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 2013

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

Interim Report
2013

* For identification only

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Highlights

For the six months ended 30 June 2013

Comparing to the corresponding six months in 2012:

- Turnover increased by 17% to HK$66.50 million mainly due to increase in cargo throughput and integrated logistic service.
- The container throughput increased by 8% to 167,723 TEUs whereas the throughput of gateway cargoes increased from 54% to 59%, the throughput of trans-shipment cargoes decreased from 46% to 41%.
- Market share of container throughput in Wuhan remained at 42% for both the periods ended 30 June 2012 and 30 June 2013.
- Logistic business becomes one of the Group's main streams of revenue which contributed HK$25.81 million or 39% of the Group's total revenue.
- Gross profit margin decreased from 50% to 45% whereas gross profit increased by 6% to HK$29.90 million.
- EBITDA increased by 17% to HK$19.33 million.
- Net profit attributable to owners amounted to HK$0.70 million as compared with a loss of HK$0.2 million for the same period of year 2012.

For the three months ended 30 June 2013

Comparing to the three months ended 30 June 2012:

- Turnover increased by 25% to HK$41.15 million with the increase in container throughput by 6% to 88,626 TEUs.

- The container throughput increased by 6% to 88,626 TEUs whereas the throughput of gateway cargoes increased from 57% to 59%, the throughput of trans-shipment cargoes decreased from 43% to 41%.

- Market share of container throughput in Wuhan remained at 40% for both the periods ended 30 June 2012 and 30 June 2013.

- Logistic business contributes HK$20.7 million or 50% of the Group's total revenue.

- Gross profit margin decreased from 48% to 42% whereas gross profit increased by 9% to HK$17.24 million.

- EBITDA increased by 42% to HK$13.67 million.

- Net profit attributable to owners was HK$2.79 million as compared with a profit of HK$1.0 million for the same period of year 2012.

During the period under review, there is a new customer of our logistic business of which contributed approximately 34% of the turnover for the three months from April to June 2013. The gross profit margin for this customer is 8.5% which have dragged down the Group's overall gross profit margin. Based on the operation of the past three months, we expect three will be a significant growth in turnover in logistic business in 2013.

Management commentary

Results

	Six months ended 30 June		Three months ended 30 June	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	**66,501**	56,800	**41,146**	32,883
Cost of services rendered	**(36,604)**	(28,497)	**(23,904)**	(17,133)
Gross profit	**29,897**	28,303	**17,242**	15,750
Other income	**2,598**	551	**2,547**	440
General and administrative and other operating expenses	**(13,167)**	(12,304)	**(6,115)**	(6,530)
Operating profit/EBITDA	**19,328**	16,550	**13,674**	9,660
Finance costs	**(10,177)**	(8,966)	**(5,981)**	(4,488)
EBTDA	**9,151**	7,584	**7,693**	5,172
Depreciation and amortisation	**(7,463)**	(6,882)	**(3,876)**	(3,483)
Income tax expense	**—**	(84)	**—**	(84)
Profit for the period	**1,688**	618	**3,817**	1,605
Non-controlling interests	**(1,012)**	(814)	**(1,025)**	(617)
Profit (Loss) attributable to owners	**676**	(196)	**2,792**	988

Review of operation

Overall business environment

The principal activities of CIG Yangtze Ports PLC (the "**Company**") and its subsidiaries (collectively, the "**Group**") are investment in and the development, operation, management of container ports and integrated logistic service which are conducted through the WIT Port, which is 85% owned by the Group.

During the period under review, the new customer of our logistic business of which contributed approximately 34% of the turnover for the three months from April to June 2013. The gross profit margin for this customer is 8.5% which have dragged down the Group's overall gross profit margin. Based on the operation of the past three months, we expect three will be a significant growth in turnover in logistic business in 2013.

Terminal and related business

Container throughput

Throughput achieved for the six months ended 30 June 2013 was 167,723 TEUs, an increase of 12,185 TEUs or 8% higher than that of 155,538 TEUs for the same period in 2012. Of the 167,723 TEUs handled, 99,448 TEUs or 59% (2012: 84,512 TEUs or 54%) and 68,275 TEUs or 41% (2012: 71,026 TEUs or 46%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. Throughput for the three months ended 30 June 2013 was 88,626 TEUs, an increase of 5,109 TEUs or 6% over that of 83,517 TEUs for the same period in 2012. Of the 88,626 TEUs handled, 51,939 TEUs or 59% (2012: 47,388 TEUs or 57%) and 36,687 TEUs or 41% (2012: 36,129 TEUs or 43%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. The Group was the sole operator of the trans-shipment cargoes in Wuhan in the past. During the second quarter of 2012, the Wuhan Customs allowed the Company's competing port to operate the trans-shipment cargoes business, as a result of which the Group's total market shares in Wuhan has been eroded. One year after the change, the result showed that the Group has relied less on the trans-shipment business.

