

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)

1Q 2011

2011 First Quarterly Report



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

* For identification only

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

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HIGHLIGHTS OF THE THREE MONTHS ENDED 31 MARCH 2011

Comparing to corresponding quarter in 2010:

- Container throughput increased by 28% to 74,509 TEUs
- Market share of container throughput in Wuhan increased from 41% to 43%
- Turnover increased by 59% to HK\$17.42 million
- Gross profit increased by 70% to HK\$8.20 million and gross profit margin increased from 44% to 47%
- General, administrative and other operating expenses increased by 36% to HK\$5.65 million
- Net loss attributable to shareholders decreased by 16% to HK\$3.74 million

In line with the other container ports in the PRC, commencing from 1 January 2011, the WIT port has raised its container tariff rates. Such increase not only improved the gross profit margin, but when coupled with the increase in overall container throughput and the increase in income from agency services and integrated logistics services, also improved the Group's operating results.

MANAGEMENT COMMENTARY

Performance

	Three months ended 31 March	
	2011 HK\$'000	2010 HK\$'000
Revenue	17,423	10,959
Cost of services rendered	(9,222)	(6,139)
Gross profit	8,201	4,820
Other income	175	344
General, administrative and other operating expenses	(5,653)	(4,145)
Operating profit/EBITDA	2,723	1,019
Finance costs	(3,703)	(3,192)
EBTDA	(980)	(2,173)
Depreciation and amortisation	(3,021)	(2,718)
Loss for the period	(4,001)	(4,891)
Non-controlling interests	(262)	(461)
Loss attributable to Shareholders	(3,739)	(4,430)



Review of Operation

Overall business environment

The Group's principal activities are investment in and the development, operation and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group.

On the back of the economic development of Wuhan, the Yangtze River Region, and indeed China as a whole, the Group has continued to improve and increase its container throughput, revenue and EBITDA and reduce its losses.

The closure and relocation of the competitor port, Hanyang Port to the Yanglou area, where WIT Port is located, planned to take place in May 2011, will for the first time place WIT on an equal footing with the Hanyang Port in terms of land side transportation costs to attract Wuhan sourced containers. This will further benefit WIT.

Container throughput

Throughput achieved for the three months ended 31 March 2011 was 74,509 TEUs, an increase of 16,144 TEUs or 28% over that of 58,365 TEUs for the same period in 2010. During the same period, overall Wuhan container market grew by 22%.

Of the 74,509 TEUs handled, 18,032 TEUs or 24% (2010: 11,702 TEUS or 20%) and 56,477 TEUs or 76% (2010: 46,663 TEUs or 80%) were attributed to Wuhan sourced and transshipment containers respectively. Certain shipping companies, in anticipation of the closure and relocation of Hanyang Port to Yanglou, had begun moving some of their Wuhan sourced containers over to the Yanglou port area and had them handled by WIT. This, coupled with the growth in throughput from existing customers led to the 54% increase in Wuhan sourced container handled by WIT during the three months ended 31 March 2011. The increase in transshipment container throughput was mainly due to higher level of container from upstream of the Yangtze River for transshipment at the WIT Port.

Agency & Logistics

The agency and the integrated logistics businesses have continued to make significant contributions to the revenue of the Group during the first three months of 2011. Income from these sources accounted for 53% of total revenue compared with 41% for the corresponding period in 2010. This includes income from freight forwarding, customs clearance, transportation of containers, and the provision of bonded and general warehousing, stacking yard storage and repackaging. The increase in revenue is attributable to the increase in Wuhan sourced throughput, the increase in fertilizers being imported for break-bulk and storage, and the increase in hauling capacity as more trucks are added to the services.

General Cargo

Throughput of general and bulk cargo for the three months ended 31 March 2011 was 8,421 tons, a marginal increase of 4% over the same period of 2010. With the growth in container throughput, revenue from general and bulk cargo business is no longer considered as one of the mainstream income of the Group.

Operatng Results

Revenue

	Three months ended 31 March					
	2011		2010		Increase	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling	7,671	44	6,047	55	1,624	27
Agency income	5,092	29	3,085	28	2,007	65
Integrated logistics services	4,228	24	1,417	13	2,811	198
General and bulk cargo	432	3	410	4	22	5
	17,423	100	10,959	100	6,464	59

For the three months ended 31 March 2011, the Group's revenue amounted to HK\$17.42 million, representing an increase of HK\$6.46 million or 59% over that of HK\$10.96 million for the corresponding period of 2010. Growth had been recorded in every segment of the Group's business. The increase in container handling service income was due both to the increase in throughput and in tariff. The increase in Wuhan sourced containers led to the substantial growth in integrated logistics services which included largely cargo consolidation and de-consolidation, storage and transportation. Transshipment containers required no such services. Also, more fertilizers were being imported for break-bulk and storage. The increase in agency service income was attributable to the increase in business volume.

