

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Chu Kong Shipping Development Co., Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2002, together with the comparative figures as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		(Unaudited) Six months ended 30 June	
	<i>Notes</i>	2002 HK\$'000	2001 <i>HK\$'000</i>
TURNOVER	2	211,024	204,075
Cost of services rendered		(169,702)	(149,599)
Gross profit		41,322	54,476
Other revenue		4,337	13,087
Administrative expenses		(29,429)	(37,653)
Other operating expenses		(163)	(767)
PROFIT FROM OPERATING ACTIVITIES	2,3	16,067	29,143
Share of profits and losses of jointly-controlled entities, less amortisation of goodwill		22,900	14,318
PROFIT BEFORE TAX		38,967	43,461
Tax	4	(8,702)	(7,775)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		30,265	35,686
Proposed interim dividends	5	7,500	7,500
EARNINGS PER SHARE (HK cents)	6		
Basic		4.0	4.8
Diluted		3.9	4.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 30 June 2002 (Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Enterprise expansion and reserve funds <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2001	75,000	489,185	(415)	12,002	288,776	22,500	887,048
Profit for the period	-	-	-	-	30,265	-	30,265
Interim 2002 dividend proposed	-	-	-	-	(7,500)	7,500	-
Final 2001 dividend paid	-	-	-	-	-	(22,500)	(22,500)
At 30 June 2002	<u>75,000</u>	<u>489,185</u>	<u>(415)</u>	<u>12,002</u>	<u>311,541</u>	<u>7,500</u>	<u>894,813</u>

For six months ended 30 June 2001 (Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Enterprise expansion and reserve funds <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2000	75,000	489,185	(1,073)	10,220	265,347	30,000	868,679
Exchange realignments	-	-	(815)	-	-	-	(815)
Profit for the period	-	-	-	-	35,686	-	35,686
Interim 2001 dividend proposed	-	-	-	-	(7,500)	7,500	-
Final 2000 dividend paid	-	-	-	-	-	(30,000)	(30,000)
At 30 June 2001	<u>75,000</u>	<u>489,185</u>	<u>(1,888)</u>	<u>10,220</u>	<u>293,533</u>	<u>7,500</u>	<u>873,550</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 June 2002 <i>HK\$'000</i>	(Audited) 31 December 2001 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		269,553	274,857
Interests in jointly-controlled entities		289,013	246,418
		<u>558,566</u>	<u>521,275</u>
CURRENT ASSETS			
Trade receivables	7	51,414	45,377
Prepayments, deposits and other receivables		18,324	15,522
Tax prepaid		–	2,050
Due from related companies	8	61,154	34,032
Due from jointly-controlled entities		13,315	9,354
Pledged time deposits		1,181	1,181
Cash and cash equivalents		333,069	401,206
		<u>478,457</u>	<u>508,722</u>
CURRENT LIABILITIES			
Trade payables	9	64,255	56,790
Other payables and accruals		19,962	20,883
Tax payable		1,092	–
Due to related companies	8	12,972	29,691
Due to jointly-controlled entities		43,466	35,122
		<u>141,747</u>	<u>142,486</u>
NET CURRENT ASSETS		<u>336,710</u>	<u>366,236</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		895,276	887,511
NON-CURRENT LIABILITIES			
Deferred tax		463	463
		<u>894,813</u>	<u>887,048</u>
CAPITAL AND RESERVES			
Issued capital		75,000	75,000
Reserves		812,313	789,548
Proposed dividends		7,500	22,500
		<u>894,813</u>	<u>887,048</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	Six months	
	ended 30 June	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH OUTFLOW FROM:		
OPERATING ACTIVITIES	(24,395)	(13,885)
INVESTING ACTIVITIES	(43,742)	(32,429)
DECREASE IN CASH AND CASH EQUIVALENTS	(68,137)	(46,314)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	401,206	426,247
CASH AND CASH EQUIVALENTS AT END OF PERIOD	333,069	379,933
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	34,925	46,913
Time deposits with maturity of less than three months	298,144	333,020
	333,069	379,933

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and basis of preparation adopted are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2001. In accordance with SSAP 30 “Business Combinations” which has been adopted since the last annual report, during the period, goodwill arising on acquisition of jointly-controlled entities amounted to HK\$26,820,000 has been recognised in the consolidated balance sheet as part of the Group’s interests in jointly-controlled entities. The goodwill is amortised on the straight-line basis over its estimated useful life, subject to a maximum of 20 years. During the period, amortisation of goodwill amounted to HK\$745,000 has been charged to the profit and loss account.

