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## HIGHLIGHTS

### For the three months ended 31 March 2013

Comparing to corresponding three months ended 31 March 2012:

- Turnover increased by 6.0% to HK\$25.36 million resulting from a 9.8% increase in container throughput to 79,097 TEUs. The increase in turnover was mainly due to the increase in throughput of higher tariff price gateway cargoes coupled with the decrease in lower tariff price trans-shipment cargoes. The gateway cargoes throughput increased by 28.0% from 37,124 TEUs to 47,509 TEUs whereas the trans-shipment cargoes decreased by 9.5% from 34,897 TEUs to 31,588 TEUs.
- Market share of container throughput in Wuhan remained as approximately 44% for both of the first quarter of 2013 and 2012 respectively.
- Gross profit increased by 0.8% from HK\$12.55 million to HK\$12.66 million and gross profit margin in the first quarter of 2013 was 49.9% compared to the corresponding period in 2012 was 52.4%
- EBITDA decreased by 17.9% to HK\$5.65 million due to the increase in administrative expenses during the period.
- Net loss attributable to owners increased by 78.7% to HK\$2.12 million.

Though the loss for the period was increased, the Company remains optimistic towards the future prospects of the port business in Wuhan.

The Group is developing the container storage yard to provide more container storage space 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 by the third quarter of 2013 and by the end of 2013, respectively.

## MANAGEMENT COMMENTARY

### Results

	Three months ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Revenue	25,355	23,917
Cost of service rendered	(12,700)	(11,364)
Gross profit	12,655	12,553
Other income	51	111
General, administrative and other operating expenses	(7,052)	(5,774)
Operating profit/EBITDA	5,654	6,890
Finance costs	(4,196)	(4,478)
EBTDA	1,458	2,412
Depreciation and amortisation	(3,587)	(3,399)
Loss for the period	(2,129)	(987)
Non-controlling interests	13	(197)
Loss attributable to owners	(2,116)	(1,184)

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

As Wuhan has been the transfer spot for the “golden waterway” along Yangtze River, the Wuhan municipal government has always endeavoured to give favourable policy to further the development of the port, enhancing the quality and efficiency of its service. In light of the economic development of Wuhan, the Yangtze River Region, and the PRC as a whole, the Group has continued to improve and increase its container throughput and revenue.

### Container throughput

Throughput achieved for the three months ended 31 March 2013 was 79,097 TEUs, representing an increase of 7,076 TEUs or 9.8% over that of 72,021 TEUs for the corresponding period in 2012.

Of the 79,097 TEUs handled, 47,509 TEUs or 60.1% (2012: 37,124 TEUS or 51.6%) and 31,588 TEUs or 39.9% (2012: 34,897 TEUs or 48.4%) were attributed to gateway cargoes and trans-shipment cargoes respectively.

Before May 2012, the Group was the sole operator of trans-shipment cargoes in Wuhan. From the second quarter of 2012, the Wuhan Customs has allowed the Group's competing port to operate trans-shipment cargoes business, the average tariff price and throughput of the trans-shipment cargoes dropped significantly as a result. To deal with the above policy change, the Group streamlined the resources to target for the higher tariff price gateway cargoes. For the period under review, the market share of the gateway cargoes in Wuhan increased from 28% in the first quarter of 2012 to 40% in the corresponding period of 2013.

#### Agency & logistics

The agency and the integrated logistics form significant contributions to the revenue of the Group during the period under review. Revenue generated from these sources accounted for 39% of total revenue as compared with 43% for the corresponding period in 2012. 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 cargoes throughput, and the increase in hauling capacity.

#### General cargoes

Throughput of general cargoes for the three months ended 31 March 2013 was 9,798 tons, representing a decrease of 44% as compared with the corresponding period of 2012. However, the contribution of general cargoes throughput has become insignificant, and accounted for less than 1% of the revenue for the period under review.

## Operating Results

### Revenue

	Three months ended 31 March					
	2013		2012		Increase (Decrease)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Container handling service	15,108	60	13,423	56	1,685	13
Agency income	4,997	19	4,276	18	721	17
Integrated logistics service	5,115	20	5,919	25	(804)	(14)
General and bulk cargo handling service	135	1	299	1	(164)	55
	<b>25,355</b>	<b>100</b>	23,917	100	1,438	6

### Review of operation

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

For the three months ended 31 March 2013, the Group's revenue amounted to HK\$25.36 million, representing an increase of HK\$1.44 million or 6.0% over that of HK\$23.92 million for the corresponding period of 2012.

## Container volume and throughput

	Three months ended 31 March					
	2013		2012		Increase (Decrease)	
	TEUs	%	TEUs	%	TEUs	%
Gateway cargoes	<b>47,509</b>	<b>60</b>	37,124	52	10,385	28
Trans-shipment cargoes	<b>31,588</b>	<b>40</b>	34,897	48	(3,309)	(9)
	<b>79,097</b>	<b>100</b>	72,021	100	7,076	10

The volume of throughput achieved for the three months ended 31 March 2013 was 79,097 TEUs, representing an increase of 7,076 TEUs or 9.8% higher than that of 72,021 TEUs for the same period in 2012. Turnover of container handling increased by 12.6% compared with the corresponding period of 2012.

