



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 2012



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

\* For identification only

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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, 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.*

# Contents

Highlights 2

Management Commentary 3

Forward Looking Observations 8

The Financial Statements 9

Other Information 22



## Highlights

### For the six months ended 30 June 2012

Comparing to the corresponding six months in 2011:

- Turnover increased by 36% to HK\$56.80 million notwithstanding the decrease in container throughput by 1% to 155,538 TEUs. The increase in turnover was mainly due to the increase in throughput with higher tariff price gateway cargoes from 27% to 54%.
- Market share of container throughput in Wuhan slightly decreased from 43% to 42%, the market share decreased was due to the shifting of some of the trans-shipment cargoes during the second quarter to our competing port, which was recently allowed by the Wuhan Customs to operate trans-shipment business, the Group was the sole operator of trans-shipment business in the past.
- Gross profit increased by 39% to HK\$28.30 million;
- EBITDA increased by 74% to HK\$16.55 million; and
- Net loss attributable to owners amounted to HK\$0.20 million as compared with a loss of HK\$4.04 million for the same period of year 2011.

### For the three months ended 30 June 2012

Comparing to the corresponding three months in 2011:

- Turnover increased by 34% to HK\$32.88 million with the increase in container throughput by 2% to 83,517 TEUs.
- Market share of container throughput in Wuhan decreased from 44% to 40%, as we streamlined our resources to target gateway cargoes and focus less on trans-shipment cargoes which carries lower tariff price due to fierce competition.
- Gross profit increased by 30% to HK\$15.75 million;
- EBITDA increased by 42% to HK\$9.66 million; and
- Net profit attributable to owners was HK\$0.99 million.

In light 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 gateway cargoes throughput, revenue and EBITDA and has been able to significantly reduce its losses during the period under review.

## Management Commentary

### Results

	Six months ended 30 June		Three months ended 30 June	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue	56,800	41,918	32,883	24,495
Cost of services rendered	(28,497)	(21,581)	(17,133)	(12,359)
Gross profit	28,303	20,337	15,750	12,136
Other income	551	308	440	133
General and administrative and other operating expenses	(12,304)	(11,122)	(6,530)	(5,469)
Operating profit/EBITDA	16,550	9,523	9,660	6,800
Finance costs	(8,966)	(7,522)	(4,488)	(3,819)
EBTDA	7,584	2,001	5,172	2,981
Depreciation and amortisation	(6,882)	(6,050)	(3,483)	(3,029)
Income tax expense	(84)	—	(84)	—
Profit (Loss) for the period	618	(4,049)	1,605	(48)
Non-controlling interests	(814)	6	(617)	(256)
Profit (Loss) attributable to owners	(196)	(4,043)	988	(304)

## 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 and management of container ports which are conducted through the WIT Port, which is 85% owned by the Group.

In light 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 gateway cargoes throughput, revenue and EBITDA and reduce the operating losses for the period ended 30 June 2012.

### *Container throughput*

Throughput achieved for the six months ended 30 June 2012 was 155,538 TEUs, a slight decrease of 837 TEUs or 1% less than that of 156,375 TEUs for the same period in 2011. Of the 155,538 TEUs handled, 84,512 TEUs or 54% (2011: 42,551 TEUs or 27%) and 71,026 TEUs or 46% (2011: 113,824 TEUs or 73%) were attributed to gateway cargoes and trans-shipment cargoes, respectively. Throughput for the three months ended 30 June 2012 was 83,517 TEUs, an increase of 1,651 TEUs or 2% over that of 81,866 TEUs for the same period in 2011. Of the 83,517 TEUs handled, 47,388 TEUs or 57% (2011: 24,519 TEUs or 30%) and 36,129 TEUs or 43% (2011: 57,347 TEUs or 70%) 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 our competing port to operate the trans-shipment cargoes business, as a result of which our total market shares in Wuhan has been eroded. The competition for the trans-shipment cargoes pushed down the average tariff price, hence the Group decided to streamline our resources to target at the higher tariff price gateway cargoes.

