

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)

1H 2009

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

Interim Report 2009



* 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 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.

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RESULTS HIGHLIGHTS

For the six months ended 30 June 2009

Comparing to corresponding six months in 2008:

- Container throughput increased by 31% to 113,874 TEUs
- Container throughput reached all time high over three consecutive months of April to June 2009 as throughput rose by 28% to 21,436 TEUs (April 2008: 16,710 TEUs), by 32% to 23,912 TEUs (May 2008: 18,147 TEUs) and by 68% to 26,031 TEUs (June 2008: 15,472 TEUs) respectively
- Market share of container throughput in Wuhan increased from 35% to 44%
- Turnover increased by 29% to HK\$27.9 million
- Gross profit increased by 5% to HK\$12.7 million
- EBITDA improved by 85% to HK\$6.2 million
- Net loss attributable to shareholders reduced from HK\$8.7 million to HK\$4.9 million

For the three months ended 30 June 2009

Comparing to corresponding three months in 2008:

- Container throughput increased by 42% to 71,381 TEUs
- Market share of container throughput in Wuhan increased from 36% to 48%
- Turnover increased by 23% to HK\$15.9 million
- Gross profit decreased by 13% to HK\$6.8 million as a result of the handling of more transshipment containers at lower tariff rates
- EBITDA improved by 34% to HK\$4.2 million
- Net loss attributable to shareholders reduced from HK\$3.3 million to HK\$1.3 million

OTHER HIGHLIGHTS

- By way of a rights issue announced in May 2009, the Group successfully raised gross proceeds of HK\$33.4 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

	Six months ended 30 June	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	27,890	21,560
Cost of services rendered	(15,170)	(9,445)
Gross profit	12,720	12,115
Other income	264	139
General and administrative expenses	(6,750)	(8,893)
EBITDA	6,234	3,361
Finance costs	(6,018)	(8,014)
EBTDA	216	(4,653)
Depreciation and amortization	(5,464)	(4,719)
Loss for the period	(5,248)	(9,372)
Minority interest	356	665
Loss attributable to Shareholders	(4,892)	(8,707)

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.

GDP of Wuhan and Hubei Province for the six months of 2009 grew by 10.1% (1st quarter of 2009: 9.5%) and 11.3% (1st quarter of 2009: 10.2%) respectively against adverse global economic conditions, while that of the whole of China grew by 7.1% (1st quarter of 2009: 6.1%).

Container throughput

Despite tough economic conditions, recent new strategic initiatives by both the government and WIT to encourage the recommencement of direct sailings to Yangshan Port in Shanghai and the successful encouragement of a major shipping company 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.

The throughput achieved for the six months ended 30 June 2009 was 113,874 TEUs, an increase of 26,911 TEUs or 31% over that of 86,963 TEUs for the same period in 2008. For the three months ended 30 June 2009, throughput was 71,381 TEUs, an increase of 21,052 TEUs or 42% over that of 50,329 TEUs for the same period in 2008.

Of the 113,874 TEUs handled in the first six months of 2009, 29,076 TEUs or 26% (2008: 23%) and 84,798 TEUs or 74% (2008: 77%) were attributed to Wuhan sourced and transshipment cargos respectively.

Of the 84,798 TEUs of transshipment cargo handled, 2,902 TEUs or 7% (2008: 36%) and 81,896 TEUs or 93% (2008: 64%) were attributable to Road-River (水陸中轉) and River-River (水水中轉) modes of transshipments respectively.

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.

General and bulk cargo

Throughput of general and bulk cargo for the six months and three months ended 30 June 2009 was 101,876 tons and 43,641 tons, an increase of 101% and 17% over the same period of 2008 respectively. The increase in general and bulk cargo for the six months ended 30 June 2009 is mainly attributable to the increased demand 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 June 2009 reflected the reduction in exports resulting from the worldwide 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 six months of 2009. Revenue from these sources accounted for 44% and 48% of turnover for the six months and three months ended 30 June 2009 respectively.

