



CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code : 00560

Interim Report 2014

EXPAND OUR BUSINESS



CHAIRMAN'S STATEMENT

I am pleased to announce that, for the six months ended 30th June 2014, Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") recorded consolidated revenue amounting to HK\$848,917,000, up by 11.5% against the corresponding period last year. The profit attributable to the equity holders of the Company amounted to HK\$103,101,000, up by 2.8% against the corresponding period last year.

REVIEW AND OUTLOOK

In 2014, by taking a pro-active aggressive attitude, we cultivated our business earnestly and practically to move forward modestly with innovation. We paid attention to the market, emphasised on quality development and monitored risk prevention. We adhered to enhancing the Group's momentum and strengthened the Group's vitality by applying marketisation and informatisation thinking and thoughts respectively. The operating results met our expectation and achieved a development momentum of maintaining a stable growth in the terminal logistics business and gradual improvement in the market share of the high-speed passenger transportation with the market share further consolidated.

By aiming at resources integration, structure optimisation, labour efficiency improvement and core competitiveness enhancement, we pushed forward the stable development of terminal logistics business. Firstly, by implementing management by region, we built up regional core terminals to improved the hub terminal position of Foshan, Zhuhai, Zhaoqing and Jiangmen regions. Foshan Gaoming Terminal actively adjusted its cargo source structure and improved its quality of services to achieve a stable development of its business and was granted the title of "Green & Environmentally-friendly Port" from the Communication Department of Guangdong Province. By taking the construction of professional terminal as a breakthrough, Zhuhai region strived to expand the cargo delivery channels, Zhuhai Doumen Port had already been granted the grain professional port qualifications, Civet Port is anxiously applying for the fruits and frozen goods professional port qualifications. Zhaoqing region is actively introducing international liner companies, many of which have determined Zhaoqing New Port as the basic port. Jiangmen Sanbu Terminal completed its infrastructure upgrading and reconstruction of logistics distribution service system. Currently, while Gaoming Terminal and Sanbu Terminal continued its growth since last year, the terminal's foreign-trade business in Zhaoqing region also increased substantially. Doumen Port and Civet Port reversed their falling trends and demonstrated growing momentum.

Secondly, by seizing the market, we made substantive progress in comprehensive logistic business. Part of Tuen Mun Terminal completed its reconstruction and successfully signed an agreement with an aircraft engineering company and succeeded the components warehousing operation. CKTL successfully developed the union transportation of shipping and air cargo transportation of Shunde Shunda Computer in Hong Kong and Singapore, as well as the local warehousing distribution business. Zhuhai's Civet Port successfully acquired the warehousing land located at Hong Kong-Zhuhai-Macau Bridge Zhuhai section extension line doorway and made early planning for the cross-border trade logistics warehousing business. Thirdly, by optimising the layout, we perfected the overseas freight forwarder network points. CKTL added agency network points in the ASEAN region and laid a solid foundation for improving overseas agency function and perfecting the construction of overseas network. Fourthly, by striving informatisation forward, we developed the "intelligentised terminals". Whilst completing the construction of CKTL logistics system application platform, we moved into a new era by renewing the freight forwarding and terminal information system and aggressively explored the new development direction of intelligentised terminals.

Through optimising routes, realigning flights and exploring new businesses, we strived for the transformation and upgrading of high-speed passenger transportation for a sustainable development. Firstly, we added the tickets agency business for the Shekou, Shenzhen between Hong Kong route, basically achieved the comprehensive coverage of Guangdong-Hong Kong-Macau water-way high-speed passenger transportation ticket agency business. In response to the change in travelers travelling patterns, we proactively adjusted the flight schedules and passenger source structure of Zhongshan and Shunde routes, the profit contributed by Zhongshan Passenger Terminal and Shunde Passenger Terminal were significant improved during the period. We continued to consolidate the leading position of CKPT in Guangdong-Hong Kong-Macau water-way high-speed passenger transportation. Secondly, we took the initiative to explore the markets according to the changes of regional transportation layout and extended the passenger transportation industry chain. Through the signing of a strategic cooperation agreement with Guangdong Chimelong Group, we jointly created a perfect travel and leisure experience as well as offering comfortable and expedient transportation ancillary service to improve the market share and advantages of Zhuhai route which is a new passageway linking up Hong Kong and Chimelong in Zhuhai. We expanded the travel business scope actively and introduced projects like Ganghuigou (港匯購) to continuously improve the high-speed passenger transportation value-added services. We strengthened the co-operation between Connect Media Company Limited (an advertising company) with different ports to further demonstrating its

synergy effect, thereby seeing significant improvements in advertising business. Thirdly, we facilitated the upgrading and reconstructing of computerised and automation of the ticketing system. Mobile phone APP application, Abacus project (provision of travelling solutions and services) and B2C online ticketing service were rolled out comprehensively, and with the application of new technology, it pushed up the continuous increase in business volume.