### *Agency & Logistics*

The agency business and the integrated logistics business have continued to make important contributions to the revenue of the Group during the first six months of 2012. Revenue from these sources accounted for 46% and 48% of turnover for the six months and three months ended 30 June 2012, respectively. These include income from freight forwarding, customs clearance, transportation of containers, and the provision of bonded and general warehousing, stacking yard storage and repackaging.

### General Cargoes

Throughput of general and bulk cargoes for the six months and three months ended 30 June 2012 was 27,886 tons (2011: 30,253 tons) and 10,425 tons (2011: 21,832 tons), respectively. However, the contribution of general cargoes throughput has become insignificant, and only accounted for 1% of the revenue for the period under review.

## Operating Results

### Revenue

	Six months ended 30 June					
	2012		2011		Increase/ (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling service	30,240	53	21,125	50	9,115	43
Agency income	13,945	25	12,506	30	1,439	12
Integrated logistics services	12,133	21	7,552	18	4,581	61
General cargoes	482	1	735	2	(253)	(34)
	<b>56,800</b>	<b>100</b>	<b>41,918</b>	<b>100</b>	<b>14,882</b>	<b>36</b>

For the six months ended 30 June 2012, the Group's revenue amounted to HK\$56.80 million, representing an increase of HK\$14.88 million or 36% over that of HK\$41.92 million for the corresponding period of 2011. For the three months ended 30 June 2012, the Group's revenue amounted to HK\$32.88 million, representing an increase of HK\$8.38 million or 34% over that of HK\$24.50 million for the corresponding period of 2011. During the period under review, growth in the Group's business had been recorded in every segment except general cargoes of the Group's business. The increase in container handling service income was due both to the increase in gateway cargoes throughput and the average tariff price. The average tariff price for the gateway cargoes was increased from HK\$262 per TEU to HK\$292 per TEU whereas the average tariff price for the trans-shipment cargoes decreased from HK\$88 per TEU to HK\$78 per TEU due to fierce competition in the trans-shipment business. The increase in gateway cargoes containers led to the substantial growth in integrated logistics services which included largely cargoes consolidation and de-consolidation, storage and transportation where trans-shipment containers not required such services.

In respect of revenue contributions for the six months ended 30 June 2012, container handling service accounted for 53% (2011: 50%), agency income accounted for 25% (2011: 30%), integrated logistics services accounted for 21% (2011: 18%) and general cargoes handling service accounted for 1% (2011: 2%).

### Container Throughput

	Six months ended 30 June					
	2012		2011		Increase (Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	84,512	54	42,551	27	41,961	99
Trans-shipment cargoes	71,026	46	113,824	73	(42,798)	38
	<b>155,538</b>	<b>100</b>	156,375	100	(837)	(1)

The volume of throughput achieved for the six months ended 30 June 2012 was 155,538 TEUs, a decrease of 837 TEUs or 1% over that of the 156,375 TEUs handled in the same period in 2011. The volume of throughput achieved for the three months ended 30 June 2012 was 83,517 TEUs, representing an increase of 1,651 TEUs or 2% over that of 81,866 TEUs for the same period in 2011. The Group put more resources on gateway cargoes and gradually move away from the trans-shipment business, which commands much lower tariff price.

For the six months ended 30 June 2012, the market share of the Group decreased from 43% to 42% with a total of 373,462 TEUs (2011: 360,235 TEUs) handled for the whole of Wuhan which was a result of the Wuhan Customs allowing our competing port to operate trans-shipment business.

### *Gross Profit and Gross Profit Margin*

Gross profit for the six months ended 30 June 2012 was HK\$28.30 million, representing an increase of HK\$7.97 million as compared with the corresponding period of 2011. Gross profit for the three months ended 30 June 2012 was HK\$15.75 million, as compared with an increase of HK\$3.61 million on the corresponding period of 2011. Gross profit margins for the six months and three months ended 30 June 2012 are 50% and 48% of revenue, respectively as compared with a gross profit margin of 49% and 50% in the respective corresponding periods in 2011.