Container Volume and Throughput

	Three months ended 31 March					
	2011		2010		Increase	
	TEUs	%	TEUs	%	TEUs	%
Wuhan sourced	18,032	24	11,702	20	6,330	54
Transshipment	56,477	76	46,663	80	9,814	21
	74,509	100	58,365	100	16,144	28

The volume of throughput achieved for the three months ended 31 March 2011 was 74,509 TEUs, an increase of 16,144 TEUs or 28% over that of 58,365 TEUs for the same period in 2010. The growth in the overall Wuhan market during the same period was 22%.

In terms of market share, for the three months ended 31 March 2011, the Group achieved a 43% share (compared with the 41% share for the same period of 2010) of the 172,586 TEUs handled for the whole of Wuhan.

Gross Profit and Gross Profit Margin

Gross profit for the three months ended 31 March 2011 was HK\$8.20 million, an increase of HK\$3.38 million on the gross profit of HK\$4.82 million for the same period of 2010. Gross profit margin for the three months ended 31 March 2011 increased from 44% for the same period in 2010 to 47%. These reflected both the increase in average tariff and throughput.

Loss for the Period

Loss for the three months ended 31 March 2011 amounted to HK\$4.00 million, representing a decrease of HK\$0.89 million or 18% from that of HK\$4.89 million for the same period in 2010. This was mainly attributable to the rise in gross profit contributions which however were partially offset by the increase in general and administrative expenses and finance costs.

Loss per share for the three months ended 31 March 2011 was HK0.32 cents, a 16% decrease compared with HK0.38 cents for the same period in 2010.

New Ports & Logistics Facilities

In March 2011, a further down-payment of RMB4.95 million was made for the piece of land to be used by CIG Wuhan Multipurpose Port Limited (武漢中基通用港口發展有限公司) in the construction of the multipurpose port ("MPP"), adjacent to the WIT Port.

FORWARD LOOKING OBSERVATIONS

On 8 April 2011, the Group entered into a letter of intent with an independent third party for a possible disposal of the entire equity interests in CIG Port Holdings Limited, a wholly owned subsidiary of the Group incorporated in the British Virgin Islands. CIG Port Holdings Limited currently holds an 85% equity interest in Wuhan International Container Transshipment Company Limited (武漢國際集裝箱轉運有限公司) and the entire equity interest in CIG Wuhan Multipurpose Port Limited (武漢中基通用港口發展有限公司). These represent the entire port assets of the Group. Should the disposal become successful, the Directors would then decide the future direction of the Group and the use of proceeds.



THE FINANCIAL STATEMENTS

First Quarterly Results

The Directors are pleased to announce the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2011, together with the comparative figures for the corresponding period in 2010 (the “Quarterly Results”) which have been reviewed and approved by the Audit and Remuneration Committee, as follows:

Consolidated Statement of Comprehensive Income

	Notes	Three months ended 31 March	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue	3	17,423	10,959
Cost of services rendered		(9,222)	(6,139)
Gross profit		8,201	4,820
Other income		175	344
Other operating expenses		(1,738)	(1,653)
General and administrative expenses		(6,936)	(5,210)
Finance costs		(3,703)	(3,192)
Loss before taxation	4	(4,001)	(4,891)
Income tax expense	5	—	—
Loss/Total comprehensive loss for the period		(4,001)	(4,891)
Loss/Total comprehensive loss for the period attributable to:			
Shareholders of the Company		(3,739)	(4,430)
Non-controlling interests		(262)	(461)
		(4,001)	(4,891)
Dividend	6	—	—
Basic and diluted loss per share for the period attributable to shareholders of the Company	7	HK0.32 Cents	HK0.38 Cents

Consolidated Statement of Changes in Equity

For the period ended 31 March 2011

	Attributable to shareholders of the Company							Total equity
	Share Capital	Share Premium	Share- based payment reserve	Foreign exchange reserve	Accumulated losses	Total	Non- controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	117,015	63,018	619	18,461	(66,447)	132,666	17,030	149,696
Loss for the period	—	—	—	—	(3,739)	(3,739)	(262)	(4,001)
Other comprehensive income for the period	—	—	—	1,035	—	1,035	159	1,194
Share-based payment transactions	—	—	16	—	—	16	—	16
At 31 March 2011	117,015	63,018	635	19,496	(70,186)	129,978	16,927	146,905
At 1 January 2010	117,015	63,018	386	15,268	(63,517)	132,170	15,689	147,859
Loss for the period	—	—	—	—	(4,430)	(4,430)	(461)	(4,891)
Share-based payment transactions	—	—	59	—	—	59	—	59
At 31 March 2010	117,015	63,018	445	15,268	(67,947)	127,799	15,228	143,027

Notes to the Condensed Consolidated Income Statement

For the period ended 31 March 2011

1. BASIS OF PREPARATION

The unaudited consolidated results of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The accounting policies adopted are consistent with those set out in the Group's consolidated financial statements for the year ended 31 December 2010.

