



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 2012



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 (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 2012

Comparing to the corresponding quarter ended 31 March 2011:

- turnover increased by 37% to HK\$23.92 million notwithstanding the decrease in container throughput by 3% to 72,021 TEUs. The increase in turnover was mainly due to the increase in throughput with higher selling price gateway cargos from 24% to 52%;
- market share of container throughput in Wuhan increased from 43% to 44%;
- gross profit increased by 53% to HK\$12.55 million and gross profit margin increased from 47% to 52%;
- EBITDA increased by 153% to HK\$6.89 million; and
- net loss attributable to Shareholders decreased by 68% to HK\$1.18 million.

The closure and relocation of the competitor Hanyang Port which provided an excellent opportunity for the WIT Port to compete on an equal footing with the Hanyang Port in terms of geographical location and to attract more gateway cargos with higher average selling price thereby increasing the Group's gateway cargo market share. Meanwhile, in line with the other container ports in the PRC, the WIT Port has raised its container handling tariff rates on gateways cargos, resulting in an increase in gross profit margin, also improved the Group's operating results.

Management Commentary

Performance

	Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Revenue	23,917	17,423
Cost of services rendered	(11,364)	(9,222)
Gross profit	12,553	8,201
Other income	111	175
General, administrative and other operating expenses	(5,774)	(5,653)
Operating profit/EBITDA	6,890	2,723
Finance costs	(4,478)	(3,703)
EBITDA	2,412	(980)
Depreciation and amortisation	(3,399)	(3,021)
Loss for the period	(987)	(4,001)
Non-controlling interests	(197)	262
Loss attributable to Shareholders	(1,184)	(3,739)

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 further benefit WIT.

Container throughput

Throughput achieved for the three months ended 31 March 2012 was 72,021 TEUs, representing a decrease of 2,488 TEUs or 3% over that of 74,509 TEUs for the corresponding period in 2011.

Of the 72,021 TEUs handled, 37,124 TEUs or 52% (2011: 18,032 TEUS or 24%) and 34,897 TEUs or 48% (2011: 56,477 TEUs or 76%) were attributed to gateway cargos and transshipment cargos, respectively.

The closure and relocation of the competing Hanyang Port to Yanglou area, where WIT Port is located, attracted more gateway cargos with higher average selling price ("ASP"). This coupled with the growth in throughput from existing customers led to the 106% increase in gateway cargos throughput during the three months ended 31 March 2012. The decrease in transshipment cargos throughput was mainly due to allocation of more resources for the higher margin gateway cargos.

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 2012. Revenue generated from these sources accounted for 43% of total revenue compared with 53% for the corresponding period in 2011. 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 gateway cargos throughput, and the increase in hauling capacity as more trucks are added to service.

General Cargo

Throughput of general cargo for the three months ended 31 March 2012 was 17,461 tons, an increase of 186% over the same period of 2011. However, the contribution of general cargo throughput has become insignificant, and only accounted for 1% of the revenue for the period.

Operating Results

Revenue

	Three months ended 31 March					
	2012		2011		Increase/ (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling service	13,423	56	7,671	44	5,752	75
Agency income	4,276	18	5,092	29	(816)	(16)
Integrated logistics services	5,919	25	4,228	24	1,691	40
General and bulk cargo handling service	299	1	432	3	(133)	(31)
	23,917	100	17,423	100	6,494	

Review of Operation

For the three months ended 31 March 2012, the Group's revenue amounted to HK\$23.92 million, representing an increase of HK\$6.49 million or 37% over that of HK\$17.42 million for the corresponding period of 2011.

Container Volume and Throughput

	Three months ended 31 March					
	2012		2011		Increase/ (Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargos	37,124	52	18,032	24	19,092	106
Transshipment cargos	34,897	48	56,477	76	(21,580)	(38)
	72,021	100	74,509	100	(2,488)	

The volume of throughput achieved for the three months ended 31 March 2012 was 72,021 TEUs, representing a decrease of 2,488 TEUs or 3% lower than that of 74,509 TEUs for the same period in 2011. Turnover of container handling increased by 75% due to the gateway cargos throughput with higher ASP increased from 24% to 52% of the total revenue.