### *Profit (Loss) for the Period*

Profit for the six months ended 30 June 2012 amounted to HK\$0.62 million, comparing with a loss of HK\$4.05 million for the same period in 2011. Profit for the three months ended 30 June 2012 amounted to HK\$1.61 million comparing with a loss of HK\$0.05 million for the same period in 2011. These improvements 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 2012 was HK0.02 cents compared with loss per share of HK0.35 cents for the same period in 2011. Earning per share for the three months ended 30 June 2012 was HK0.08 cents compared with loss per share of HK0.03 cents for the same period in 2011 and HK0.10 cents for the first three months of 2012, respectively.

### *Financial Resources and Liquidity*

As at 30 June 2012, the Group's cash and bank balances, which were principally denominated in Renminbi ("RMB") and Hong Kong dollar, amounted to HK\$21.4 million (31 December 2011: HK\$23.4 million).

As at 30 June 2012, the Group had secured bank loans of HK\$170.7 million (31 December 2011: HK\$170.7 million), unsecured bank loans HK\$73.2 million (31 December 2011: HK\$ 73.2 million). All the bank loans were denominated in RMB.

As at 30 June 2012, the Group's net current liabilities was HK\$25.9 million (31 December 2011: net current assets of HK\$43.5 million) mainly caused by a portion of the bank loans (the current portion) falling due within one year. The Group is negotiating with the bank to refinance the loans and the substantial shareholder has agreed to provide financial support as is necessary to enable the Group to meet its liabilities as they fall due.

### *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 the Heavy Item Port to provide heavy and bulky cargoes handling services adjacent to the existing berths of the WIT Port. The development cost was estimated to be RMB200 million, a detailed budget of capital expenditure for the new facilities is under preparation and will be submitted to the Board for approval upon completion.

## Forward Looking Observations

With the support provided by the new controlling shareholders, the Group continues with the existing principal businesses of development, operation and management of container ports.

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 cargoes handling services adjacent to the existing berths of the WIT Port. The Heavy Item Port is expected to come into operation in October 2013. The Company expects that there will be a new breakthrough of business upon the completion of the construction of the Heavy Item Port.

## Half Year Results

The board (the "Board") of director (the "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 2012, together with the comparative figures for the corresponding period in 2011 (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 2012

	Notes	Six months ended 30 June		Three months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Revenue	5	56,800	41,918	32,883	24,495
Cost of services rendered		(28,497)	(21,581)	(17,133)	(12,359)
<b>Gross profit</b>		<b>28,303</b>	<b>20,337</b>	<b>15,750</b>	<b>12,136</b>
Other income		551	308	440	133
Other operating expenses		(3,760)	(3,479)	(1,887)	(1,741)
General and administrative expenses		(15,426)	(13,693)	(8,126)	(6,757)
Finance costs		(8,966)	(7,522)	(4,488)	(3,819)
<b>Profit (Loss) before income tax</b>	6	<b>702</b>	<b>(4,049)</b>	<b>1,689</b>	<b>(48)</b>
Income tax expense	7	(84)	—	(84)	—
<b>Profit (Loss) for the period</b>		<b>618</b>	<b>(4,049)</b>	<b>1,605</b>	<b>(48)</b>
<b>Other comprehensive income</b>					
Exchange gain on translation of foreign operations		(39)	1,194	5	—
<b>Total comprehensive income for the period</b>		<b>579</b>	<b>(2,855)</b>	<b>1,610</b>	<b>(48)</b>
<b>Profit (Loss) for the period attributable to:</b>					
Owners of the Company		(196)	(4,043)	988	(304)
Non-controlling interests		814	(6)	617	256
		<b>618</b>	<b>(4,049)</b>	<b>1,605</b>	<b>(48)</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(256)	(3,008)	975	(304)
Non-controlling interests		835	153	635	256
		<b>579</b>	<b>(2,855)</b>	<b>1,610</b>	<b>(48)</b>
<b>Basic earning (loss) per share for the period attributable to owners of the Company</b>	9	<b>(HK0.02 cents)</b>	<b>(HK0.35 cents)</b>	<b>HK0.08 cents</b>	<b>(HK0.03 cents)</b>