OPERATING RESULTS

Turnover

	Six months ended 30 June					
	2009		2008		Increase/ (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling service	13,709	49	14,882	69	(1,173)	(8)
General and bulk cargo handling service	1,823	7	862	4	961	111
Agency income	6,924	25	2,646	12	4,278	162
Integrated logistics services	5,434	19	3,170	15	2,264	71
	27,890	100	21,560	100	6,330	

For the six months ended 30 June 2009, the Group's turnover amounted to HK\$27.9 million, representing an increase of HK\$6.3 million or 29% over that of HK\$21.6 million for the corresponding period of 2008. For the three months ended 30 June 2009, the Group's turnover amounted to HK\$15.9 million, representing an increase of HK\$2.9 million or 22% over that of HK\$13.0 million for the corresponding period of 2008. The increase in turnover was mainly attributable to the additional revenue generated from the agency and 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 six months ended 30 June 2009, container handling service accounted for 49% (2008: 69%), general and bulk cargo handling service accounted for 7% (2008: 4%), agency income accounted for 25% (2008: 12%) and integrated logistics services accounted for 19% (2008: 15%) of turnover for the six months ended 30 June 2009.

Container Throughput

	Six months ended 30 June					
	2009		2008		Increase	
	TEUs	%	TEUs	%	TEUs	%
Wuhan sourced	29,076	26	20,202	23	8,874	44
Transshipment	84,798	74	66,761	77	18,037	27
	113,874	100	86,963	100	26,911	

The TEUs achieved for the six months ended 30 June 2009 was 113,874 TEUs, an increase of 26,911 TEUs or 31% over that of 86,693 TEUs for the same period in 2008. The volume of throughput achieved for the three months ended 30 June 2009 was 71,381 TEUs, an increase of 21,052 TEUs or 42% over that of 50,329 TEUs for the same period in 2008.

In terms of market share, for the six months ended 30 June 2009, the market share of the Group increased from 35% to 44% with a total of 256,237 TEUs (2008: 247,910 TEUs) handled for the whole of Wuhan.

Gross Profit and Gross Profit Margin

Gross profit for the six months ended 30 June 2009 was HK\$12.7 million, an improvement of HK\$0.6 million in the corresponding period of 2008. Gross profit for the three months ended 30 June 2009 was HK\$6.8 million, a reduction of HK\$1.0 million in the corresponding period of 2008. Gross profit margins for the six months and three months ended 30 June 2009 are 46% and 43% of turnover respectively compared with a gross profit margin of 56% in the respective corresponding periods in 2008. These mainly reflected the increased contributions from general and bulk cargo, the agency and integrated logistics services business segments but offset by the drop in average tariff rate for container handling service as a result of handling more transshipment and domestic containers which attract lower tariff rates.

Loss for the Period

Loss for the six months ended 30 June 2009 amounted to HK\$5.2 million, representing a decrease of HK\$4.2 million or 45% on that of HK\$9.4 million for the same period in 2008.

Loss for the three months ended 30 June 2009 amounted to HK\$1.3 million, a decrease of HK\$2.2 million on that of HK\$3.5 million for the same period in 2008. This loss was substantially lower than the loss of HK\$3.9 million for the first three months of the year. This is mainly attributable to a combination of factors, including the increase in gross profit contributions, 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 six months ended 30 June 2009 was HK0.98 cents compared with HK1.74 cents for the same period in 2008. Loss per share for the three months ended 30 June 2009 was HK0.25 cents compared with HK0.66 cents for the same period in 2008 and HK0.72 cents for the first three months of 2009.

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 86,963 TEUs in the first half of 2008 to 113,874 TEUs and EBITDA from HK\$3.4 million in the first half of 2008 to HK\$6.2 million and has been able to significantly reduce its loss attributable to shareholders from HK\$8.7 million to HK\$4.9 million.

Despite tough prevailing economic conditions, taking into account continuing local government support to promote marine cargo traffic along the Yangtze River corridor and the central government's policies to stimulate the economy and domestic trade in China, and together with management's efforts to open new routes explore new cargo sources, improve average container tariff rates and implement further cost control measures, the Group expects to continue to improve its performance and maintain business growth in the remaining months of 2009.