The following SSAPs issued by the Hong Kong Society of Accountants are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (Revised)	:	“Presentation of Financial Statements”
SSAP 11 (Revised)	:	“Foreign Currency Translation”
SSAP 15 (Revised)	:	“Cash Flow Statements”
SSAP 25 (Revised)	:	“Interim Financial Reporting”
SSAP 34	:	“Employee Benefits”

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with this revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. This revised SSAP has had no major impact on these financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (Continued)

The main revision to SSAP 15 is to classify cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statements for the current interim period and the comparative figures have been presented in accordance with this revised SSAP.

SSAP 25 (Revised) prescribes the presentation and disclosures following changes in SSAP 1 (Revised) and SSAP 15 (Revised). The condensed consolidated financial statements for the current interim period and comparative figures have been presented in accordance with this revised SSAP.

SSAP 34 prescribes the accounting treatment and disclosures for employee benefits. This SSAP has had no major impact on the condensed consolidated financial statements.

2. SEGMENTAL INFORMATION

The Group is principally engaged in river trade transportation between Hong Kong and the ports in the Pearl River Delta region.

An analysis of the Group's turnover and contribution to profit from operating activities for the period by principal activity is as follows:

Turnover

	(Unaudited)	
	Six months	
	ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Shipping agency, river trade cargo direct shipment and transhipment	180,381	164,630
Wharf cargo handling, cargo consolidation and godown storage	30,196	38,952
Container hauling and trucking	447	493
	<u>211,024</u>	<u>204,075</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. SEGMENTAL INFORMATION *(Continued)*

Contribution to profit from operating activities

	(Unaudited)	
	Six months	
	ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Shipping agency, river trade cargo direct shipment and transhipment	9,778	15,062
Wharf cargo handling, cargo consolidation and godown storage	10,155	16,124
Container hauling and trucking	47	47
	19,980	31,233
Unallocated income	3,457	6,985
Unallocated expenses	(7,370)	(9,075)
	16,067	29,143

Over 90% of the Group's turnover and contribution are derived from operations carried out in Hong Kong.

Certain comparative amounts of the segmental information have been reclassified to conform with the principles of SSAP 26 "Segment Reporting" as adopted by the Group in its 2001 annual report.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/
(crediting):

	(Unaudited)	
	Six months	
	ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Depreciation on fixed assets	5,562	6,801
Gain on disposal of fixed assets	(20)	(318)
Interest income	(4,252)	(9,533)
	<u>5,562</u>	<u>6,801</u>

4. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on assessable profits in elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	(Unaudited)	
	Six months	
	ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Group:		
Hong Kong	3,142	4,799
Share of tax of jointly-controlled entities:		
Mainland China	5,560	2,976
Tax charge for the period	<u>8,702</u>	<u>7,775</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. INTERIM DIVIDENDS

The Board is pleased to declare an interim dividend of HK\$0.01 (2001: HK\$0.01) per ordinary share for the six months ended 30 June 2002 to shareholders whose names appear on the Register of Members on 23 September 2002.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$30,265,000 (2001: HK\$35,686,000) and the weighted average of 750,000,000 (2001: 750,000,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period ended 30 June 2002 is based on the net profit from ordinary activities attributable to shareholders of HK\$30,265,000 (2001: HK\$35,686,000) and 772,857,000 (2001: 774,239,000) ordinary shares, being the weighted average number of ordinary shares in issue during the period, adjusted for the effects of dilutive potential ordinary shares outstanding during the period.

7. TRADE RECEIVABLES

The aged analysis for the Group's trade receivables is as follows:

	(Unaudited)		(Audited)	
	30 June 2002		31 December 2001	
	<i>HK\$'000</i>	<i>Percentage</i>	<i>HK\$'000</i>	<i>Percentage</i>
Within 3 months	44,729	82	40,648	84
Within 4 to 6 months	3,566	7	4,393	9
Within 7 months to 1 year	3,232	6	824	2
Over 1 year	2,765	5	2,358	5
	54,292	100	48,223	100
<i>Less: Provision</i>	(2,878)		(2,846)	
	51,414		45,377	

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. TRADE RECEIVABLES *(Continued)*

The normal credit period granted by the Group is one to three months from the date of recognition of sale. An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable.