Integrated logistic service

The subsidiary of WIT, 武漢陽邏港物流有限公司 (Wuhan Yanglou Port Logistic Company Limited), entered into an agreement with a new customer in March 2013 who operates paper and pulp business to provide them transportation service for one year with an option of extension for another year. Gross profit margin for the service for the three months from April 2013 to June 2013 is 8.5% which is lower than the Group's normal logistic service.

Operating results

Revenue

For the six months ended 30 June 2013, the Group's revenue amounted to HK$66.50 million, representing an increase of HK$9.70 million or 17% over that of HK$56.80 million for the corresponding period of 2012. For the three months ended 30 June 2013, the Group's revenue amounted to HK$41.15 million, representing an increase of HK$8.27 million or 25% over that of HK$32.88 million for the corresponding period of 2012. During the period under review, as there was a significant growth in the revenue of integrated logistic service business, a separate segment is presented for better understanding of performance of different operating segments, please refer to the note 4 to the condensed consolidated financial statements for details. As mentioned above, the growth was mainly from a new customer which contributed approximately 34% of the Group's turnover for the 3 months from April to June 2013.

Container throughput

	Six months ended 30 June					
	2013		2012		Increase (Decrease)	
	TEUs	**%**	TEUs	%	TEUs	%
Gateway cargoes	**99,448**	**59**	84,512	54	14,936	18
Trans-shipment cargoes	**68,275**	**41**	71,026	46	(2,751)	(4)
	167,723	**100**	155,538	100	12,185	8

The volume of throughput achieved for the six months ended 30 June 2013 was 167,723 TEUs, an increase of 12,185 TEUs or 8% over that of the 155,538 TEUs handled in the same period in 2012. The volume of throughput achieved for the three months ended 30 June 2013 was 88,626 TEUs, representing an increase of 5,109 TEUs or 6% over that of 83,517 TEUs for the same period in 2012. The Group succeeded in increasing the throughput on gateway cargoes during the period under review.

For the six months ended 30 June 2013, the market share of the Group remained at 42%, same as that for the same period in 2012 out of the total of 403,634 TEUs (2012: 373,462 TEUs) handled for the whole of Wuhan which showed a growth of 8% in total container throughput.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2013 was HK$29.90 million, representing an increase of HK$1.59 million as compared with the corresponding period of 2012. Gross profit for the three months ended 30 June 2013 was HK$17.24 million, with an increase of HK$1.49 million as compared with the corresponding period of 2012. Gross profit margins for the six months and three months ended 30 June 2013 are 45% and 42% of revenue, respectively as compared with a gross profit margin of 50% and 48% in the respective corresponding periods in 2012. The main reason for the lowering of the gross profit margin was because of a new customer of logistic business which contributed 34% of the Group's turnover from April to June 2013 with a gross profit margin is 8.5%, it is much lower than the profit margin of logistic service rendered to other customers during the period under review.

Profit (Loss) for the period

Profit for the six months ended 30 June 2013 amounted to HK$1.69 million, comparing with a profit of HK$0.62 million for the same period in 2012. Profit for the three months ended 30 June 2013 amounted to HK$3.82 million comparing with a profit of HK$1.61 million for the same period in 2012. These improvements were mainly attributable to the increase in turnover of both container throughput and integrated logistic business.

Earnings per share for the six months ended 30 June 2013 was HK0.06 cents compared with loss per share of HK0.02 cents for the same period in 2012. Earnings per share for the three months ended 30 June 2013 was HK0.24 cents compared with earnings per share of HK0.08 cents for the same period in 2012 and loss per share was HK0.18 cents for the first three months of 2013, respectively.

Financial resources and liquidity

As at 30 June 2013, the Group's cash and bank balances, which were principally denominated in Renminbi ("RMB") and Hong Kong dollar, amounted to HK$60.94 million (31 December 2012: HK$33.46 million).

The Group had secured bank loans of HK$174.03 million (31 December 2012: HK$173.87 million) and unsecured bank loans HK$131.16 million (31 December 2012: HK$ 74.54 million). All the bank loans were denominated in RMB.

