

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 2011

2011 Interim 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

For the six months ended 30 June 2011

Comparing to corresponding six months in 2010:

- Container throughput increased by 31% to 156,375 TEUs
- Market share of container throughput in Wuhan increased from 40% to 43%
- Revenue increased by 57% to HK\$41.92 million
- Gross profit increased by 84% to HK\$20.34 million
- EBITDA increased by 139% to HK\$9.52 million
- Net loss attributable to shareholders decreased from HK\$7.22 million to HK\$4.04 million

For the three months ended 30 June 2011

Comparing to corresponding three months in 2010:

- Container throughput increased by 34% to 81,866 TEUs
- Market share of container throughput in Wuhan increased from 38% to 44%
- Revenue increased by 55% to HK\$24.50 million
- Gross profit increased by 94% to HK\$12.14 million
- EBITDA increased by 130% to HK\$6.80 million
- Net loss attributable to shareholders decreased from HK\$2.79 million to HK\$0.30 million

On the back of the relatively strong 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 has been able to significantly reduce its losses.

The closure and relocation of the competitor Hanyang Port in June 2011, which is geographically closer to the traditional base of Wuhan sourced containers, to the Yanglou area, where the WIT Port is located, presented an opportunity for the WIT Port to compete on an equal footing with it for the first time and has enabled WIT to attract more Wuhan sourced containers, which attract higher tariff rates, to its port thereby increasing the Group's Wuhan sourced cargo market share in 2011.

MANAGEMENT COMMENTARY

Results

	Six months ended 30 June		Three months ended 30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	41,918	26,758	24,495	15,799
Cost of services rendered	(21,581)	(15,690)	(12,359)	(9,551)
Gross profit	20,337	11,068	12,136	6,248
Other income	308	458	133	114
General and administrative and other operating expenses	(11,122)	(7,547)	(5,469)	(3,402)
Operating Profit/EBITDA	9,523	3,979	6,800	2,960
Finance costs	(7,522)	(6,449)	(3,819)	(3,257)
EBTDA	2,001	(2,470)	2,981	(297)
Depreciation and amortisation	(6,050)	(5,426)	(3,029)	(2,708)
Loss for the period	(4,049)	(7,896)	(48)	(3,005)
Non-controlling interests	(6)	(675)	256	(214)
Loss attributable to Shareholders	(4,043)	(7,221)	(304)	(2,791)

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.

Container throughput

Throughput achieved for the six months ended 30 June 2011 was 156,375 TEUs, an increase of 37,131 TEUs or 31% over that of 119,244 TEUs for the same period in 2010. Of the 156,375 TEUs handled, 42,551 TEUs or 27% (2010: 29,421 TEUs or 25%) and 113,824 TEUs or 73% (2010: 89,823 TEUs or 75%) were attributed to Wuhan sourced and transshipment cargos respectively. Throughput for the three months ended 30 June 2011 was 81,866 TEUs, an increase of 20,987 TEUs or 34% over that of 60,879 TEUs for the same period in 2010. Of the 81,866 TEUs handled, 24,519 TEUs or 30% (2010: 17,719 TEUs or 29%) and 57,347 TEUs or 70% (2010: 43,160 TEUs or 71%) were attributable to Wuhan sourced and transshipment containers respectively. The closure and relocation of the competitor Hanyang Port to the Yanglou area in June 2011, where the WIT Port is located, presented an opportunity for the WIT Port to compete on an equal footing with the Hanyang Port for the first time and attracted more Wuhan sourced containers with higher tariff rates to the WIT port thereby increasing the Group's Wuhan sourced cargo market share in 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 business and the integrated logistics business continue to make important contributions to the revenue of the Group during the first six months of 2011. Revenue from these sources accounted for 48% and 49% of turnover for the six months and three months ended 30 June 2011 respectively. 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 in this segment 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 cargo for the six months and three months ended 30 June 2011 was 30,253 tons (2010: 29,966 tons) and 21,832 tons (2010: 21,839 tons) respectively. With the growth in container throughput, revenue from general cargo business is no longer considered as one of the mainstream income of the Group.