8. DUE FROM/TO RELATED COMPANIES

These represent balances with the Company's immediate holding company, Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), and its subsidiaries, fellow subsidiaries, associates and jointly-controlled entities. The balances are unsecured, interest-free and are repayable in accordance with normal trading terms.

9. TRADE PAYABLES

The aged analysis of the Group's trade payables is as follows:

	(Unaudited)		(Audited)	
	30 June 2002		31 December 2001	
	<i>HK\$'000</i>	<i>Percentage</i>	<i>HK\$'000</i>	<i>Percentage</i>
Within 3 months	59,086	92	53,905	95
Within 4 to 6 months	1,956	3	1,213	2
Within 7 months to 1 year	1,918	3	956	2
Over 1 year	1,295	2	716	1
	<u>64,255</u>	<u>100</u>	<u>56,790</u>	<u>100</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with CKSE and its subsidiaries, fellow subsidiaries, associates and jointly-controlled entities:

		(Unaudited)	
		Six months	
		ended 30 June	
	<i>Notes</i>	2002	2001
		HK\$'000	HK\$'000
Office rental expenses paid	<i>(a)</i>	1,805	2,267
Warehouse rental expenses paid	<i>(b)</i>	2,500	2,500
Vessel rental expenses paid	<i>(c)</i>	3,000	3,480
Fuel charges paid	<i>(d)</i>	1,034	2,092
Marine supplies expenses paid	<i>(e)</i>	191	95
Crew hire charges paid	<i>(f)</i>	415	410
Staff hire charges paid	<i>(g)</i>	302	327
Shipping agency, river trade cargo direct shipment and transhipment income received	<i>(h)</i>	1,933	4,241
Shipping agency, river trade cargo direct shipment and transhipment expenses paid	<i>(i)</i>	15,470	12,740
Wharf cargo handling, cargo consolidation and godown storage expenses paid	<i>(j)</i>	13,036	11,715

Notes:

- (a) The office rentals were charged according to the terms of the related lease agreements.
- (b) The warehouse rentals were charged at HK\$5 million per annum.
- (c) The vessel rentals were charged according to the terms of the related lease agreements.
- (d) The fuel charges were determined with reference to the then market rates.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. RELATED PARTY TRANSACTIONS *(Continued)*

- (e) The marine supplies expenses were charged on a cost-plus basis.
- (f) The crew hire charges were determined at a fixed rate per month for each crew member.
- (g) The staff hire charges were determined at a fixed rate per month for each staff member.
- (h) The shipping agency income from a goods transportation company was charged at fixed rates on the transportation cost; shipping agency income from a passenger transportation company was charged at HK\$200,000 per month; river trade cargo direct shipment and transshipment income was determined based on published prices and market conditions.
- (i) The shipping agency expenses were charged at fixed rates on the transportation cost; river trade cargo direct shipment and transshipment expenses were determined based on published prices and market conditions.
- (j) The wharf cargo handling, cargo consolidation and godown storage expenses were determined based on published prices and market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

The consolidated turnover of the Group for the period ended 30 June 2002 amounted to HK\$211,024,000, increasing by 3.4% as compared with the corresponding period last year. Net profit attributable to shareholders was HK\$30,265,000, representing a 15.2% decrease as compared with the corresponding period last year.

During the period, the Hong Kong economy which is vulnerable to external factors weakened further in light of the sluggish global economy, and the Group's core business – river trade transportation was inevitably affected. Intense competition within the industry and price cuts also exerted pressure on the Group's operations. Under such unfavourable environment, the Group has taken measures to diversify the services rendered and also tightened its control of operating costs and administrative expenses. With all these efforts, the Group's core businesses have been stable as compared with the second half of last year, though a decline in profit is still recorded when compared with the corresponding period in the previous year. During the period, the overall performance of the Group's investments showed an improvement as compared with the corresponding period last year, and its share of profit of those investments amounted to HK\$17,340,000. Excluding the profit of HK\$2,040,000 attributable to the five jointly-operated terminals newly acquired in the period, profit from investments increased by HK\$3,958,000 over the corresponding period in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