The Group's net current assets was HK$122.79 million (31 December 2012: net current liabilities of HK$6.08 million). The Group had two new bank loans drawn down during the period under review with respective repayment terms of 7 years and 2 years to refinance two loans which fell due during the period under review and the development of the port.

Forward looking observations

The Wuhan Customs allowed the Company's competing port to operate the trans-shipment business that we were the sole operator in the past. To counteract, we placed more resources on higher profit margin gateway cargoes instead of relying on the lower profit margin trans-shipment cargoes. One year after the change, the results showed that we employed the right strategy and the growth in gateway cargoes compensated drop in unit price and the volume of trans-shipment cargoes.

The Group is developing the container storage yard and the multi-purpose port to provide heavy and bulky cargo handling service. The container storage yard and the multi-purpose port are expected to come into operation in the third quarter of 2013 and 2014 respectively.

Integrated logistic business is an extension of our existing business. We expect that this business segment will contribute significant growth in turnover in 2013.

Half year results

The board (the "**Board**") of Directors of the Company is pleased to announce the unaudited condensed consolidated half year results of the Group for the three months and six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012 (the "**Half Year Results**") which have been reviewed and approved by the audit committee of the Company (the "**Audit Committee**"), as follows:

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2013

	Notes	**Six months ended 30 June 2013 HK$'000 (unaudited)**	Six months ended 30 June 2012 HK$'000 (unaudited)	**Three months ended 30 June 2013 HK$'000 (unaudited)**	Three months ended 30 June 2012 HK$'000 (unaudited)
Revenue	*4*	**66,501**	56,800	**41,146**	32,883
Cost of service rendered		**(36,604)**	(28,497)	**(23,904)**	(17,133)
Gross profit		**29,897**	28,303	**17,242**	15,750
Other income		**2,598**	551	**2,547**	440
Other operating expenses		**(6,654)**	(6,364)	**(3,561)**	(1,887)
General and administrative expenses		**(13,976)**	(12,822)	**(6,430)**	(8,126)
Finance costs		**(10,177)**	(8,966)	**(5,981)**	(4,488)
Profit before income tax	*5*	**1,688**	702	**3,817**	1,689
Income tax expense	*6*	**—**	(84)	**—**	(84)
Profit for the period	*4*	**1,688**	618	**3,817**	1,605
Other comprehensive income					
Exchange gain (loss) on translation of foreign operations		**777**	(39)	**5**	5
Total comprehensive income for the period		**2,465**	579	**3,822**	1,610
Profit for the period attributable to:					
Owners of the Company		**676**	(196)	**2,792**	988
Non-controlling interests		**1,012**	814	**1,025**	617
		1,688	618	**3,817**	1,605
Total comprehensive income attributable to:					
Owners of the Company		**1,328**	(256)	**2,778**	975
Non-controlling interests		**1,137**	835	**1,044**	635
		2,465	579	**3,822**	1,610
Basic earnings (loss) per share for the period attributable to owners of the Company	*8*	**HK0.06 cents**	(HK0.02 cents)	**HK0.24 cents**	HK0.08 cents

Condensed consolidated statement of financial position

As at 30 June 2013 and 31 December 2012

	Note	**30 June 2013 HK$'000 (unaudited)**	31 December 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**310,198**	309,728
Land use rights		**25,969**	26,132
Construction in progress		**31,264**	19,952
		367,431	355,812
Current assets			
Inventories		**2,848**	2,929
Trade receivables	*9*	**55,383**	40,701
Prepayments, deposits and other receivables		**19,949**	7,056
Government subsidy receivables		**4,451**	2,124
Cash and cash equivalents		**60,943**	33,462
		143,574	86,272
Current liabilities			
Trade payables	*10*	**6,871**	6,799
Other payables	*11*	**6,423**	9,772
Interest-bearing borrowings	*12*	**7,495**	75,785
		20,789	92,356
Net current assets (liabilities)		**122,785**	(6,084)
Total assets less current liabilities		**490,216**	349,728
Non-current liabilities			
Interest-bearing borrowings	*12*	**297,692**	172,631
Other payables	*11*	**1,245**	1,283
Amount due to a shareholder	*13*	**23,700**	10,700
		322,637	184,614
Net assets		**167,579**	165,114
Equity			
Share capital	*14*	**117,706**	117,706
Reserves		**26,506**	25,178
Equity attributable to owners of the Company		**144,212**	142,884
Non-controlling interests		**23,367**	22,230
Total equity		**167,579**	165,114

