WIT Port continued to gain importance as a transshipment port serving the Yangtze River corridor as a result of more efficient and cost saving modes practised by shipping companies are implemented in tandem with new government policies.

### *Container throughput*

Recent new strategic initiatives by the government for shipping companies and WIT Port to recommence direct sailings to Yangshan Port in Shanghai (江海直達) and major shipping companies to use the WIT Port as its mid-stream transshipment hub to serve its cargo movements along the Yangtze River have allowed the WIT Port to buck the market general downward trend and recorded significant growth in its container throughput.

Revenue from container handling service accounted for 49% (2008: 64%) and 49% (2008: 52%) of turnover for the nine months and the three months ended 30 September 2009 respectively.

The throughput achieved for the nine months ended 30 September 2009 was 184,370 TEUs, an increase of 70,635 TEUs or 62% over that of 113,735 TEUs for the same period in 2008. For the three months ended 30 September 2009, throughput was 70,496 TEUs, an increase of 43,724 TEUs or 163% over that of 26,772 TEUs for the same period in 2008.

Of the 184,370 TEUs handled in the first nine months of 2009, 45,227 TEUs or 25% (2008: 28%) and 139,143 TEUs or 75% (2008: 72%) were attributed to Wuhan sourced and transshipment cargos respectively.

Of the 139,143 TEUs of transshipment cargo handled, 2,930 TEUs or 2% (2008: 30%) and 136,213 TEUs or 98% (2008: 70%) were attributable to Road-River (水陸中轉) and River-River (水水中轉) modes of transshipments respectively. Of the 136,213 TEUs of River-River transshipment cargo containers handled, 35,418 TEUs or 26% (2008: Nil) were attributable to direct sailing to Yangshan Port in Shanghai.

As these new strategic initiatives are implemented, more shipping companies are using the WIT Port while certain existing customers have increased their volume of throughput using WIT Port.

### ***General and bulk cargo***

Revenue from general and bulk cargo service accounted for 6% (2008: 6%) and 4% (2008: 11%) of turnover for the nine months and the three months ended 30 September 2009 respectively.

Throughput of general and bulk cargo for the nine months and three months ended 30 September 2009 was 127,513 tons and 25,637 tons, an increase of 51% and a decrease of 24% over the same periods of 2008 respectively. The increase in general and bulk cargo for the nine months ended 30 September 2009 is mainly attributable to the increased shipments from customers in the Yanglou District, where the WIT Port is situated, as the industrial base grew further while the decrease in the three months ended 30 September 2009 reflected the reduction in exports resulting from the global economic slowdown.

### ***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 2009. Revenue from these sources accounted for 45% (2008: 30%) and 47% (2008: 38%) of turnover for the nine months and the three months ended 30 September 2009 respectively.



## OPERATING RESULTS

### Turnover

	Nine months ended 30 September					
	2009		2008		Increase	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling service	<b>20,393</b>	<b>49</b>	19,065	64	1,328	7
General and bulk cargo handling service	<b>2,319</b>	<b>6</b>	1,716	6	603	35
Agency income	<b>11,593</b>	<b>28</b>	3,373	11	8,220	362
Integrated logistics services	<b>7,214</b>	<b>17</b>	5,508	19	1,706	31
	<b>41,519</b>	<b>100</b>	29,662	100	11,857	

For the nine months ended 30 September 2009, the Group's turnover amounted to HK\$41.5 million, representing an increase of HK\$11.8 million or 40% over that of HK\$29.7 million for the corresponding period of 2008. For the three months ended 30 September 2009, the Group's turnover amounted to HK\$13.6 million, representing an increase of HK\$5.5 million or 68% over that of HK\$8.1 million for the corresponding period of 2008. The increase in turnover was mainly attributable to the additional revenue generated from the agency service as more agency agreements are entered into with shipping companies as well as integrated logistics services as a result of the increase in demand for bonded warehousing, general warehousing and other storage services as well as increased fertilizer imports for break-bulk and storage.

In respect of revenue contributions for the nine months ended 30 September 2009, container handling service accounted for 49% (2008: 64%), general and bulk cargo handling service accounted for 6% (2008: 6%), agency income accounted for 28% (2008: 11%) and integrated logistics services accounted for 17% (2008: 19%) of turnover for the nine months ended 30 September 2009.