Operating Results

Revenue

	Six months ended 30 June					
	2011		2010		Increase	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling	21,125	50	12,947	48	8,178	63
Agency income	12,506	30	8,891	33	3,615	41
Integrated logistics services	7,552	18	4,198	16	3,354	80
General cargo	735	2	722	3	13	2
	41,918	100	26,758	100	15,160	57

For the six months ended 30 June 2011, the Group's revenue amounted to HK\$41.92 million, representing an increase of HK\$15.16 million or 57% over that of HK\$26.76 million for the corresponding period of 2010. For the three months ended 30 June 2011, the Group's revenue amounted to HK\$24.50 million, representing an increase of HK\$8.70 million or 55% over that of HK\$15.80 million for the corresponding period of 2010. In May 2011, the conclusion of the new tariff agreement with a major customer, with new rates taking effect from beginning of 2011, has resulted in an additional revenue of HK\$1.64 million being recorded in the second quarter of 2011. 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.

In respect of revenue contributions for the six months ended 30 June 2011, container handling service accounted for 50% (2010: 48%), agency income accounted for 30% (2010: 33%), integrated logistics services accounted for 18% (2010: 16%) and general cargo handling service accounted for 2% (2010: 3%), of revenue for the six months ended 30 June 2011.

Container Throughput

	Six months ended 30 June					
	2011		2010		Increase	
	TEUs	%	TEUs	%	TEUs	%
Wuhan sourced	42,551	27	29,421	25	13,130	45
Transshipment	113,824	73	89,823	75	24,001	27
	156,375	100	119,244	100	37,131	31

The volume of throughput achieved for the six months ended 30 June 2011 was 156,375 TEUs, an increase of 37,131 TEUs or 31% over that of 119,244 TEUs for the same period in 2010. The volume of throughput achieved for the three months ended 30 June 2011 was 81,866 TEUs, an increase of 20,987 TEUs or 34% over that of 60,879 TEUs for the same period in 2010.

In terms of market share, for the six months ended 30 June 2011, the market share of the Group increased from 40% to 43% with a total of 360,235 TEUs (2010: 301,119 TEUs) handled for the whole of Wuhan.

Gross Profit and Gross Profit Margin

Gross profit for the six months ended 30 June 2011 was HK\$20.34 million, an increase of HK\$9.27 million on the corresponding period of 2010. Gross profit for the three months ended 30 June 2011 was HK\$12.14 million, an increase of HK\$5.89 million on the corresponding period of 2010. Gross profit margin for the six months and three months ended 30 June 2011 are 49% and 50% respectively compared with a gross profit margin of 41% and 40% in the respective corresponding periods in 2010. These mainly reflected the increase in average tariff and throughput.

Loss for the Period

Loss for the six months ended 30 June 2011 amounted to HK\$4.05 million, representing a decrease of HK\$3.85 million or 49% on that of HK\$7.90 million for the same period in 2010. Loss for the three months ended 30 June 2011 amounted to HK\$0.05 million, a decrease of HK\$2.96 million on the loss of HK\$3.01 million for the same period in 2010. Net loss attributable to shareholders for the six months ended 30 June 2011 amounted to HK\$4.04 million, representing a decrease of HK\$3.18 million or 44% on that of HK\$7.22 million for the same period in 2010. Net loss attributable to shareholders for the three months ended 30 June 2011 amounted to HK\$0.30 million, a decrease of HK\$2.49 million on the loss of HK\$2.79 million for the same period in 2010. These were mainly attributable to the increase in gross profit contributions while partially offset by the increase in general and administrative and other operating expenses.