## Condensed Consolidated Statement of Financial Position

As at 30 June 2012 and 31 December 2011

Notes	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
<b>Non-current assets</b>		
Property, plant and equipment	309,689	308,413
Land use rights	26,036	8,668
Construction in progress	18,882	19,490
	<b>354,607</b>	<b>336,571</b>
<b>Current assets</b>		
Inventories	2,498	2,233
Trade receivables	46,589	34,623
Prepayments, deposits and other receivables	10,195	13,220
Government subsidy receivables	12,743	8,420
Cash and cash equivalents	21,423	23,384
	<b>93,448</b>	<b>81,880</b>
<b>Current liabilities</b>		
Trade payables	10,698	6,430
Accruals and other payables	11,064	7,549
Interest-bearing borrowings	97,545	24,388
	<b>119,307</b>	<b>38,367</b>
<b>Net current (liabilities) assets</b>	<b>(25,859)</b>	<b>43,513</b>
<b>Total assets less current liabilities</b>	<b>328,748</b>	<b>380,084</b>
<b>Non-current liabilities</b>		
Interest-bearing borrowings	146,272	219,490
Amount due to the ultimate holding company	21,303	—
Amount due to a Director	2,500	2,500
	<b>170,075</b>	<b>221,990</b>
<b>Net assets</b>	<b>158,673</b>	<b>158,094</b>

	<i>Notes</i>	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
<b>Equity</b>			
Share capital	15	117,706	117,706
Reserves		20,413	20,669
Equity attributable to owners of the Company		138,119	138,375
Non-controlling interests		20,554	19,719
<b>Total equity</b>		<b>158,673</b>	<b>158,094</b>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Foreign exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
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
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 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 Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Net cash flows from (used in):		
Operating activities	2,323	(14,153)
Investing activities	(25,526)	(16,151)
Financing activities	21,242	631
Net decrease in cash and cash equivalents	(1,961)	(29,673)
Cash and cash equivalents at 1 January	23,384	49,648
Cash and cash equivalents at 30 June	21,423	19,975

## Notes to the Condensed Consolidated Financial Statements

*For the six months ended 30 June 2012*

### 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 2012 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 2012. 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.

### 4. 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 reportable operating segment. 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. Revenue

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

Analysis of revenue is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Container handling service	30,240	21,125	16,817	13,454
Agency income	13,945	12,506	9,669	7,084
Integrated logistics services	12,133	7,552	6,214	3,654
General cargoes	482	735	183	303
	<b>56,800</b>	<b>41,918</b>	<b>32,883</b>	<b>24,495</b>

## 6. Profit (Loss) before income tax

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

	Six months ended 30 June		Three months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Depreciation and amortisation	6,882	6,050	3,483	3,029

## 7. 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, 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%.

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.

## 8. Dividend

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

## 9. Earning (Loss) per share

The calculation of basic earning (loss) per share for the six months and three months ended 30 June 2012 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 (2011: 1,171,642,829 shares) and 1,177,056,180 shares (2011: 1,170,898,830 shares) in issue during the periods respectively.

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

No adjustment has been made to the basic loss per share for the period ended 30 June 2011, in respect of a dilution as the effect on the exercise of share options was anti-dilutive.

## 10. Trade receivables

The Group allows a credit period of 60 days to 90 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 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Within 30 day	12,464	11,791
31–60 days	10,189	7,050
61–90 days	9,469	6,691
Over 90 days	14,467	9,091
	<b>46,589</b>	<b>34,623</b>

## 11. 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 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Within 30 days	3,345	3,093
31–60 days	3,348	980
61–90 days	2,207	306
91–180 days	1,272	299
Over 180 days	526	1,752
	<b>10,698</b>	<b>6,430</b>

## 12. Accruals and other payables

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Payables to contractors and equipment suppliers	2,122	1,751
Accruals and other payables	8,942	5,798
	<b>11,064</b>	<b>7,549</b>

## 13. Interest-bearing borrowings

	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited)
Bank loans		
Unsecured	73,163	73,175
Secured	170,654	170,703
	<b>243,817</b>	<b>243,878</b>
Current portion	<b>(97,545)</b>	<b>(24,388)</b>
	<b>146,272</b>	<b>219,490</b>

#### 14. Amount due to the ultimate holding company/a Director

The amount due to the ultimate holding company and a Director are unsecured, interest free and repayable over one year.