THE FINANCIAL STATEMENTS

Half Year Results

The Directors are pleased to announce the unaudited consolidated half year results of the Group for the three months and six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008 (the “Half Year Results”) which have been reviewed and approved by the Audit and Remuneration Committee, as follows:

Condensed Consolidated Income Statement

For the three months and six months ended 30 June 2009

	Notes	Six months ended 30 June		Three months ended 30 June	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	2	27,890	21,560	15,901	12,950
Cost of services rendered		(15,170)	(9,445)	(9,130)	(5,150)
Gross profit		12,720	12,115	6,771	7,800
Other income		264	139	170	57
Other operating expenses		(3,311)	(2,764)	(1,509)	(1,395)
General and administrative expenses		(8,903)	(10,848)	(3,847)	(5,772)
Finance costs		(6,018)	(8,014)	(2,934)	(4,169)
Loss before taxation	4	(5,248)	(9,372)	(1,349)	(3,479)
Taxation	5	–	–	–	–
Loss for the period		(5,248)	(9,372)	(1,349)	(3,479)
Attributable to:					
Shareholders		(4,892)	(8,707)	(1,278)	(3,322)
Minority interest		(356)	(665)	(71)	(157)
		(5,248)	(9,372)	(1,349)	(3,479)
Dividend	6	–	–	–	–
Loss per share – basic (HK cent)	7	0.98	1.74	0.25	0.66

Condensed Consolidated Balance Sheet*As at 30 June 2009 and 31 December 2008*

	<i>Notes</i>	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		278,141	282,755
Land use rights		8,624	8,756
Construction in progress		9,002	4,518
		295,767	296,029
CURRENT ASSETS			
Inventories		1,164	933
Account receivables	8	15,199	11,252
Prepayments, deposits and other receivables		5,392	2,727
Government subsidy receivables		4,772	11,115
Cash and cash equivalents		10,691	8,611
		37,218	34,638
CURRENT LIABILITIES			
Account payables	9	5,055	1,784
Accrued expenses and other payables	9	8,308	6,944
Current portion of interest-bearing borrowings	10	111,325	28,566
		124,688	37,294
NET CURRENT LIABILITIES		(87,470)	(2,656)

	<i>Notes</i>	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		208,297	293,373
NON-CURRENT LIABILITIES			
Long-term interest-bearing borrowings	<i>10</i>	(91,200)	(171,028)
NET ASSETS			
		117,097	122,345
CAPITAL AND RESERVES			
Share capital	<i>11</i>	50,149	50,149
Reserves		51,652	56,544
		101,801	106,693
Minority interest		15,296	15,652
TOTAL EQUITY			
		117,097	122,345

Consolidated Statement of Changes in Equity*For the six months ended 30 June 2009*

	Attributable to shareholders							Total equity
	Share capital	Share premium	Share-based payment reserve	Foreign exchange reserve	Accumulated losses	Total	Minority interest	
	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	234	15,245	(57,536)	106,693	15,652	122,345
Loss for the period	-	-	-	-	(4,892)	(4,892)	(356)	(5,248)
At 30 June 2009	50,149	98,601	234	15,245	(62,428)	101,801	15,296	117,097
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	-	(25)	-	-	-	(25)	-	(25)
Net income recognized directly to equity								
– Exchange difference on consolidation	-	-	-	5,439	-	5,439	952	6,391
Loss for the period	-	-	-	-	(8,707)	(8,707)	(665)	(9,372)
At 30 June 2008	50,149	98,605	-	15,242	(55,727)	108,269	14,935	123,204

Condensed Consolidated Cash Flow Statement*For the six months ended 30 June 2009*

	Six months ended 30 June	
	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
Net cash from operating activities	2,542	(18,961)
Net cash used in investing activities	(3,393)	(3,195)
Net cash from financing activities	2,931	(188)
Net increase (decrease) in cash and cash equivalents	2,080	(22,344)
Cash and cash equivalents at 1 January	8,611	42,795
Cash and cash equivalents at 30 June	10,691	20,451

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The unaudited consolidated results of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), 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 Half Year 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 is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Container handling service	13,709	14,882	7,468	9,101
General and bulk cargo handling service	1,823	862	872	578
Agency income	6,924	2,646	4,840	1,412
Integrated logistics services	5,434	3,170	2,721	1,859
	27,890	21,560	15,901	12,950

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. LOSS BEFORE TAXATION

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

	Six months ended 30 June		Three months ended 30 June	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Depreciation and amortization	5,464	4,719	2,584	2,432

5. 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.