**Container Throughput**

	Nine months ended 30 September					
	2009		2008		Increase	
	TEUs	%	TEUs	%	TEUs	%
Wuhan sourced	45,227	25	31,341	28	13,886	44
Transshipment	139,143	75	82,394	72	56,749	69
	<b>184,370</b>	<b>100</b>	113,735	100	70,635	

The TEUs achieved for the nine months ended 30 September 2009 was 184,370 TEUs, an increase of 70,635 TEUs or 62% over that of 113,735 TEUs for the same period in 2008. The TEUs achieved for the three months ended 30 September 2009 was 70,496 TEUs, an increase of 43,724 TEUs or 163% over that of 26,772 TEUs for the same period in 2008.

For the nine months ended 30 September 2009, the Group achieved a market share of 45% (2008: 32%) against a total of 410,565 TEUs (2008: 355,344 TEUs) handled for the whole of Wuhan.

**Gross Profit and Gross Profit Margin**

Gross profit for the nine months ended 30 September 2009 was HK\$17.8 million compared with the gross profit of HK\$16.2 million achieved in the corresponding period of 2008. Gross profit for the three months ended 30 September 2009 was HK\$5.1 million compared with the gross profit of HK\$4.1 million achieved in the corresponding period of 2008. While achieving higher container throughput and greater market share, gross profit margin for the three months ended 30 September 2009 has decreased as a result of higher mix of transshipment containers being handled which command lower tariff.

***Loss for the Period***

Loss for the nine months ended 30 September 2009 amounted to HK\$9.5 million, representing a decrease of HK\$7.5 million or 44% over that of HK\$17.0 million for the same period in 2008.

Loss for the three months ended 30 September 2009 amounted to HK\$4.3 million, a decrease of HK\$3.3 million on that of HK\$7.6 million for the same period in 2008. This is mainly attributable to a combination of factors, including the increase in gross profit contributions, government subsidy on direct sailing to Yangshan Port (江海直達), the decrease in general and administrative expenses as a result of implementing cost cutting measures and the decrease in finance costs due to reduction in interest rates which were partly offset by the increase in depreciation and amortization charges.

Loss per share for the nine months ended 30 September 2009 was HK0.89 cents compared with that of HK1.65 cents for the same period in 2008. Loss per share for the three months ended 30 September 2009 was HK0.37 cents compared with that of HK0.73 cents for the same period in 2008. The basis of calculation of the loss per share for both the 2009 and 2008 periods has been adjusted to reflect the Rights Issue of the Company which was completed in August 2009.

**RIGHTS ISSUE**

In August, the Company successfully completed the Rights issue and raised gross proceeds of HK\$33.4 million by issuing 334,327,589 rights shares (the "Rights Issue") at HK\$0.10 per rights share ("Rights Shares") on the basis of two rights shares for every three existing shares held with a bonus issue on the basis of one bonus share for every rights share taken up under the Rights Issue. The Excess Applications under the Rights Issue were particularly enthusiastically subscribed for, with a total of 6,774,208,957 Rights Shares being applied for, representing approximately 19.39 times of the total number of 334,327,589 Rights Shares available for subscription. Against the actual number of 41,434,443 excess Rights Shares available for Excess Application, this represented an oversubscription of 156.42 times.

## HEAVY ITEM PORT

On 30 September 2009, the Group entered into a land acquisition agreement (the “Land Acquisition Agreement”) with the Wuhan Xinzhou District Bureau of Land and Resources (武漢新洲區國土資源管理局) (the “Xinzhou District Land Bureau”) to procure 128 mou of land for the development of the Heavy Item Port project. Under the terms of the Land Acquisition Agreement, the Xinzhou District Land Bureau undertakes to put the land through the public auctioning process (公開掛牌投標) within two months following the signing of the Land Acquisition Agreement and to make the land available in a free-and-clear state to the Group no later than 6 months after the completion of the public auctioning process.