Loss per share for the six months ended 30 June 2011 was HK0.35 cents compared with HK0.62 cents for the same period in 2010. Loss per share for the three months ended 30 June 2011 was HK0.03 cents compared with HK0.24 cents for the same period in 2010 and HK0.32 cents for the first three months of 2011.

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

As a result of the relocation of the competitor port, Hanyang Port, to the Yanglou area, WIT Port is able to compete on an equal footing with it for the first time for Wuhan sourced containers, which attract higher tariff rates, and thereby increase the Group’s Wuhan sourced cargo market share from now on. As partly reflected in the throughput figures for the six months ended 30 June 2011, WIT Port is already gaining ground on the competition for Wuhan sourced containers. The Group expects its business growth and financial performance to continue to improve.

On 5 August 2011, the Board of Directors of the Company reviewed an indicative offer received from 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. The Company is in the process of negotiation with the intended purchaser on the terms of a sale and purchase agreement. The Company will keep shareholders informed as progress is made.

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 2011, together with the comparative figures for the corresponding period in 2010 (the "Half Year Results") which have been reviewed and approved by the Audit and Remuneration Committee, as follows:

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June		Three months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue	3	41,918	26,758	24,495	15,799
Cost of services rendered		(21,581)	(15,690)	(12,359)	(9,551)
Gross profit		20,337	11,068	12,136	6,248
Other income		308	458	133	114
Other operating expenses		(3,479)	(3,306)	(1,741)	(1,653)
General and administrative expenses		(13,693)	(9,667)	(6,757)	(4,457)
Finance costs		(7,522)	(6,449)	(3,819)	(3,257)
Loss before taxation	4	(4,049)	(7,896)	(48)	(3,005)
Taxation	5	—	—	—	—
Loss for the period		(4,049)	(7,896)	(48)	(3,005)
Other comprehensive income					
Exchange gain on translation of foreign operations		1,194	—	—	—
Total comprehensive loss for the period		(2,855)	(7,896)	(48)	(3,005)
Loss for the period attributable to:					
Shareholders of the Company		(4,043)	(7,221)	(304)	(2,791)
Non-controlling interests		(6)	(675)	256	(214)
		(4,049)	(7,896)	(48)	(3,005)
Total comprehensive income/(loss) attributable to:					
Shareholders of the Company		(3,008)	(7,221)	(304)	(2,791)
Non-controlling interests		153	(675)	256	(214)
		(2,855)	(7,896)	(48)	(3,005)
Basic loss per share for the period attributable to shareholders of the Company	7	HK0.35 cents	HK0.62 cents	HK0.03 cents	HK0.24 cents

Condensed Statement of Financial Position

As at 30 June 2011 and 31 December 2010

	<i>Note</i>	30 June 2011 HK\$'000 (Unaudited)	31 December 2010 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		286,894	285,067
Land use rights		8,551	8,588
Construction in progress		20,358	14,125
		315,803	307,780
CURRENT ASSETS			
Inventories		1,773	1,062
Trade receivables	8	27,807	14,840
Prepayments, deposits and other receivables		12,357	5,923
Government subsidy receivables		17,029	17,082
Cash and cash equivalents		19,975	49,648
		78,941	88,555
CURRENT LIABILITIES			
Accrued expenses and other payables	9	9,344	11,239
		9,344	11,239
NET CURRENT ASSETS			
		69,597	77,316
TOTAL ASSETS LESS CURRENT LIABILITIES			
		385,400	385,096
NON-CURRENT LIABILITIES			
Long-term interest-bearing borrowings		237,941	235,400
NET ASSETS			
		147,459	149,696
EQUITY			
Share capital	10	117,706	117,015
Reserves		12,570	15,651
Equity attributable to shareholders of the Company		130,276	132,666
Non-controlling interests		17,183	17,030
TOTAL EQUITY			
		147,459	149,696