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2013

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Foreign exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013	117,706	63,018	24,871	(62,711)	142,884	22,230	165,114
Profit for the period	—	—	—	676	676	1,012	1,688
Other comprehensive income for the period	—	—	652	—	652	125	777
Total comprehensive income for the period	—	—	652	676	1,328	1,137	2,465
At 30 June 2013	117,706	63,018	25,523	(62,035)	144,212	23,367	167,579
At 1 January 2012	117,706	63,018	22,473	(64,822)	138,375	19,719	158,094
Profit (Loss) for the period	—	—	—	(196)	(196)	814	618
Other comprehensive income for the period	—	—	(60)	—	(60)	21	(39)
Total comprehensive income for the period	—	—	(60)	(196)	(256)	835	579
At 30 June 2012	117,706	63,018	22,413	(65,018)	138,119	20,554	158,673

Condensed consolidated statement of cash flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash flows from (used in):		
Operating activities	**(23,330)**	2,323
Investing activities	**(17,780)**	(25,526)
Financing activities	**68,591**	21,242
Net increase (decrease) in cash and cash equivalents	**27,481**	(1,961)
Cash and cash equivalents at 1 January	**33,462**	23,384
Cash and cash equivalents at 30 June	**60,943**	21,423

Notes to the condensed consolidated financial statements

For the six months ended 30 June 2013

1. Corporate information

The Company was incorporated in the Cayman Islands on 17 January 2003 as an exempted company with limited liability and its issued shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The head office of the Company is located at 2909A, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The Company's immediate holding company is Zall Infrastructure Investments Company Limited, a limited liability company incorporated in the British Virgin Islands. The directors consider the ultimate holding company to be Zall Holdings Company Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company and the principal activities of Wuhan International Container Company Limited ('WIT"), the major operating subsidiary, are port construction and operation.

This condensed consolidated financial information has not been audited but has been reviewed by the Company's Audit Committee.

2. Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

3. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

In the current interim period, the Group has applied, for the first time, all new standards, amendments and interpretation issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013. The adoption of these new standards has no material impact on the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early adopted the new and amended IFRSs have been published but not yet effective. The Group is in the process of assessing the potential impact of these new IFRSs but are not yet in the position to state whether they would have any material impact on the Group's financial statements.

During the year ended 31 December 2012, the Group changed its presentation on depreciation on port facilities and terminal equipment which was previously included in general and administration expenses in the consolidated statement of comprehensive income. Subsequent to the change in presentation, the depreciation on port facilities and terminal equipment was included in other operating expenses in the consolidated statement of comprehensive income. This interim financial report has been prepared in accordance with the same accounting policies adopted in 2012 annual financial statements.

The change in presentation does not have any impact on profit and earnings per share for both periods ended 30 June 2013 and 2012. As the restatement would have no effect on the previously published consolidated statements of financial position as at that date.

4. Segmental information

(a) Operating segments

The Group has presented into two reportable segments — terminal and related business, integrated logistic business.

During the period ended 30 June 2013, the Group added a new segment namely, integrated logistic business, with a view to assist the assessment of segment performance by the Group's chief operating decision maker. Segment profit represents the profit earned by each segment without allocation of corporate income and expenses, directors' emoluments. Segment assets include all tangible assets and current assets with the exception of and other corporate assets. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. Information regarding the Group's reportable segments is set out below.

No operating segments have been aggregated to form the following reportable segments.

For the six months ended 30 June 2013

	Terminal & related business HK$'000	Integrated logistic business HK$'000	Elimination HK$'000	Unallocated corporate expenses HK$'000	Total HK$'000
Revenue from external customer	**40,688**	**25,813**	**—**	**—**	**66,501**
Inter-segment revenue	**2,097**	**—**	**(2,097)**	**—**	**—**
Reportable segment revenue	**42,785**	**25,813**	**(2,097)**	**—**	**66,501**
Gross profit	**28,998**	**899**	**—**	**—**	**29,897**
Other income	**2,134**	**2**	**—**	**462**	**2,598**
General, administration and other operating expenses	**(15,140)**	**(1,701)**	**—**	**(3,789)**	**(20,630)**
Finance costs	**(10,177)**	**—**	**—**	**—**	**(10,177)**
Profit (Loss) before income tax	**5,815**	**(800)**	**—**	**(3,327)**	**1,688**
Income tax expense	**—**	**—**	**—**	**—**	**—**
Profit (Loss) for the period	**5,815**	**(800)**	**—**	**(3,327)**	**1,688**