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

2. SEGMENT INFORMATION

The Group is principally engaged in the businesses of port construction and operation and the management has regarded port construction and operation as the only dominant reportable operating segment. All of the Group's revenue and contribution to loss from operating activities were derived from its principal activities of port operation in the People's Republic of China ("PRC"). Hence, no segment information is presented.

3. REVENUE

Revenue represents the fair value of container handling, general and bulk cargo handling, agency and integrated logistics services rendered for the period.

4. LOSS BEFORE TAXATION

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

	Three months ended 31 March	
	2011 HK\$'000	2010 HK\$'000
Depreciation and amortisation	3,021	2,718

5. INCOME TAX EXPENSE

In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the PRC engaging in port and dock construction 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 provided during the year as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose.

6. DIVIDEND

The directors do not recommend payment of a dividend in respect of the first three months of 2011 (2010: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share for the period is based on the loss for the period attributable to shareholders of the Company of HK\$3,739,000 (2010: HK\$4,430,000) and on the weighted average number of 1,170,146,564 (2010: 1,170,146,564) ordinary shares in issue for the period.

No diluted loss per share has been presented because of the impact of the exercise of the share options was anti-dilutive. (2010: Nil)



DISCLOSURE OF INTERESTS

Directors', Chief Executives' Interests in Shares and Short Positions in the Shares of the Company (the "Share(s)")

The interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to 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 31 March 2011	
		No. of Shares <i>(Note 1)</i>	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution	414,723,714 (L)	35.44%
	<i>(note 2)</i>	189,000,000 (S)	16.15%
Lee Jor Hung, Dannis	Interest by attribution <i>(note 3)</i>	11,725,127 (L)	1.00%

Notes:

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.
2. The 414,723,714 (L) Shares were held as to 278,678,455 Shares by Unbeatable Holdings Limited, as to 82,523,793 Shares by Chow Holdings Limited and as to 53,521,466 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.
3. These Shares were registered in the name of Ramweath 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 31 March 2011, 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 31 March 2011, 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	Capacity	Number of Shares	Approximate percentage of total number of Share in issue
Unbeatable Holdings Limited (<i>Note 2</i>)	Beneficial owner	278,678,455 (L) 131,000,000 (S)	23.81% 11.19%
Harbour Master Limited (<i>Note 3</i>)	Beneficial owner	246,164,427 (L)	21.03%
The Yangtze Ventures II Limited (<i>Note 3</i>)	Interest by attribution	246,164,427 (L)	21.03%
Goldcrest Development Limited (<i>Note 4</i>)	Interest by attribution	246,164,427 (L)	21.03%
Shui On Construction and Materials Limited (<i>Note 5</i>)	Interest by attribution	246,164,427 (L)	21.03%

Name	Capacity	Number of Shares	Approximate percentage of total number of Share in issue
Shui On Company Limited <i>(Note 6)</i>	Interest by attribution	246,164,427 (L)	21.03%
Bosrich Holdings Inc. <i>(Note 7)</i>	Interest by attribution	246,164,427 (L)	21.03%
HSBC International Trustee Limited <i>(Note 8)</i>	Interest by attribution	246,164,427 (L)	21.03%
Lo Hong Sui, Vincent <i>(Note 9)</i>	Interest by attribution	246,164,427 (L)	21.03%
Chu, Loletta <i>(Note 9)</i>	Interest by attribution	246,164,427 (L)	21.03%
Chow Holdings Limited <i>(Note 2)</i>	Beneficial owner	82,523,793 (L) 46,000,000 (S)	7.05% 3.93%

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 and Chow 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.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors', Chief Executives' Interests in Shares and Short Positions in the Shares of the Company" under the Section headed "Disclosure of Interests", during the three months ended 31 March 2011, 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 three months ended 31 March 2011 are set out below:

Name or category of eligible participants	Date of grant	Exercise Price per share HK\$	Number of options				As at 31.3.2011	Conditions and period during which option outstanding as at 31.3.2011 are exercisable
			As at 1.1.2011	Granted during the period	Exercised during the period	Lapsed or cancelled during the period		
Directors								
Mr. Chow Kwong Fai, Edward	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	271,360	—	—	—	271,360	(a)
Wong Yuet Leung, Frankie	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	271,360	—	—	—	271,360	(a)
Lee Jor Hung, Dennis	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	271,360	—	—	—	271,360	(a)
Goh Pek Yang, Michael	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	271,360	—	—	—	271,360	(a)
Lee Kang Bor, Thomas	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	271,360	—	—	—	271,360	(a)
Wong Tin Yau, Kelvin	10.11.2008	0.100	914,508	—	—	—	914,508	(a)
	13.04.2010	0.182	271,360	—	—	—	271,360	(a)
Fan Chun Wah, Andrew	16.11.2009	0.177	914,508	—	—	—	914,508	(b)
	13.04.2010	0.182	271,360	—	—	—	271,360	(c)
Sub-total			8,301,076	—	—	—	8,301,076	
Employees (in aggregate)	10.11.2008	0.100	11,990,216	—	—	(3,048,360)	8,941,856	(a)
	13.04.2010	0.182	3,557,839	—	—	(904,536)	2,653,303	(a)
Sub-total			15,548,055	—	—	(3,952,896)	11,595,159	
Total			23,849,131	—	—	(3,952,896)	19,896,235	

Notes:

- (a) The right to exercise the options is conditional upon the option holder being 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 options. Subject to the afore-mentioned condition, for the options granted on 10 November 2008, no more than 50% of the options may be exercised between 10 April 2010 and 9 April 2011, both dates inclusive and that all options shall lapse on 11 November 2011 and for the options granted on 13 April 2010, no more than 50% of the options may be exercised between 13 April 2010 and 9 April 2011, both dates inclusive and that all options shall lapse on 11 November 2011.

The exercise price of the options granted on 10 November 2008, which was initially set at HK\$0.13 per share, was subsequently adjusted to HK\$0.064 per share in August 2009 and further adjusted to HK\$0.10 per share in April 2010, details of which are set out in the announcements of the Company dated 7 August 2009 and 20 April 2010.

- (b) The right to exercise the options is conditional upon the option holder being 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 options. No options may be exercised for the period of twelve months from the grant date and that not more than 50% of the options may be exercised for a period of twelve months immediately thereafter and that all options shall lapse on 16 November 2012.
- (c) The right to exercise the options is conditional upon the option holder being 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 options. No options may be exercised between the grant date of the options and 16 April 2011, both dates inclusive, and that not more than 50% of the options may be exercised for a period of twelve months immediately thereafter and that all options shall lapse on 16 November 2012.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the period from 1 January 2011 to 31 March 2011, the Company had adopted a code of conduct regarding securities transactions by directors (“Code of Conduct”) on terms no less stringent than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“Required Standard of Dealings”). The Company has also made specific enquiry of all Directors and is not aware of any non-compliance with the Required Standard of Dealings and the Code of Conduct.

COMPETING INTERESTS

During the three months ended and as at 31 March 2011, 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 2011 to 31 March 2011.



CORPORATE GOVERNANCE PRACTICES

The Company endeavours to adopt prevailing best corporate governance practices.

As at the date of this Report, with the exception of Mr. Chow Kwong Fai, Edward who acted as both the Chairman of the Board and the Chief Executive Officer of the Company, the Company has complied with the Code of Corporate Governance Practice contained in Appendix 15 of GEM Listing Rules in all other respects throughout the three months ended 31 March 2011.

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 straight forward and is carried out singularly by its subsidiary, WIT, and the fact that the role of the general manager (de facto chief executive) of WIT is carried out and performed by another person, the Board does not see a need to appoint a person other than the Chairman as Chief Executive at the Company level or at 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 three months ended 31 March 2011, 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. Fan Chun Wah, Andrew 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 three months ended 31 March 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the period from 1 January 2011 to 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

SUBSEQUENT EVENT

At the 2011 annual general meeting of the shareholders of the Company, Mr. Wong Yuet Leung, Frankie, Mr. Goh Pek Yang, Michael, and Mr. Fan Chun Wah, Andrew, Directors of the Company, retired by rotation in accordance with article 130 of the articles of association of the Company, were duly re-elected.



On 8 April 2011, the Group entered into a letter of intent with an independent third party for a possible disposal of the entire equity interests in CIG Port Holdings Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands. CIG Port Holdings Limited currently holds an 85% equity interest in Wuhan International Container Transshipment Company Limited (武漢國際集裝箱轉運有限公司) and the entire equity interest in CIG Wuhan Multipurpose Port Limited (武漢中基通用港口發展有限公司). These represent the entire port assets of the Group.

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

Hong Kong, 12 May 2011

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.