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the Company							
	Share capital	Share Premium	Share-based payment reserve	Foreign exchange reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	117,015	63,018	386	15,268	(63,517)	132,170	15,689	147,859
Total comprehensive loss for the period	—	—	—	—	(7,221)	(7,221)	(675)	(7,896)
Share-based payment transactions	—	—	117	—	—	117	—	117
Transaction with owners	—	—	117	—	(7,221)	(7,104)	(675)	(7,779)
At 30 June 2010	117,015	63,018	503	15,268	(70,738)	125,066	15,014	140,080
At 1 January 2011	117,015	63,018	619	18,461	(66,447)	132,666	17,030	149,696
Loss for the period	—	—	—	—	(4,043)	(4,043)	(6)	(4,049)
Other comprehensive income for the period	—	—	—	1,035	—	1,035	159	1,194
Total comprehensive income/(loss) for the period	—	—	—	1,035	(4,043)	(3,008)	153	(2,855)
Share-based payment transactions	—	—	31	—	—	31	—	31
Release on forfeiture of share options	—	—	(104)	—	—	(104)	—	(104)
Exercise of share options	691	—	—	—	—	691	—	691
Transaction with owners	691	—	(73)	—	—	618	—	618
At 30 June 2011	117,706	63,018	546	19,496	(70,490)	130,276	17,183	147,459

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(14,153)	7,997
Net cash used in investing activities	(16,151)	(6,279)
Net cash from financing activities	631	33,617
Net (decrease)/increase in cash and cash equivalents	(29,673)	35,335
Cash and cash equivalents at 1 January	49,648	26,644
Cash and cash equivalents at 30 June	19,975	61,979

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 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 Half Year Results are unaudited but have been reviewed by the Audit and Remuneration Committee of the Company.

2. SEGMENTAL 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 cargo handling, agency and integrated logistics services rendered for the period.

Analysis of revenue is as follows:

	Six months ended		Three months ended	
	30 June		30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Container handling	21,125	12,947	13,454	6,900
Agency income	12,506	8,891	7,084	5,806
Integrated logistics services	7,552	4,198	3,654	2,781
General cargo	735	722	303	312
	41,918	26,758	24,495	15,799

4. LOSS BEFORE TAXATION

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

	Six months ended		Three months ended	
	30 June		30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Depreciation and amortisation	6,050	5,426	3,029	2,708

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 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.

6. DIVIDEND

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

7. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 30 June 2011 is based on the net loss for each of the period attributable to shareholders of the Company and on the weighted average number of 1,171,642,829 shares (2010: 1,170,146,564 shares) and 1,170,898,830 shares (2010: 1,170,146,564 shares) in issue for the period respectively.

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



8. TRADE 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 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	7,768	5,114
31–60 days	7,001	4,684
61–90 days	5,415	3,481
Over 90 days	7,623	1,561
	27,807	14,840

9. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Payables to contractors and equipment suppliers	1,005	1,011
Accrued expenses and other payables	8,339	10,228
	9,344	11,239

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	3,040	5,295
31–60 days	2,025	2,007
61–90 days	643	738
91–180 days	671	211
Over 180 days	2,965	2,988
	9,344	11,239

Included in the over 180 days balance of HK\$2,965,000 is an amount of HK\$871,000 relating to retentions on the constructions of port and related facilities of WIT.

10. SHARE CAPITAL

	30 June 2011		31 December 2010	
	No. of shares	HK\$'000	No. of shares	HK\$'000
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	1,170,146,564	117,015	1,170,146,564	117,015
Share options exercised	6,909,616	691	—	—
At balance sheet date	1,177,056,180	117,706	1,170,146,564	117,015

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 2011	
		No. of Shares <i>(Note 1)</i>	Approximate percentage of total no. of Shares in issue
Chow Kwong Fai, Edward	Interest by attribution <i>(note 2)</i>	414,723,714 (L)	35.23%
		189,000,000 (S)	16.05%
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 30 June 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 30 June 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

