

**CIG YANGTZE PORTS PLC:  
WHERE WILL MANAGEMENT GO TO FIND THE REQUIRED HONEY ?**

Sooner or later – and probably sooner rather than later, it appears to **TARGET** () – CIG Yangtze Ports PLC () (Code: 8233, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd) will have to return to the money ‘well’ in order to top up its steadily depleting coffers.

This company only went public on September 16, 2005, when it raised about \$HK57 million, net of expenses, but only \$HK15 million of that amount of money went to the company, with \$HK42 million, being used to repay shareholders’ loans.

According to the 2005 Annual Report of CIG Yangtze Ports, Long-Term, Interest-Bearing Borrowings stood at \$HK115,385,000, as at December 31, 2005, up from about \$HK56,075,000, as at December 31, 2004.

The Long-Term Loans are repayable between 2 years and 5 years, Note 20 at Page 53 of the 2005 Annual Report states.

Under Current Liabilities (which are repayable within one year), at Page 37 of the 2005 Annual Report, it is stated that the company was lumbered with \$HK22,917,000 in liabilities, being accrued expenses and other payables.

And the company continues to lose money.

The First Quarterly Report of CIG Yangtze Ports for the 3 months, ended March 31, 2006, indicates that, on a Turnover of about \$HK3.60 million, the Net Loss Attributable To Shareholders was about \$HK3.72 million.

Financing costs were about \$HK1.22 million, during that quarter, which compared with financing costs of about \$HK820,000 for the like quarter of 2005.

**The History Of CIG Yangtze Ports PLC**

CIG Yangtze Ports explained its story last September in its Placing and Public Offer Prospectus when it Offered 120 million New, 10-cent Shares at 60 cents per Share.

The 12-million, Public Offer Share tranche was about 1.50 times over-subscribed while the 108-million, Placing Share tranche was said to have been ‘*moderately over-subscribed.*’

For certain, the flotation could hardly have been considered very exciting, but, nevertheless, it accomplished its immediately goal: Topping up the coffers of the company and paying off some debts to shareholders.

As at July 31, 2005, CIG Yangtze Ports was indebted to the tune of about \$HK114.90 million, comprising a secured loan from a bank of about \$HK56.10 million, another loan in the amount of about \$HK18.70 million, secured by certain company assets, and shareholders’ loans of about \$HK40.10 million.

The Prospectus indicated that, as at March 31, 2005, the company had cash and bank balances of about \$HK1.74 million, only.

This company needed to get a fresh supply of money if it were to achieve its stated goals.

CIG Yangtze Ports was founded by Mr Edward Chow Kwong Fai () in 1997, who determined to construct a port at Wuhan, '*along the mid-stream of the Yangtze River*' in the PRC, proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC.

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