6. DIVIDEND

The directors do not recommend payment of a dividend in respect of the first half of 2009 (2008: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 June 2009 is based on the net loss for each of the period attributable to shareholders of the Company and on the weighted average number of 501,491,386 shares (2008: 501,491,386 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 under review. Details of the share options and the Share Option Scheme are set out in the Section headed "Share Option Scheme" of this report.

8. ACCOUNT RECEIVABLES

The Group has a policy of allowing an average credit period of 60 days to 90 days to its customers.

An aging analysis of the account receivables at the balance sheet date, is as follows:

	30 June 2009	31 December 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	4,944	5,578
31 – 60 days	5,101	3,218
61 – 90 days	3,939	1,598
Over 90 days	1,215	858
	15,199	11,252

9. ACCOUNT PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2009 <i>HK\$'000</i>	31 December 2008 <i>HK\$'000</i>
Account payables	5,055	1,784
Accrued expenses and other payables	8,308	6,944
	13,363	8,728

An aging analysis of the account payables, accrued expenses and other payables as at the balance sheet date is as follows:

	30 June 2009 <i>HK\$'000</i>	31 December 2008 <i>HK\$'000</i>
Within 30 days	2,843	4,494
31 – 60 days	2,195	569
61 – 90 days	2,011	289
91 – 180 days	1,567	65
Over 180 days	4,747	3,311
	13,363	8,728

Included in the over 180 days balance of HK\$4.7 million is an amount of HK\$2.5 million relating to retentions on the constructions of Phase I Stage 2 of the WIT Port.

10. INTEREST – BEARING BORROWINGS

Subsequent to 30 June 2009, WIT has successfully obtained 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.

11. SHARE CAPITAL

	30 June 2009		31 December 2008	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.10 each	2,000,000,000	200,000	2,000,000,000	200,000
Issued and fully paid:				
At beginning of year	455,901,260	45,590	455,901,260	45,590
Issue of new shares	–	–	–	4,559
Bonus issue of shares	45,590,126	4,559	45,590,126	–
At balance sheet date	501,491,386	50,149	501,491,386	50,149

At the extraordinary general meeting of the shareholders (“Shareholders”) of the Company held on 16 July 2009, Shareholders approved the resolutions, inter alia, the proposed rights issue on the basis of two rights shares for every three existing Shares held and a bonus issue on the basis of one bonus share for every rights share taken up (the “Rights Issue”) which raised gross proceeds of HK\$33.4 million. Following approval for listing of the new shares under the Rights Issue, a total of 668,655,178 new shares were issued to Shareholders, taking the total number of shares of the Company in issue to 1,170,146,564 shares. These shares rank pari passu with the existing shares in all respects.

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 XV 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 June 2009	
		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:

1. The letter “L” denotes a long position whilst the letter “S” denotes a short position.
2. 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.
3. These Shares are registered in the name of Ramwealth Company Limited, a company in respect of which Mr. Lee Jor Hung, Dannis, a non-executive director, 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 June 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 June 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*Substantial shareholders*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Unbeatable Holdings Limited (Note 2)	Beneficial owner	111,966,195 (L) 61,000,000 (S)	22.33% 12.16%
VC Brokerage Limited (Notes 3, 4 and 7)	Beneficial owner	114,047,542 (L)	22.74%
VC Financial Group Limited (Notes 4 and 7)	Interest by attribution	114,047,542 (L)	22.74%
Value Convergence Holdings Limited (Notes 5, 6 and 7)	Interest by attribution	114,047,542 (L)	22.74%
Melco Financial Group Limited (Notes 5 and 7)	Interest by attribution	114,047,542 (L)	22.74%
Melco International Development Limited (Notes 5, 6 and 7)	Interest by attribution	114,047,542 (L)	22.74%
Ho Lawrence Yau Lung (Notes 6 and 7)	Interest by attribution	114,047,542 (L)	22.74%
Harbour Master Limited (Note 8)	Beneficial owner	79,356,183 (L)	15.83%
The Yangtze Ventures II Limited (Note 8)	Interest by attribution	79,356,183 (L)	15.83%