During the period, the Company renewed the assets management agreement with Chu Kong Shipping Enterprises (Holdings) Company Limited (“CKSE”) and continues to manage the terminal logistics and high-speed passenger transportation auxiliary assets relevant to the Company’s business with effect from 1st July 2014. During the past three years, the assets that were managed by the Company as entrusted by CKSE were operating well, market competitiveness was further strengthened, and the synergy effect with the Group was improved gradually.

In the second half year, the Group will focus on increasing revenue, reducing expenses and enhancing profitability. We will strive to improve efficiency in every aspect and ensure achieving all the yearly operating targets. Firstly, we will move forward the feasibility study report of the Phase III Project of Gaoming Port to further enhance its terminal throughput. At the same time, we will strengthen the communication with government authorities to determinate the approval of the foreign trade port license of Zhongshan Huangpu Port. Secondly, the Group will continue to promote logistics resources integration and perfect the logistics network construction. It will push the transformation of traditional logistics business and facilitate the rapid development of comprehensive logistics business. Thirdly, it will speed up the informatisation construction and drive the integrated development of e-commerce with logistics and also with passenger transportation and build up the “intelligentised terminals”. Fourthly, it will continue to promote new business development and improve the market size of passenger transportation value-added business “Ganghuigou” and travel business through e-commerce mobile platform. Fifthly, it will continue to optimise its assets structure and proactively seek for input of quality assets from its parent company to make its core businesses stronger. The Group will maintain a growth in its operating results, with improvement in profitability and achieve a healthy and stable development for the Group to create larger values for shareholders.

RELATION WITH INVESTORS

With a strong emphasis on relation with investors, the Group has always sought to ensure communications between investors and management of the Company. During the period, the Company held a number of road shows for institutional investors and greeted visits by investors with warm hospitality. Latest updates on the Group's business development and operations are released in a timely manner, and accurate information disclosure is being conducted in accordance with corporate governance principles. I firmly believe that on-going effective communications with investors will add value for shareholders by contributing towards better management transparency and higher corporate governance standards of the Company.

APPRECIATION

I would like to hereby represent the Board of Directors to express its compliment to all shareholders, partners and stakeholders for their continued support to the Group's development, and its sincerest appreciation to all staff for their dedication.

Liu Weiqing
Chairman

Hong Kong, 28th August 2014

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the six months ended 30th June 2014, the Group recorded consolidated revenue of HK\$848,917,000 up by 11.5% as compared with the corresponding period last year. Profit attributable to the equity holders of the Company was HK\$103,101,000, up by 2.8% as compared with the corresponding period last year.

In 2014, the European and U.S. economy gradually recovered, while the PRC faced the pressure of economic downturn. In view of slow growth in export, fixed investment and domestic demand, the future economy was expected to encounter greater pressure. According to Guangdong Sub-Administration of China Customs, the total value of foreign trade import and export of Guangdong Province amounted to RMB2.89 trillion in the first half of 2014, representing a year-on-year decrease of 16.7%. According to Hong Kong Port Development Council, inland container transportation volume for the first 5 months was up by 6.1%. According to the data of Hong Kong Tourism Board, the PRC visitors coming to Hong Kong of the first half year was up by 16% year-on-year with a slow growth and the increment of the number of visitors in June 2014 was the lowest since March 2011. The macro economy will put a certain pressure to the operation of the Group.

Regarding freight business, the Group continued to capitalise on its regional leading advantages, promoted professionalised operation, implemented segmental management and brought into full play the function of “Consolidated CKTL” platform. By leveraging on the advantageous cargo transportation network, the Group achieved a stable growth in major cargo throughput. For the period ended 30th June 2014, container transportation volume and break bulk cargoes transportation volume recorded an increase of 7.3% and 4.0% respectively. As driven by the recovery of European and U.S. markets and the renewable resources cargoes, wharf handling and warehousing and storage businesses recorded a growth both in import and export volume. Container handling volume and volume of break bulk cargoes handled recorded an increase of 16.2% and 9.4% respectively and volume of container hauling and trucking was increased by 10.9% year-on-year.