1. River Trade Transportation

Shipping agency, river trade cargo direct shipment and transshipment are the main focus of the Group's core businesses. The consolidated turnover from these businesses for the first half of 2002 accounted for 85.5% of the Group's consolidated turnover. During the period, the Group recorded an increase of 7.8% in terms of container handling volume over the corresponding period last year. However, keen competition resulted in a drop in freight rate, which in turn led to a squeeze in gross profit margin. The number of voyages in respect of the vessels under agency dropped by 10.0% as compared with that of last year. The volume of shipment by vessels under shipping agency decreased by 21.4%. During the period, stable growth was maintained in air cargo freight agency business which commenced in the second half of last year, with break bulk cargoes handled amounting to 588 tonnes.

As for wharf cargo handling, cargo consolidation and godown storage, the Group handled 79,863 TEUs of containers during the first half of 2002, an increase of 5.2% as compared with the corresponding period last year; cargo storage amounted to 9,562 CBM, a significant drop of 64.0% as compared with the corresponding period last year, which was mainly caused by the extension of free storage period within the industry. Due to intense competition within the industry and competition from other modes of transport, the break bulk cargoes handled in wharf fell 26.8%. Due to the decreases in wharf handling rates and volume, turnover arising from the business dropped by 22.5% as compared with the corresponding period last year.

Turnover and contribution to profit from operating activities arising from container hauling and trucking account for a small portion of the Group's core businesses. During the period, the Group recorded an inland container hauling and trucking volume of 45,598 TEUs, a 2.1% increase as compared with the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2. Investments

During the period, the Group has completed the acquisition of five jointly-operated terminals which in general showed stable performance in the first half of 2002, contributing an attributable profit of HK\$2,040,000 for the Group after deduction of goodwill amortization arising from the acquisition in the period.

During the first half of 2002, with the improvement of road conditions and good weather, the performance of Guangzhou-Foshan Expressway Ltd. (“Guangfo Expressway Ltd.”) improved, resulting in a 7.8% growth in traffic volume and 8.9% growth in revenue. Despite a rise in income tax rate from 15% to 18%, the Group’s share of the profit of Guangfo Expressway Ltd. increased by 14.1% as compared with the corresponding period last year.

Since every effort has been made to enhance marketing capability, Dongguan Humen Great Trade Containers Port Co., Ltd. (“Humen Company”) recorded a growth of throughput volume by 2% during the first half of 2002. Though import and export volume have more or less remained at the same level, the increase of incoming heavy containers resulted in a growth of 12.2% in revenue comparing with the corresponding period last year. Meanwhile, the Company’s efforts in cost control also had a positive effect. The Group’s share of profit of Humen Company increased by HK\$1,515,000 as compared with the corresponding period last year.

Due to the strengthening of management and operational control in the first half of this year, the business volume of Shenzhen Yantian Port Zhujiang Container Transportation Company Limited (“Yantian Container Transportation”) showed a significant increase of 36.1% from last year, resulting in an improvement of the Group’s share of the loss of Yantian Container Transportation. It is expected that Yantian Container Transportation will perform better in the second half year.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2. Investments *(Continued)*

With the positive and effective measures adopted by Chu Kong Air-Sea Union Transportation Company Limited (“Air-Sea Union”) in expanding its business in the first half of the year, the service quality has gradually gained clients’ confidence, together with the support given by both shareholders of the jointly-controlled entity, more progress was achieved in its business as compared with the previous year. The Group’s share of the loss of Air-Sea Union improved by HK\$923,000 as compared with the corresponding period in the previous year.

Liquidity and Financial Resources

The Group consistently adopted a financial policy of maintaining a stable financial condition. As at 30 June 2002, since the Group had not utilized its bank facilities, its debt ratio was 13.7% (as at 31 December 2001: 13.9%) on the basis of total liabilities (current liabilities and non-current liabilities) over total assets.

As at 30 June 2002, the aggregate of the Group’s bank deposits and cash balance amounted to HK\$333,069,000, 82% of which was denominated in Hong Kong dollars. During the period, the Company paid final dividends for the year of 2001 amounting to HK\$22,500,000. Besides, the consideration for the acquisition of the five jointly-operated terminals of HK\$52,280,000 has also been settled.