## BANKING FACILITIES

As reported in the 2009 Interim Report, WIT was successful in obtaining an in-principle approval of banking facilities of RMB200 million from a PRC bank to re-finance all existing bank loans of and to provide additional working capital facilities to WIT. Such banking facilities comprise of a RMB120 million capital loan and a RMB80 million working capital loan with tenures of seven years and three years respectively.

## FORWARD LOOKING OBSERVATIONS

The Directors are pleased to note that, for the period under review, the Group has continued to improve and increase its container throughput from 113,735 TEUs in the first three quarters of 2008 to 184,370 TEUs and EBITDA from HK\$2.5 million in the first three quarters of 2008 to HK\$8.0 million and has been able to significantly reduce its loss attributable to shareholders from HK\$15.6 million to HK\$8.8 million.

Despite continuing tough global economic and trading conditions but taking into account continuing government support to promote marine cargo traffic along the Yangtze River corridor and its various policies to stimulate the domestic economy and trade in China, and together with management’s efforts to facilitate the opening of new routes, explore new cargo sources, the Group expects its financial performance and business growth to continue in the foreseeable future.

## 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 2009, together with the comparative figures for the corresponding period in 2008 (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 2009

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	2	41,519	29,662	13,629	8,102
Cost of services rendered		(23,749)	(13,467)	(8,579)	(4,022)
Gross profit		17,770	16,195	5,050	4,080
Other income		1,231	196	967	56
Other operating expenses		(4,877)	(4,262)	(1,566)	(1,498)
General and administrative expenses		(14,262)	(16,842)	(5,359)	(5,994)
Finance costs		(9,381)	(12,262)	(3,363)	(4,247)
Loss before taxation	3	(9,519)	(16,975)	(4,271)	(7,603)
Taxation	4	-	-	-	-
Loss for the period		(9,519)	(16,975)	(4,271)	(7,603)
Attributable to:					
Shareholders		(8,841)	(15,635)	(3,949)	(6,928)
Minority interest		(678)	(1,340)	(322)	(675)
		(9,519)	(16,975)	(4,271)	(7,603)
Dividend	5	-	-	-	-
Loss per share – basic (HK cent)	6	0.89	1.65	0.37	0.73

**Consolidated Statement of Changes in Equity***For the nine months ended 30 September 2009*

	Attributable to shareholders							
	Share capital	Share premium	Foreign	Share-based	Accumulated losses	Total	Minority interest	Total equity
			exchange reserve	payment reserve				
	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 2009	50,149	98,601	15,245	234	(57,536)	106,693	15,652	122,345
Issuance of rights and bonus shares	66,866	(33,433)	-	-	-	33,433	-	33,433
Issuing expenses	-	(1,934)	-	-	-	(1,934)	-	(1,934)
Net income recognized directly to equity								
– Exchange difference on consolidation	-	-	23	-	-	23	-	23
– Equity settled share-based transaction	-	-	-	82	-	82	-	82
Net Loss for the period	-	-	-	-	(8,841)	(8,841)	(678)	(9,519)
<b>At 30 September 2009</b>	<b>117,015</b>	<b>63,234</b>	<b>15,268</b>	<b>316</b>	<b>(66,377)</b>	<b>129,456</b>	<b>14,974</b>	<b>144,430</b>
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)
<b>At 30 September 2008</b>	<b>50,149</b>	<b>98,602</b>	<b>15,242</b>	<b>509</b>	<b>(62,655)</b>	<b>101,847</b>	<b>14,260</b>	<b>116,107</b>

## Notes to the Condensed Consolidated Income Statement

For the three months and nine months ended 30 September 2009

### 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 2008.

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	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Container handling service	20,393	19,065	6,684	4,183
General and bulk cargo handling service	2,319	1,716	496	854
Agency income	11,593	3,373	4,669	727
Integrated logistics services	7,214	5,508	1,780	2,338
	41,519	29,662	13,629	8,102

### 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	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortization	8,119	7,208	2,655	2,489

#### 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, 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 2009 (2008: Nil).