Regarding passenger transportation business, by benefiting from the newly added urban routes and increasing number of visitors coming to Hong Kong, a growth was recorded. During the period, the total number of passengers for agency services was 3,286,000, representing a year-on-year increase of 3.2%. The number of passengers for terminal services was 3,770,000, up by 4.4%, as compared with the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***REVIEW OF OPERATIONS** *(Continued)***I. CARGO TRANSPORTATION BUSINESS**

During the period, by leveraging on the advantageous resources, the Group continued to improve its operation efficiency, with each major business indicator recording an increase.

1. Business Operation Indicators

Performance statistics of our major business operations are as follows:

Indicators	For the six months ended 30th June		Change
	2014	2013	
Cargo transportation volume			
Container transportation volume (TEU)	595,627	555,304	7.3%
Break bulk cargoes transportation volume (revenue tons)	168,903	162,459	4.0%
Cargo handling volume			
Container handling volume (TEU)	615,527	529,722	16.2%
Volume of break bulk cargoes handled (revenue tons)	778,663	711,795	9.4%
Volume of container hauling and trucking on land (TEU)	105,251	94,899	10.9%

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. CARGO TRANSPORTATION BUSINESS *(Continued)*

2. Subsidiaries

During the period, Chu Kong Transhipment & Logistics Company Limited (“CKTL”) substantially maintained steady business development. The increase in container transportation volume was mainly due to the container transportation between Guangdong and Hong Kong and domestic liner business, stable growth in liner cargo, rebound in renewable resources, and significant increase in domestic liner. Owing to the large base factor last year, break bulk cargoes transportation volume recorded a slow growth this period. CKTL has actively explored integrated logistics services, especially modern warehousing business, and focused on developing Tuen Mun Terminal Project. CKTL has signed agreements with various companies to proactively develop custom-made logistics warehousing business.

Regarding terminal handling business, Chu Kong Cargo Terminals (Gaoming) Co., Ltd. in Foshan recorded a continuous growth in its business. Both the import and export container volume had increased. The company achieved 170,124 TEU of container handling volume in the first half year, representing a year-on-year increase of 26.6%, reaching a new historical high when compared with the same period of previous years. In particular, the export container increased significantly by 36.6% as compared with the same period of last year. The company continued to intensify its efforts in marketing and improve its communication and co-ordination with international liner companies, barge companies and cargo agencies, with the purpose of ensuring a stable development of factory-trade cargo source and renewable resource cargo source.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***REVIEW OF OPERATIONS** *(Continued)***I. CARGO TRANSPORTATION BUSINESS** *(Continued)***2. Subsidiaries** *(Continued)*

The cargo volume of Zhaoqing region encountered a year-on-year decrease which was mainly due to the negative impact as imposed by the decrease in renewable resource cargo and domestic trade containers which affected the container volume of a number of the terminals. The terminals in Zhaoqing region achieved container handling volume of 159,356 TEU in the first half year, representing a year-on-year decrease of 7.8%, whereas foreign trade cargo container recorded a year-on-year increase of 16.0%, but domestic trade container recorded a year-on-year decrease of 31.2%. Zhaoqing New Port recorded a significant growth in foreign trade container handling volume business, up by 50.0% as compared with the same period of last year. However, there was a year-on-year decrease of 33.4% in domestic trade container handling volume. Zhaoqing Gaoyao Port recorded a growth of 8.2% in container handling volume, which was mainly attributable to a growth recorded in importing stone cargo containers and export ceramics containers. The increase in renewable resources cargo containers at Zhaoqing Sihui Terminal drove a growth of 7.1% in terminal container handling volume. Kangzhou Port which focuses on domestic trade container business was affected by land transportation overloading prevention measures, resulting to a continuous decrease in container handling volume.