For the six months ended 30 June 2012

	Terminal & related business HK$'000	Integrated logistic business HK$'000	Elimination HK$'000	Unallocated corporate expenses HK$'000	Total HK$'000
Revenue from external customer	44,088	12,712	—	—	56,800
Inter-segment revenue	—	—	—	—	—
Reportable segment revenue	44,088	12,712	—	—	56,800
Gross profit	27,374	929	—	—	28,303
Other income	248	—	—	303	551
General, administration and other operating expenses	(13,619)	(540)	—	(5,027)	(19,186)
Finance costs	(8,966)	—	—	—	(8,966)
Profit (Loss) before income tax	5,037	389	—	(4,724)	702
Income tax expense	—	(84)	—	—	(84)
Profit (Loss) for the period	5,037	305	—	(4,724)	618

The following table presents segment assets of the Group's operating segments as at 30 June 2013 and 31 December 2012:

As at 30 June 2013

	Terminal & related business HK$'000	**Integrated logistic business HK$'000**	**Total HK$'000**
Assets and liabilities			
Segment assets	**510,544**	**31,407**	**541,951**
Segment liabilities	**(338,131)**	**(25,995)**	**(364,126)**
			177,825
Unallocated corporate liabilities			**(10,246)**
			167,579

As at 31 December 2012

	Terminal & related business HK$'000	Integrated logistic business HK$'000	Total HK$'000
Assets and liabilities			
Segment assets	421,264	12,299	433,563
Segment liabilities	(258,964)	(6,117)	(265,081)
			168,482
Unallocated corporate liabilities			(3,368)
			165,114

(b) Geographical information

All of the Group's revenue and contribution to the profit (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.

5. Profit before income tax

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

	Six months ended 30 June		**Three months ended 30 June**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Depreciation and amortisation	**7,463**	6,882	**3,876**	3,483

6. 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, 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, ended on 31 December 2012 irrespective of whether WIT is profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and tax payable will be charged at 12.5%.

Corporate income tax has been provided at the rate of 25% on the estimated assessable profits derived by companies in the PRC.

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.

7. Dividend

The directors do not recommend the payment of a dividend in respect of the first half of 2013 (2012: Nil).

8. Earnings (Loss) per share

The calculation of basic earnings (loss) per share for the six months and three months ended 30 June 2013 is based on the net profit (loss) for each of the period attributable to owners of the Company and on the weighted average number of 1,177,056,180 shares (2012: 1,177,056,180 shares) and 1,177,056,180 shares (2012: 1,177,056,180 shares) in issue during the periods respectively.

No adjustment has been made to the basic earnings (loss) per share for the both period ended 30 June 2013 and 2012, as there were no dilutive potential ordinary shares in existence during the period.

9. Trade receivables

The Group allows a credit period of 60 days to 150 days to its trade customers.

An ageing analysis of the trade receivables as at the end of the reporting period based on the invoice date and net of provision, is as follows:

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Within 30 day	**20,594**	14,549
31–60 days	**11,833**	8,184
61–90 days	**7,156**	4,930
Over 90 days	**15,800**	13,038
	55,383	40,701

10. Trade payables

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice dates is as follows:

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Within 30 days	**1,857**	1,607
31–60 days	**2,990**	1,801
61–90 days	**900**	2,105
Over 90 days	**1,124**	1,286
	6,871	6,799

11. Accruals and other payables

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Payables to contractors and equipment suppliers	**232**	1,388
Accruals and other payables	**7,436**	9,667
	7,668	11,055
Less: Deferred government subsidies included in non-current other payables	**(1,245)**	(1,283)
	6,423	9,772

12. Interest-bearing borrowings

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Bank loans		
Unsecured	**131,155**	74,542
Secured	**174,032**	173,874
	305,187	248,416
Current portion	**(7,495)**	(75,785)
Non-current portion	**297,692**	172,631

13. Amount due to a shareholder

The amount due to a shareholder, also a director of the Company, was unsecured, interest free and will not be repayable within 12 months from the reporting date.

14. Share capital

	30 June 2013 No. of shares	30 June 2013 HK$'000 (unaudited)	31 December 2012 No. of shares	31 December 2012 HK$'000 (audited)
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 the period	**1,177,056,180**	**117,706**	1,177,056,180	117,706
At the end of the period	**1,177,056,180**	**117,706**	1,177,056,180	117,706

15. Capital commitments outstanding not provided for in the interim financial report

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Contracted but not provided for:		
— Capital contribution to a subsidiary	**—**	7,947
— Construction of port facilities	**5,190**	5,693
	5,190	13,640

Disclosure of interests

Directors', chief executives' interests in shares and short positions in the shares of the Company (the "Share(s)")

As at 30 June 2013, the interests or short positions of the Directors and chief executives 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

		As at 30 June 2013	
Name of Director	**Capacity**	**No. of Shares** *(Note 1)*	**Approximate percentage of total number 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 Directors, employees of the Group or any eligible persons as defined in the scheme as at 30 June 2013.