#### 15. Share Capital

	30 June 2012		31 December 2011	
	No. of shares	HK\$'000 (unaudited)	No. of shares	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	1,170,146,564	117,015
Share options exercised	—	—	6,909,616	691
At the end of the period	1,177,056,180	117,706	1,177,056,180	117,706

## 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 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 30 June 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 Directors, employees of the Group or any eligible persons as defined in the scheme as at 30 June 2012.

## Substantial Shareholders and Other Persons

So far as was known to the Directors, as at 30 June 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 by attribution	882,440,621 (L)	74.97%

Notes:

- The letter "L" denotes a long position.
- 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 2012, 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 2012, the Group's cash and bank balances amounted to HK\$21,423,000 (31 December 2011: HK\$23,384,000).

As at 30 June 2012, the Group had secured bank loans of HK\$170,654,000 (31 December 2011: HK\$170,703,000), unsecured bank loans of HK\$73,163,000 (31 December 2011: HK\$73,175,000) and had a total amount due to the ultimate holding company and a Director amounted HK\$23,803,000 (31 December 2011: HK\$2,500,000).

As at 30 June 2012, the Group's net current liabilities was HK\$25,859,000 (31 December 2011: net current assets HK\$43,513,000), with current assets of HK\$93,448,000 (31 December 2011: HK\$81,880,000) and current liabilities of HK\$119,307,000 (31 December 2011: HK\$38,367,000), representing a current ratio of 0.78 (31 December 2011: 2.13). The Group is negotiating with the bank to refinance the loans and the substantial shareholder has agreed to provide financial support as is necessary to enable the Group to meet its liabilities as they fall due.

## Capital Structure

The Group's total equity amounted to HK\$158,673,000 as at 30 June 2011 (31 December 2011: HK\$158,094,000).

## 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 2012, the Group had total outstanding bank borrowings of HK\$243,817,000 (as at 31 December 2011: HK\$243,878,000) 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\$266,023,000 (31 December 2011: HK\$270,272,000). The amount due to the ultimate holding company and a Director was HK\$23,803,000 (31 December 2011: HK\$2,500,000) 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 1.69 (31 December 2011: 1.56).

## Commitments and Contingent Liabilities

As at 30 June 2012, the Group had capital commitments in respect of capital contribution to a subsidiary of approximately HK\$7,799,000 (31 December 2011: HK\$7,799,000). The Group expected that the cost of development of the Heavy Item Port to be in the region of RMB200 million, the detailed budget of which is under preparation and will be submitted to the Board for approval. As at the mentioned date, so no capital commitment on the construction of port facilities and acquisition of land has been recorded (31 December 2011: HK\$2,940,000).

As at 30 June 2012, the Board is not aware of any material contingent liabilities (31 December 2011: 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 2012, 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

As at 30 June 2012, the Group had 312 (as at 31 December 2011: 261) employees. 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 2012.

## 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 2012.

## Future Plans for Material Investments of Capital Assets

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.

## Purchase, Redemption and Sale of Shares

During the six months ended 30 June 2012, the Company has not redeemed 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 2012.

## Code of Conduct Regarding Securities Transactions by Directors

For the six months ended 30 June 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 30 June 2012, 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 2012, 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 2012, the Company has complied with the code provisions (the “CG Code Provisions”) set out in Appendix 15 of Code on Corporate Governance Practices of the GEM Listing Rules which was revised and took effect on 1 April 2012 as well as those of the former CG Code Provisions as set out therein 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 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 30 June 2012, 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 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.*