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Goldcrest Development Limited <i>(Note 9)</i>	Interest by attribution	79,356,183 (L)	15.83%
Shui On Construction and Materials Limited <i>(Note 10)</i>	Interest by attribution	79,356,183 (L)	15.83%
Shui On Company Limited <i>(Note 11)</i>	Interest by attribution	79,356,183 (L)	15.83%
Bosrich Holdings Inc. <i>(Note 12)</i>	Interest by attribution	79,356,183 (L)	15.83%
HSBC International Trustee Limited <i>(Note 13)</i>	Interest by attribution	79,356,183 (L)	15.83%
Lo Hong Sui, Vincent <i>(Note 14)</i>	Interest by attribution	79,356,183 (L)	15.83%
Chu, Loletta <i>(Note 14)</i>	Interest by attribution	79,356,183 (L)	15.83%
Mitsui O.S.K. Lines, Ltd. <i>(Note 15)</i>	Interest by attribution	41,382,000 (L)	8.25%
MOL (Asia) Limited (renamed as MOL Liner Limited) <i>(Note 15)</i>	Beneficial owner	41,382,000 (L)	8.25%
Chow Holdings Limited <i>(Note 2)</i>	Beneficial owner	35,710,197 (L)	7.12%

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
CIG China Holdings Limited (Note 2)	Beneficial owner	27,301,200 (L)	5.44%
Value Partners Hedge Master Fund Limited (Note 16)	Beneficial owner	31,092,800 (L)	6.20%
Value Partners Asia Fund, LLC (Note 16)	Beneficial owner	32,889,497 (L)	6.56%
Value Partners Limited (Note 16)	Investment manager	76,086,297 (L)	15.17%
Value Partners Group Limited (Note 17)	Interest by attribution	76,086,297 (L)	15.17%
Cheah Capital Management Limited (Note 18)	Interest by attribution	76,086,297 (L)	15.17%
Cheah Company Limited (Note 19)	Interest by attribution	76,086,297 (L)	15.17%
Hang Seng Bank Trustee International Limited (Note 20)	Interest by attribution	76,086,297 (L)	15.17%
Cheah Cheng Hye (Note 20)	Interest by attribution	76,086,297 (L)	15.17%
To Hau Yin (Note 20)	Interest by attribution	76,086,297 (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, Chow Holdings and CIG China Holdings.
3. VC Brokerage Limited becomes interested in 114,047,542 Shares, representing approximately 22.74% of the existing issued share capital of the Company by virtue of the Underwriting Agreement (as supplemented by a supplemental agreement dated 18 June 2009) entered into between the Company and VC Brokerage Limited.
4. VC Financial Group Limited is a wholly-owned subsidiary of Value Convergence Holdings Limited and is interested in the entire issued share capital of VC Brokerage Limited.
5. Melco Financial Group Limited is a wholly-owned subsidiary of Melco International Development Limited and is interested in approximately 43.36% of the issued share capital of Value Convergence Holdings Limited.
6. Mr. Ho Lawrence Yau Lung is taken to be interested in 114,047,542 Shares, representing approximately 22.74% of the existing issued share capital of the Company as a result of him being beneficially interested in 34.07% of the issued share capital of Melco International Development Limited which, in turn, indirectly holds approximately 43.36% of the issued share capital of Value Convergence Holdings Limited, the holding company of VC Brokerage Limited.
7. Interests in Shares by VC Brokerage Limited, VC Financial Group Limited, Melco Financial Group Limited and Mr. Ho Lawrence Yau Lung which arose by virtue of the Underwriting Agreement entered into between the Company and VC Brokerage Limited as the Underwriter ceased on 7 August 2009 (the date when the Rights Issue became unconditional) when the obligations of the Underwriter under the Underwriting Agreement were discharged as a result of the over-subscription of the Rights Issue.
8. 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.
9. 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.
10. 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.

11. 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.
12. 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.
13. 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.
14. 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.
15. 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) Limited (which has been renamed as MOL Liner Limited).
16. Value Partners Limited is an investment manager and is deemed to be interested in the Shares held by Value Partners Asia Fund, Value Partners Hedge Master Fund and Value Partners China Greenchip Fund.
17. 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.
18. 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.
19. 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.
20. 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 six months ended 30 June 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 six months ended 30 June 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 (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 the Rights Issue are set out in note 11 to the Condensed Consolidated Financial Statements of this report.