Based on the Group’s cash balance, working capital and unutilized bank facilities, it is believed that the Group has sufficient funds in meeting the need for operation and investment in future.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees and Others

As at 30 June 2002, the Group employed approximately 304 employees in Hong Kong. They were remunerated according to the nature of job and market condition. Other staff benefits for eligible employees included share options, housing allowances and bonuses based on individual merits.

Under the circumstances that Hong Kong will maintain the pegged exchange rate and no significant changes will be made on the exchange rate system currently adopted by the People's Republic of China, it is expected that the Group's exposure to exchange rate fluctuations is limited. During the period, no additional assets of the Group have been pledged and no significant contingent liabilities have arisen.

Outlook

In view of the sluggish global economy and the fragile economic condition locally, the business environment in Hong Kong will remain harsh, and with intense competition in the river trade transportation market, the Board expects that no significant improvement can be achieved in respect of the core businesses in Hong Kong in the near term. Nevertheless, the Group will strive to integrate its internal marketing network, speed up the work on its electronic networking system, improve its quality and efficiency of service, tighten the control on operating costs while retaining and recruiting suitable talents to persistently explore new scope of profit growth and enhance the Group's competitiveness.

The Board believes that, in actively adopting practicable measures, confronting its weakness and keeping in pace with global development, with its rich experience and well-developed business relationship and network in the industry, the Group is certainly able to overcome the present hardship and create handsome returns for its shareholders. We have full confidence to the Group's prospect of development.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 30 June 2002, none of the directors of the Company or their respective associates had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations (within the meaning of Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”)) which had been entered in the register kept by the Company pursuant to section 29 of the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

On 14 May 2002, the Company adopted a new share option scheme (the “2002 Scheme”) whereby the Board may, at its absolute discretion, decide to grant options to any employees of the Group to subscribe for shares of the Company. As at 30 June 2002, the Company did not grant any options under the 2002 Scheme.

Meanwhile, the share option scheme adopted by the Company on 7 May 1997 (the “1997 Scheme”) ceased to operate on 10 May 2002. However, the options granted under the 1997 Scheme will remain in full force and effect. Details of the options granted to certain Directors to subscribe for ordinary shares of the Company are as follows:

Name of director	Number of share options outstanding at beginning and at end of period	Exercise period of share options	Exercise price of share options HK\$
Mr. Yang Liansheng	7,000,000	11 December 1997 to 10 December 2007	1.55
	7,000,000	29 May 2000 to 28 May 2010	0.55
Mr. Liang Yongjiu	11,000,000	29 May 2000 to 28 May 2010	0.55
Mr. Che Chiqiang	10,000,000	16 October 2000 to 15 October 2010	0.52
	<u>35,000,000</u>		

DIRECTORS' RIGHTS TO ACQUIRE SHARES *(Continued)*

Apart from the foregoing, at no time during the period was the Company, any of its holding companies and its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2002, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 16(l) of the SDI Ordinance:

Name	Number of shares
(a) CKSE	562,500,000
(b) Guangdong Province Navigation Holdings Company Limited ("GPNHCL")	562,500,000

CKSE is wholly-owned by GPNHCL. Accordingly, the interests disclosed by parties (a) and (b) above are in respect of the same shareholding.

Saved as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded under section 16(l) of the SDI Ordinance.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 23 September 2002 to Wednesday, 25 September 2002, both dates inclusive, during which period no transfers of shares will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on Friday, 20 September 2002. Cheques for interim dividends will be despatched on or before 8 October 2002.

REVIEW BY AUDIT COMMITTEE

The 2002 interim report has been reviewed by the Company's Audit Committee which comprises two independent non-executive directors.

CODE OF BEST PRACTICE

The Board is not aware of any information that would reasonably indicate that the Company is not, or was not in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules for any part of the accounting period covered by the interim report, save that the non-executive directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's bye-laws.

APPRECIATION

Finally, the Board would like to extend its sincere gratitude to all shareholders for their continuous trust and support, as well as to all staff of the Group for their endless efforts and contributions to the achievement of the Group.

By Order of the Board
Che Chiqiang
Managing Director

Hong Kong, 2 September 2002