#### 6. LOSS PER SHARE

The calculation of basic loss per share for the three months and nine months ended 30 September 2009 is based on the net loss for each of the periods and on the weighted average number of 1,081,101,640 shares (2008: 948,737,565 shares) and 993,343,773 shares (2008: 948,737,565 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 Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors of listed issuers, were as follows:

#### *Long and short positions in Shares*

Name of Director	Capacity	As at 30 September 2009	
		No. of Shares (Note 1)	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution (note 2)	409,559,714 (L)	35.00%
		189,000,000 (S)	16.15%
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 409,559,714 (L) Shares were held as to 261,254,455 Shares by Unbeatable Holdings Limited, as to 83,323,793 Shares by Chow Holdings Limited and as to 64,981,466 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 189,000,000 (S) Shares were held as to 131,000,000 Shares by Unbeatable Holdings Limited, as to 46,000,000 Shares by Chow Holdings Limited and as to 12,000,000 Shares by CIG China Holdings Limited.
- These Shares were 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.

### **Shares options**

Pursuant to the share option scheme of the Company, certain directors were granted share options to subscribe for Shares and details of the Directors' interests in share options are set out in the section headed "Share Option Scheme" in this report.

Save as disclosed above, as at 30 September 2009, none of the Directors had any interest or short position in the Shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS**

So far as was known to the Directors, as at 30 September 2009, 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 and short positions in Shares**

##### *(i) Interests in the Shares*

<u>Name of Shareholder</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of existing issued share capital of the Company</u>
Unbeatable Holdings Limited	Beneficial owner	261,254,455 (L)	22.33%
(Note 2)		131,000,000 (S)	11.19%
Harbour Master Limited (Note 3)	Beneficial owner	185,164,427 (L)	15.83%

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing issued share capital of the Company</b>
The Yangtze Ventures II Limited (Note 3)	Interest by attribution	185,164,427 (L)	15.83%
Goldcrest Development Limited (Note 4)	Interest by attribution	185,164,427 (L)	15.83%
Shui On Construction and Materials Limited (Note 5)	Interest by attribution	185,164,427 (L)	15.83%
Shui On Company Limited (Note 6)	Interest by attribution	185,164,427 (L)	15.83%
Bosrich Holdings Inc. (Note 7)	Interest by attribution	185,164,427 (L)	15.83%
HSBC International Trustee Limited (Note 8)	Interest by attribution	185,164,427 (L)	15.83%
Lo Hong Sui, Vincent (Note 9)	Interest by attribution	185,164,427 (L)	15.83%
Chu, Loletta (Note 9)	Interest by attribution	185,164,427 (L)	15.83%
Chow Holdings Limited (Note 2)	Beneficial owner	83,323,793 (L) 46,000,000 (S)	7.12% 3.93%
CIG China Holdings Limited (Note 2)	Beneficial owner	64,981,466 (L) 12,000,000 (S)	5.55% 1.02%
Value Partners Hedge Master Fund Limited (Note 10)	Beneficial owner	72,549,866 (L)	6.20%
Value Partners Asia Fund, LLC (Note 10)	Beneficial owner	76,742,159 (L)	6.56%
Value Partners Limited (Note 10)	Investment manager	177,534,691 (L)	15.17%

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing issued share capital of the Company</b>
Value Partners Group Limited (Note 11)	Interest by attribution	177,534,691 (L)	15.17%
Cheah Capital Management Limited (Note 12)	Interest by attribution	177,534,691 (L)	15.17%
Cheah Company Limited (Note 13)	Interest by attribution	177,534,691 (L)	15.17%
Hang Seng Bank Trustee International Limited (Note 14)	Interest by attribution	177,534,691 (L)	15.17%
Cheah Cheng Hye (Note 14)	Interest by attribution	177,534,691 (L)	15.17%
To Hau Yin (Note 14)	Interest by attribution	177,534,691 (L)	15.17%

## 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. Ms. Chu, Loletta is interested in the Shares by virtue of her being the spouse of Mr. Lo.
10. Value Partners Limited is an investment manager and is deemed to be interested in the Shares held by Value Partners Asia Fund, LLC, Value Partners Hedge Master Fund Limited and Value Partners China Greenchip Fund Limited.
11. 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.
12. 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.
13. 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.
14. 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 nine months ended 30 September 2009, 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. Details of options granted under the Share Option Scheme and movements thereon during the nine months ended 30 September 2009 are set out below:

On 10 November 2008, options to subscribe for an aggregate of 10,850,000 Shares were granted to all Directors and certain employees of the Group under the Share Option Scheme. The numbers of Share Options were subsequently adjusted as a result of a rights issue by the Company, details of which are set out below. 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\$0.130 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\$0.064 as a result of a rights issue by the Company, details of which are set out below;
2. No options may be exercised for the period between the date of grant of 10 November 2008 (the “Option Grant Date”) and 9 April 2010, both dates inclusive 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 Option 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 2009.