In terms of market share, for the three months ended 31 March 2012, the Group achieved a 44% share (compared with the 43% share for the same period of 2011) of the 162,888 TEUs handled for the whole of Wuhan.

Gross Profit and Gross Profit Margin

Gross profit for the three months ended 31 March 2012 was HK\$12.55 million, an increase of HK\$4.35 million on the gross profit of HK\$8.20 million for the same period of 2011. Gross profit margin for the three months ended 31 March 2012 increased from 47% for the same period in 2011 to 52%. These increases reflected both the increase in average selling price and throughput.

Loss for the Period

Loss for the three months ended 31 March 2012 amounted to HK\$0.99 million, representing an improvement of HK\$3.01 million or 75% from that of HK\$4.00 million for the same period in 2011. This was mainly attributable to the rise in selling price and throughput of gateway cargos for the period under review.

Loss per share for the three months ended 31 March 2012 was HK0.10 cents, a 69% decrease compared with HK0.32 cents for the same period in 2011.

New Ports & Logistics Facilities

In March 2012, the Group made a final payment of RMB7.9 million for 65 mou of land for the development of Heavy Item Port. The construction cost was estimated to be RMB200 million and expected to be financed by bank borrowings or other available resources. The Heavy Item Port is expected to operate in October 2013 which will increase contributions to the Group.

Forward Looking Observations

The Group has entered into a Heads of Agreement with Wuhan Xinzhou District Government for the development of the Heavy Item Port to provide heavy and bulky cargo handling services adjacent to the existing berths of the WIT Port upon the completion of the project. The Company expects that there will be a new breakthrough of business upon the completion of the construction of the Heavy Item Port.

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 2012, together with the comparative figures for the corresponding period in 2011 (the "Quarterly Results"), which have been reviewed and approved by the audit committee of the Company (the "Audit Committee"), as follows:

Consolidated Statement of Comprehensive Income

	Notes	Three months ended 31 March	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	2	23,917	17,423
Cost of services rendered		(11,364)	(9,222)
Gross profit		12,553	8,201
Other income		111	175
Other operating expenses		(1,873)	(1,738)
General and administrative expenses		(7,300)	(6,936)
Finance costs		(4,478)	(3,703)
Loss before income tax	3	(987)	(4,001)
Income tax expense	4	—	—
Loss for the period		(987)	(4,001)
Other comprehensive income			
Exchange loss on translation of foreign operations		(44)	1,194
Total comprehensive income for the period		(1,031)	(2,807)
Loss for the period attributable to:			
Shareholders of the Company		(1,184)	(3,739)
Non-controlling interests		197	(262)
		(987)	(4,001)
Total comprehensive income for the period attributable to:			
Shareholders of the Company		(1,231)	(2,704)
Non-controlling interests		200	(103)
		(1,031)	(2,807)
Basic loss per share for the period attributable to shareholders of the Company	6	HK0.10 cents	HK0.32 cents

Consolidated Statement of Changes in Equity

For the period ended 31 March 2012

	Attributable to shareholders 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 2012	117,706	63,018	—	22,473	(64,822)	138,375	19,719	158,094
Loss for the period	—	—	—	—	(1,184)	(1,184)	197	(987)
Other comprehensive income for the period	—	—	—	(47)	—	(47)	3	(44)
Total comprehensive income for the period	—	—	—	(47)	(1,184)	(1,231)	200	(1,031)
At 31 March 2012	117,706	63,018	—	22,426	(66,006)	137,144	19,919	157,063
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
Total comprehensive income for the period	—	—	—	1,035	(3,739)	(2,704)	(103)	(2,807)
Transaction with owners								
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

Notes to the Condensed Consolidated Income Statement

For the period ended 31 March 2012

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 2011.