The movements in the share options of the Company during the six months ended 30 June 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 30.06.2009	Period during which option outstanding as at 30.06.2009 are exercisable
			As at 1.1.2009	Granted during the period	Exercised during the period	Lapsed or cancelled during the period		
Directors								
Mr. Chow Kwong Fai, Edward	10.11.2008	0.13	450,000	-	-	-	450,000	(b)
Wong Yuet Leung, Frankie	10.11.2008	0.13	450,000	-	-	-	450,000	(b)
Lee Jor Hung, Dannis	10.11.2008	0.13	450,000	-	-	-	450,000	(b)
Goh Pek Yang, Michael	10.11.2008	0.13	450,000	-	-	-	450,000	(b)
Lee Kang Bor, Thomas	10.11.2008	0.13	450,000	-	-	-	450,000	(b)
Wong Tin Yau, Kelvin	10.11.2008	0.13	450,000	-	-	-	450,000	(b)
Leung Kwong Ho, Edmund (Note a)	10.11.2008	0.13	450,000	-	-	(450,000)	-	(b)
Sub-total			3,150,000	-	-	(450,000)	2,700,000	
Employees (in aggregate)								
	10.11.2008	0.13	7,400,000	-	-	(1,500,000)	5,900,000	(b)
Sub-total			7,400,000	-	-	(1,500,000)	5,900,000	
Total			10,550,000	-	-	(1,950,000)	8,600,000	

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.

FINANCIAL POSITION

As at 30 June 2009, the Group had total outstanding bank borrowings of HK\$202.5 million (RMB177.6 million) (as at 31 December 2008: HK\$199.5 million) against total facilities available of HK\$205.2 million (RMB180 million) granted by three PRC banks.

Except for the bank borrowings disclosed above, as at 30 June 2009, the Group did not have any other committed borrowing facilities.

As at 30 June 2009, the Group had cash and cash equivalents of HK\$12.8 million (31 December 2008: HK\$8.6 million).

EXCHANGE RATE RISKS

The Group's reporting currency is the Hong Kong dollar. The Group's exposure to foreign currency exchange rates relate primarily to the Group's operation in Wuhan which is conducted in Renminbi.

For the six months ended 30 June 2009, the Group generated revenue solely in Renminbi, its loans are in Renminbi and incurred costs mainly in Renminbi and Hong Kong dollars. The Directors consider that the impact on foreign exchange exposure of the Group to be minimal.

GEARING RATIO

As at 30 June 2009, the Group had a gearing ratio of approximately 1.6 times (As at 31 December 2008: 1.9 times). The calculation of the gearing ratio was based on total bank borrowings over total equity attributable to shareholders' of the Company as at 30 June 2009 and 31 December 2008 respectively.

EMPLOYEE INFORMATION

As at 30 June 2009, the Group had 225 (as at 31 December 2008: 212) employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience.

SIGNIFICANT INVESTMENTS

Save as those disclosed elsewhere in this report, the Group did not hold any significant investment as at 30 June 2009.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as those disclosed elsewhere in this report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during six months ended 30 June 2009.

CONTINGENT LIABILITIES

As of the date of this report and as at 30 June 2009, the Board is not aware of any material contingent liabilities.

PLEDGE OF ASSETS

The Group has pledged certain port facilities and land use rights owned by WIT with a net book value of approximately HK\$229.7 million (2008: HK\$152.2 million) and HK\$8.6 million (2008: HK\$8.8 million) respectively to secure bank loans granted to WIT.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the period from 1 January 2009 to 30 June 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 six months ended and as at 30 June 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 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the period from 1 January 2009 to 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

SUBSEQUENT EVENT

By way of a rights issue of 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 Group had successfully raised gross proceeds of HK\$33.4 million in August 2009. The Rights Issue was 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 and a total of 6,481,315,811 excess Rights Shares being applied for, representing approximately 156.42 times of the 41,434,443 excess Rights Shares available for excess application.

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

Hong Kong, 14 August 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.