In terms of market share, for the three months ended 31 March 2013, the Group achieved a 43.8% share (compared with the 43.3% share for the same period of 2012) of the 180,539 TEUs handled for the whole of Wuhan. The market mix between gateway cargoes and the trans-shipment cargoes has changed when comparing between the two corresponding periods. For the three months ended 31 March 2013, the market share of gateway cargoes increased from 28% as at the three months ended 31 March 2012 to 40% whereas the market share of trans-shipment dropped from 100% as at the three months ended 31 March 2012 to 51%.

### Gross profit and gross profit margin

Gross profit for the three months ended 31 March 2013 was HK\$12.66 million, an increase of HK\$0.11 million as compared with the gross profit of HK\$12.55 million for the same period of 2012. Gross profit margin for the three months ended 31 March 2013 decreased from 52.5% to 49.9%.

### Loss for the period under review

Loss for the three months ended 31 March 2013 amounted to HK\$2.13 million as compared to the loss of HK\$0.99 million for the same period in 2012. This was mainly attributable to the lowering in gross profit margin and the increase in administration expenses for the period under review.

Loss per share for the three months ended 31 March 2013 was HK0.18 cents as compared with HK0.10 cents for the same period in 2012.

## FORWARD LOOKING OBSERVATIONS

Though the loss for the period was increased, the Company remains optimistic towards the future prospects of the port business in Wuhan.

The Group is developing the container storage yard to provide more container storage space 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 by the third quarter of 2013 and by the end of 2013, respectively.

## THE FINANCIAL STATEMENTS

### First quarterly results

The board (the “**Board**”) of Directors of the Company is pleased to announce the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2013, together with the comparative figures for the corresponding period in 2012 (the “**Quarterly 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

		Three months ended 31 March	
	Notes	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
<b>Revenue</b>	2	25,355	23,917
Cost of service rendered		(12,700)	(11,364)
<b>Gross profit</b>		12,655	12,553
Other income		51	111
Other operating expenses		(3,093)	(1,873)
General and administrative expenses		(7,546)	(7,300)
Finance costs		(4,196)	(4,478)
<b>Loss before income tax</b>	3	(2,129)	(987)
Income tax expense	4	—	—
Loss for the period		(2,129)	(987)
<b>Other comprehensive income</b>			
Exchange gain (loss) on translation of foreign operations		772	(44)
<b>Total comprehensive income for the period</b>		(1,357)	(1,031)
Loss for the period attributable to:			
Owners of the Company		(2,116)	(1,184)
Non-controlling interests		(13)	197
		(2,129)	(987)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(1,450)	(1,231)
Non-controlling interests		93	200
		(1,357)	(1,031)
Loss per share for the period attributable to owners of the Company	6		
— Basic		HK0.18 cents	HK0.10 cents

## Consolidated statement of changes in equity

For the period ended 31 March 2013

	Attributable to owners of the Company						Total equity HK\$'000
	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	
At 1 January 2013	117,706	63,018	24,871	(62,711)	142,884	22,230	165,114
Loss for the period	—	—	—	(2,116)	(2,116)	(13)	(2,129)
Other comprehensive income for the period	—	—	666	—	666	106	772
Total comprehensive income for the period	—	—	666	(2,116)	(1,450)	93	(1,357)
<b>At 31 March 2013</b>	117,706	63,018	25,537	(64,827)	141,434	22,323	163,757
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

## Notes to the condensed consolidated financial statements

For the period ended 31 March 2013

### 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 2012.

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

### 2. Revenue

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

Analysis of revenue is as follows:

	Three months ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Container handling service	15,108	13,423
Agency income	4,997	4,276
Integrated logistics service	5,115	5,919
General cargoes	135	299
	25,355	23,917

### 3. Loss before income tax

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

	Three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Depreciation and amortisation	3,587	3,399

### 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, ended on 31 December 2012 irrespective of whether WIT was profit-making during this period and the 5-Year 50% Tax Reduction Entitlement commenced from 1 January 2013 to 31 December 2017 and corporate income 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 tax purpose.

### 5. Dividend

The Directors do not recommend payment of a dividend in respect of the three months of 2013. (2012: 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 owners of the Company of HK\$2,116,000 (2012: HK\$1,184,000) and on the weighted average number of 1,177,056,180 (2012: 1,177,056,180) ordinary shares in issue for the period respectively.

No adjustment has been made to the basic loss for the period end as there were no dilutive ordinary shares in existence during the period.

## DISCLOSE OF INTERESTS

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

As at 31 March 2013, 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 2013	
		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

During the period ended 31 March 2013, no options were granted under the Company's share option scheme, and there was no option outstanding as at 31 March 2013.

## Substantial shareholders and other persons

So far as was known to the Directors, as at 31 March 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

Save as disclosed under the heading "Directors', chief executives' interests in shares and short positions in the shares of the Company" under the section headed "Disclosure of interests", during the three months ended 31 March 2013, none of the Directors was granted any other options to subscribe for the Shares.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the period from 1 January 2013 to 31 March 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 (the "**Required Standard of Dealings**"). The Company has also made specific enquiry of all Directors, who have confirmed that, during the period ended 31 March 2013, 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 2013, the Directors are not aware of any business or interest of the Directors, the management shareholders and their associates under the GEM Listing Rules that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with 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 2013 to 31 March 2013.

## CORPORATE GOVERNANCE PRACTICES

The Company endeavours to adopt prevailing best corporate governance practices, 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 of the period ended 31 March 2013.

## REVIEW BY THE 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 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

During the period from 1 January 2013 to 31 March 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s Shares.

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

Hong Kong, 11 May 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.*