(i) *Interests in the Shares*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Unbeatable Holdings Limited <i>(Note 2)</i>	Beneficial owner	278,678,455 (L) 131,000,000 (S)	23.67% 11.13%
Harbour Master Limited <i>(Note 3)</i>	Beneficial owner	246,164,427 (L)	20.91%
The Yangtze Ventures II Limited <i>(Note 3)</i>	Interest by attribution	246,164,427 (L)	20.91%
Goldcrest Development Limited <i>(Note 4)</i>	Interest by attribution	246,164,427 (L)	20.91%
Shui On Construction and Materials Limited <i>(Note 5)</i>	Interest by attribution	246,164,427 (L)	20.91%

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of existing issued share capital of the Company
Shui On Company Limited (Note 6)	Interest by attribution	246,164,427 (L)	20.91%
Bosrich Holdings Inc. (Note 7)	Interest by attribution	246,164,427 (L)	20.91%
HSBC International Trustee Limited (Note 8)	Interest by attribution	246,164,427 (L)	20.91%
Lo Hong Sui, Vincent (Note 9)	Interest by attribution	246,164,427 (L)	20.91%
Chu, Loletta (Note 9)	Interest by attribution	246,164,427 (L)	20.91%
Chow Holdings Limited (Note 2)	Beneficial owner	82,523,793 (L) 46,000,000 (S)	7.01% 3.91%

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.

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 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 period ended 30 June 2011 are set out below:

Name or category of eligible participants	Date of grant	Exercise Price per share HK\$	Number of options				As at 30.06.2011	Conditions and period during which option outstanding as at 30.6.2011 are exercisable
			As at 1.1.2011	Granted during the period	Exercised during the period	Lapsed or cancelled during the period		
Directors								
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	—	(6,909,616)	(3,048,360)	2,032,240	(a)
	13.04.2010	0.182	3,557,839	—	—	(904,536)	2,653,303	(a)
Sub-total			15,548,055	—	(6,909,616)	(3,952,896)	4,685,543	
Total			23,849,131	—	(6,909,616)	(3,952,896)	12,986,619	

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 aforementioned 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.

FINANCIAL POSITION

As at 30 June 2011, the Group had total outstanding bank borrowings of HK\$237.94 million (RMB199.95 million) (as at 31 December 2010: HK\$235.40 million) against total facilities available of HK\$237.94 million (RMB200 million) (as at 31 December 2010: HK\$235.40 million (RMB200 million)) granted by a PRC bank to the Group.

Except for the bank borrowings disclosed above, as at 30 June 2011, the Group did not have any other committed borrowing facilities.

As at 30 June 2011, the Group had cash and cash equivalents of HK\$19.98 million (31 December 2010: HK\$49.65 million).

EXCHANGE RATE RISKS

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

For the six months ended 30 June 2011, 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 2011, the Group had a net gearing ratio of approximately 1.67 times (as at 31 December 2010: 1.40 times). The calculation of the net gearing ratio was based on total bank borrowings, net of cash and cash equivalents held by the Group, over total equity attributable to shareholders' of the Company as at 30 June 2011 and 31 December 2010 respectively.

EMPLOYEE INFORMATION

As at 30 June 2011, the Group had 291 (as at 31 December 2010: 227) 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 in this Report and the Annual Report 2010 of the Company, the Group did not hold any significant investment as at 30 June 2011.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as those disclosed in this Report, the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during six months ended 30 June 2011.

CONTINGENT LIABILITIES

As of the date of this Report and as at 30 June 2011, the Board is not aware of any material contingent liabilities.

PLEDGE OF ASSETS

The Group has pledged certain port facilities and land use rights with an aggregate net book value of approximately HK\$ 258.89 million (2010: HK\$ 261.57 million), HK\$ 8.55 million (2010: HK\$8.59 million) respectively to secure bank loans granted to the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed 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 2011 to 30 June 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 six months ended and as at 30 June 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 30 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the period from 1 January 2011 to 30 June 2011, 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, 12 August 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.