Zhuhai local government granted substantial subsidies to those terminals with local participation, hence, the Group still faced tremendous operation pressure in the terminals within the region. CKS Container Terminal (Zhuhai Doumen) Co., Ltd. and Civet (Zhuhai Bonded Area) Logistics Company Limited demonstrated positive attitude and recorded increases in container handling volume during the period. A total of 97,937 TEU was achieved, a year-on-year increase of 4.6%. Doumen Port recovered its container handling volume gradually and achieved 34,967 TEU, a year-on-year increase of 10.4%. In the second half year, Doumen Port will continue to implement the key customers marketing strategy and move forward to businesses like domestic liner. Civet Port achieved 62,970 TEU, a slight increase as compared with the same period of last year. Civet Port is the Group's key location for layout port logistics industry in Zhuhai. In view of the recent acquisition of the warehousing land with a site area of over 100,000 square meters, the future business development has great potential.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. CARGO TRANSPORTATION BUSINESS *(Continued)*

2. Subsidiaries *(Continued)*

Qingyuan Terminal achieved 6,224 TEU of container handling volume during the period. As the only foreign trade port in Qingyuan region, the terminal's advantages are obvious. Since restoring the routes last year, factory-trade cargoes and renewable resources cargo continued to grow, and with the company strengthening its customers marketing, the number of customers continues to increase. In the second half year, Qingyuan Terminal will continue to focus on maintaining and consolidating existing customers and concentrate its efforts to develop the route for large shipping companies to boost the increase in cargo volume.

Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd. entered into the trial operation period at end of this March. Currently, the terminal commenced its domestic trade business officially and achieved 6,482 TEU of container handling volume during the period. Currently, three shipping companies are operating at the terminal with business volume increasing.

Chu Kong Air-Sea Union Transportation Company Limited added new routes in the first half year, with increases in all the six major routes. Break bulk cargo handling volume was up by 29.8%.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***REVIEW OF OPERATIONS** *(Continued)***I. CARGO TRANSPORTATION BUSINESS** *(Continued)***3. Investment in Joint Ventures and Associates**

The operating businesses of our joint ventures and associates experienced ups and downs. During the period, there was a continuous growth in the results of the factory-trade goods and renewable resource cargo at the terminals in Jiangmen region, which included Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd.. A total container handling volume of 73,196 TEU was achieved, representing a year-on-year increase of 26.4%. Among which, Sanbu Port achieved a year-on-year increase of 26.7% for container handling volume and contributed a year-on-year increased profit of 29.7%. Heshan Port recommenced its renewable resource business, vigorously expanded the domestic trade business, and succeeded a turnaround to profitability in its results. During the period, container volume at the four terminals, namely Foshan New Port Ltd., Foshan Nankong Terminal Co., Ltd., Chu Kong Cargo Terminals (Beicun) Co., Ltd. and Sanshui Sangang Containers Wharf Co., Ltd., in Foshan region achieved a total container handling volume of 240,261 TEU, representing a year-on-year decrease of 6.4%. However, there was an increase in profit due to the change in cargo category. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 201,271 TEU, representing a year-on-year increase of 6.5%.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

II PASSENGER TRANSPORTATION BUSINESS

As the tourism industry in Guangdong, Hong Kong and Macau developed prosperously, the passenger transportation business of the Group continued to see a stable growth. During the period, the number of passengers for agency services of Chu Kong Passenger Transport Company Limited (“CKPT”) was 3,286,000, a year-on-year increase of 3.2%. The urban routes recorded a growth due to newly added routes. The airport route was affected by such factors including the PRC “Tourism Law” and the political situation in Southeast Asia in the beginning of the year. The number of passengers for agency services was affected but gradually recovered in the middle of the year. The number of passengers for terminal services was 3,770,000, representing a year-on-year increase of 4.4%.

CKPT kept on upgrading its service standard at airport terminal and consolidated the advantages of urban routes and airport route. Each company continued to intensify its efforts on the marketing of air-sea transportation business to mitigate the adverse impact, especially the Zhuhai and Zhongshan between airport routes which are gradually improved. Along with the increase in number of flights, services like pre-boarding procedures and direct baggage transfer continued to perfect and boosted the stable increase in the number of passenger tickets for agency services. In the first half year, CKPT organised seminars for cross-border transportation operators and ship owners, continued to promote the development between the cooperation with ship owners, business partners and customers. CKPT continued to improve its service quality and promote brand influence. Besides, it also discussed on the feasibility of expanding new routes, such as Guangdong-Hong Kong, Hong Kong-Macau and Zhuhai-Macau. In the first half year, the ticket agency from Shekou between Hong Kong urban route was newly developed. With this new route, the passenger transportation network within the Pearl River Delta region will be gradually perfected.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)***REVIEW OF OPERATIONS** *(Continued)***II PASSENGER TRANSPORTATION BUSINESS** *(Continued)***1. Business Operation Indicators**