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

2. Revenue

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

3. Loss before Income Tax

Loss before income tax has been arrived at after charging the following:

	Three months ended 31 March	
	2012 HK\$'000	2011 HK\$'000
Depreciation and amortisation	3,399	3,021

4. Income Tax Expense

In accordance with the relevant income tax laws applicable to Sino-foreign joint ventures in the People's Republic of China ("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 period as the Company and its subsidiaries which are subject to Hong Kong Profits Tax incurred a loss for taxation purpose.

5. Dividend

The directors do not recommend payment of a dividend in respect of the first three months of 2012. (2011: Nil).

6. 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\$1,184,000 (2011: HK\$3,739,000) and on the weighted average number of 1,177,056,180 (2011: 1,170,146,564) ordinary shares in issue for the period.

Disclosure of Interests

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

As at 31 March 2012, 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 2012	
		No. of Shares (Note 1)	Approximate percentage of total no. of Shares in issue
Yan Zhi	Interest through controlled corporations (Note 2)	882,440,621 (L)	74.97%

Notes:

1. The letter "L" denotes a long position.
2. The 882,440,621 (L) Shares were held by Zall Infrastructure Investments Company Limited, a company indirectly wholly-owned by Mr. Yan Zhi.

Shares options

The Company's share option scheme adopted on 2 September 2005 was cancelled in the year 2011. There is no option outstanding held by any Director, employee of the Group or any eligible persons as defined in the scheme as at 31 March 2012.

Substantial Shareholders and Other Persons

So far as was known to the Directors, as at 31 March 2012, 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 (Note 1)	Approximate percentage of total number of Shares in issue
Zall Infrastructure Investments Company Limited (Note 2)	Beneficial owner	882,440,621 (L)	74.97%
Zall Holdings Company Limited (Note 2)	Interest through controlled corporation	882,440,621 (L)	74.97%

Notes:

1. The letter "L" denotes a long position.
2. Zall Infrastructure Investments Company Limited is wholly-owned by Zall Holdings Company Limited, which in turn is wholly-owned by Mr. Yan Zhi.

Director's Right to Acquire Shares or Debentures

During the three months ended 31 March 2012, none of the Directors was granted any other options to subscribe for the shares of the Company.

Code of Conduct Regarding Securities Transactions by Directors

For the period from 1 January 2012 to 31 March 2012, 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, who have confirmed that, during the period ended 31 March 2012, they were in compliance with the Code of Conduct and the Required Standard Dealings.

Competing Interests

During the three months ended and as at 31 March 2012, 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 2012 to 31 March 2012.

Corporate Governance Practices

The Company endeavours to adopt prevailing best corporate governance practices, the Company has complied with the code provisions set out in Appendix 15 of Code on Corporate Governance Practices of the GEM Listing Rules of the period ended 31 March 2012.

Review by Audit Committee

The Audit Committee has reviewed and discussed with the management of the Company the results of the Group for the three months ended 31 March 2012.

The Audit Committee comprises 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. Fang Yibing.

Purchase, Redemption or Sale of Listed Securities

For the period from 1 January 2012 to 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Subsequent Event

At the annual general meeting of the shareholders of the Company held on 7 May 2012, Mr. Yan Zhi and Mr. Fong Yibing, non-executive Directors of the Company; Ms. Liu Qin and Mr. Duan Yan, executive Directors of the Company; and Mr. Lee Kang Bor, independent non-executive Director, retired by rotation in accordance with article 130 of the articles of association of the Company, and were duly re-elected.

By order of the Board
CIG Yangtze Ports PLC
Yan Zhi
Chairman

Hong Kong, 14 May 2012

As at the date of this report, the Board comprises two executive Directors namely Ms. Liu Qin and Mr. Duan Yan; two non-executive Directors namely Mr. Yan Zhi and Mr. Fang Yibing and three independent non-executive Directors namely Mr. Lee Kang Bor, Thomas, Dr. Wong Tin Yau, Kelvin and Mr. Fan Chun Wah, Andrew.