As a result of the rights issue pursuant to the approval by the Shareholders at the extraordinary general meeting of the Company held on 16 July 2009, the original Subscription Price of

HK\$0.130 was adjusted to HK\$0.064 per share and the remaining number of outstanding Share Options was adjusted from 8,600,000 to 17,477,264 accordingly as stipulated under the terms and conditions of the Share Option Scheme. Details of these are set out in the announcement of the Company dated 7 August 2009.

The movements in the share options of the Company during the nine months ended 30 September 2009 are set out as follows:

Name or category of eligible participants	Date of grant	Exercise Price per share HK\$	Number of options				As at 30.09.2009	Period during which option outstanding as at 30.09.2009 are exercisable
			As at 1.1.2009	Granted during the period	Exercised during the period	Lapsed or cancelled during the period		
<b>Directors</b>								
Mr. Chow Kwong Fai, Edward	10.11.2008	0.064	450,000	464,508	-	-	914,508	(b)
Wong Yuet Leung, Frankie	10.11.2008	0.064	450,000	464,508	-	-	914,508	(b)
Lee Jor Hung, Dannis	10.11.2008	0.064	450,000	464,508	-	-	914,508	(b)
Goh Pek Yang, Michael	10.11.2008	0.064	450,000	464,508	-	-	914,508	(b)
Lee Kang Bor, Thomas	10.11.2008	0.064	450,000	464,508	-	-	914,508	(b)
Wong Tin Yau, Kelvin	10.11.2008	0.064	450,000	464,508	-	-	914,508	(b)
Leung Kwong Ho, Edmund (Note a)	10.11.2008	0.064	450,000	-	-	(450,000)	-	(b)
Sub-total			3,150,000	2,787,048	-	(450,000)	5,487,048	
<b>Employees (in aggregate)</b>	10.11.2008	0.064	7,400,000	6,090,216	-	(1,500,000)	11,990,216	(b)
Sub-total			7,400,000	6,090,216	-	(1,500,000)	11,990,216	
<b>Total</b>			<b>10,550,000</b>	<b>8,877,264</b>	<b>-</b>	<b>(1,950,000)</b>	<b>17,477,264</b>	

Notes:

- (a) Mr. Leung Kwong Ho, Edmund resigned as an independent non-executive Director of the Company with effect from 28 February 2009. Upon his resignation, all options granted to Mr. Leung under the Share Option Scheme became lapsed and no longer exercisable.
- (b) 50% exercisable between 10 April 2010 and 9 April 2011, both dates inclusive; 50% exercisable between 10 April 2011 and 9 November 2011, both dates inclusive.
- (c) Details of other terms and performance conditions of the share options granted are set out above.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

For the period from 1 January 2009 to 30 September 2009, 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 2009, 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 2009 to 30 September 2009.



## **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 2009.

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. During the nine months ended 30 September 2009, the Audit and Remuneration Committee comprised three independent non-executive Directors, namely Mr. Lee Kang Bor, Thomas (Chairman), Dr. Wong Tin Yau, Kelvin and Mr. Leung Kwong Ho, Edmund (resigned on 28 February 2009) and Mr. Fan Chun Wah, Andrew (appointed on 28 February 2009) and one non-executive Director, Mr. Wong Yuet Leung, Frankie. The primary duties of the Audit and Remuneration Committee include reviewing the financial reporting process, the system of internal control and risk management of the Group, the appointment of auditors and the determination of executive Director's service contract, the review of Directors' and senior management's emoluments and the award of discretionary bonuses and share options of the Company.

The Audit and Remuneration Committee has reviewed the results of the Group for the nine months ended 30 September 2009.

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

For the period from 1 January 2009 to 30 September 2009, 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, 13 November 2009

*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. Fan Chun Wah, Andrew.*