Substantial shareholders and other persons

So far as was known to the Directors, as at 30 June 2013, 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 by attribution	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 six months ended 30 June 2013, none of the Directors was granted with any other options to subscribe for the shares of the Company.

Financial resources and liquidity

As at 30 June 2013, the Group's cash and bank balances amounted to HK$60,943,000 (31 December 2012: HK$33,462,000).

As at 30 June 2013, the Group had secured bank loans of HK$174,032,000 (31 December 2012: HK$173,874,000), unsecured bank loans of HK$131,155,000 (31 December 2012: HK$74,542,000) and had a total amount due to a shareholder amounted HK$23,700,000 (31 December 2012: HK$10,700,000).

As at 30 June 2013, the Group's net current assets was HK$122,785,000 (31 December 2012: net current liabilities HK$6,084,000), with current assets of HK$143,574,000 (31 December 2012: HK$86,272,000) and current liabilities of HK$20,789,000 (31 December 2012: HK$92,356,000), representing a current ratio of 6.90 (31 December 2012: 0.93).

Capital structure

The Group's total equity amounted to HK$167,579,000 as at 30 June 2013 (31 December 2012: HK$165,114,000).

Borrowing and banking facilities

The Group finances its operation and capital expenditure with internal financial resources, long-term and short-term bank and other borrowings.

As at 30 June 2013, the Group had total outstanding bank borrowings of HK$305,187,000 (as at 31 December 2012: HK$248,416,000) provided by a PRC bank. The bank loans are secured by the port facilities and the land use rights owned by WIT with a carrying value of HK$256,745,000 (31 December 2012: HK$266,714,000). The amount due to a shareholder was HK$23,700,000 (31 December 2012: HK$10,700,000) which is unsecured, interest-free and repayable over one year. The gearing ratio based on bank borrowings and other borrowings over total equity for the period was 1.96 (31 December 2012: 1.57).

Commitments and contingent liabilities

As at 30 June 2013, the Group have capital commitments of HK$5,190,000 (31 December 2012: HK$13,640,000).

As at 30 June 2013, the Board is not aware of any material contingent liabilities (31 December 2012: nil).

Exchange rate risks

The Group's reporting currency is denominated in Hong Kong dollar. The Group's exposure to foreign currency exchange rates relates primarily to the Group's operation in Wuhan which are conducted in RMB.

For the period ended 30 June 2013, the Group generated revenue solely in RMB, its loans are in RMB and it incurred costs mainly in RMB and Hong Kong dollars. The Company will closely monitor the foreign exchange exposure and its impact on the Group.

Employee information

The Group had employed 293 employees as at 30 June 2013 (265 employees as at 31 December 2012). The Group participates in retirement insurance, medical insurance, 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 disclosed in this report, the Group did not hold any other significant investment as at 30 June 2013.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the six months period ended 30 June 2013.

Future plans for material investments of capital assets

The construction cost of the multi-purpose port was estimated to be RMB200 million and expected to be financed by bank borrowings or other available resources.

Purchase, redemption and sale of shares

During the six months ended 30 June 2013, the Company did not redeem any of its Shares and neither the Company nor any of its subsidiaries purchased, or sold any of the Company's Shares.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2013.

Code of conduct regarding securities transactions by Directors

For the six months ended 30 June 2013, 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 30 June 2013, they were in compliance with the Code of Conduct and the Required Standard Dealings.

Competing interests

During the six months ended and as at 30 June 2013, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders of the Company as defined in the GEM Listing Rules had any interest in a business which competes or may compete with the business of the Group.

Corporate governance practices

The Company endeavours to adopt prevailing best corporate governance practices. For the six months ended 30 June 2013, the Company has complied with the code provisions (the "CG Code Provisions") set out in the Corporate Governance Code as set forth under Appendix 15 of the GEM Listing Rules and there has been no deviation in relation thereto.

Review by the Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and has discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2013.

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 2013 to 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Acknowledgement

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their support and our customers for the patronage.

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

Hong Kong, 13 August 2013

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.