Performance statistics of the major business operations are as follows:

Indicators	For the six months ended 30th June		
	Number of Passengers (in thousands)		
	2014	2013	Change
Total number of passengers for agency services	3,286	3,183	3.2%
Total number of passengers for terminal services	3,770	3,610	4.4%

2. Investment in Joint Ventures and Associates of CKPT

During the period, due to the impact of the PRC “Tourism Law” and the decrease in Southeast Asia outbound travelers, Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited) witnessed a slight decrease in the number of passengers for terminal services, contributing a year-on-year decrease of 15.9% in profit after taxation to the Group. In response to the change in customer source, Zhongshan and Shunde routes made initiative adjustments to its marketing and operation strategies, which led to a temporary decrease in passenger transportation volume, but a rise in operating revenue. During the period, Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. contributed a year-on-year increase of 75.8% and 43.5% respectively in profit to the Group.

During the period, the businesses of other subsidiaries, joint ventures and associates of the Group progressed well and experienced no unusual matters.

EMPLOYEES

As at 30th June 2014, the Group employed 451 employees in Hong Kong and remunerated its employees, and also benefits, according to the duty of their positions and market conditions.

LIQUIDITY AND FINANCIAL RESOURCES

The Group keeps close track of its working capital and financial resources in an effort to maintain a solid financial position. As at 30th June 2014, the Group secured a total credit limit of HK\$745,000,000 and RMB100,000,000 (equivalent to approximately HK\$125,976,000) granted by bona fide banks.

As at 30th June 2014, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.1 (31st December 2013: 1.1) and the debt ratio, representing total liabilities divided by total assets, was 34.8% (31st December 2013: 35.6%).

As at 30th June 2014, the Group's cash and cash equivalents amounted to HK\$514,603,000 (31st December 2013: HK\$600,969,000), which represents 14.5% (31st December 2013: 17.1%) of the total assets.

As at 30th June 2014, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 13.0% (31st December 2013: 16.4%).

After considering its cash and cash flows from operating activities, as well as the credit facilities available to the Group, it is believed that the Group has sufficient capital to fund its future operations and for business expansion and general development.

BANK LOANS AND PLEDGE OF ASSETS

	As at 30th June 2014	As at 31st December 2013
Bank Loans		
Banks located in Hong Kong (Note 1)		
– Hong Kong Dollar	345,000,000	380,000,000
Bank located in China (Note 2)		
– Renminbi	Nil	50,000,000 (equivalent to approximately HK\$63,597,000)

Note:

1. The bank loans in Hong Kong were bearing floating interest rate and unsecured.
2. The bank loan in China was bearing floating interest rate and secured by certain land use rights and property, plant and equipment of Zhaoqing New Port Terminal.

EXCHANGE RISK

Currently, the ordinary operations, investments business and borrowings of the Group are concentrated in Guangdong Province and Hong Kong, with operating revenue and expenditure mainly denominated in HKD, as well as in RMB and USD. RMB revenue from Mainland China may be used for payment of expenses incurred in Mainland China and repayments of the loans denominated in RMB. HKD or USD revenue received in Mainland China may be remitted to the Group's bank accounts in Hong Kong through proper procedures as planned. So long as the linked exchange rate system in Hong Kong with USD is maintained, it is expected that the Group will not be subject to any significant exchange risk.

ACQUISITION

Civet (Zhuhai Bonded Area) Logistics Company Limited (“Civet Logistics”), an indirectly non-wholly owned subsidiary of the Company, and Civet (Zhuhai Bonded Area) Container Company Limited (“Civet Container”), a connected person of the Company, entered into an agreement on 14th April 2014, pursuant to which Civet Logistics agreed to purchase certain properties as well as the land use right relating to the land (with a total site area of 100,932 square metres) and the ancillary structures and facilities erected on the land which is held by Civet Container for a consideration of RMB159,400,000. Such acquisition is expected to be completed in this year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Save as disclosed above, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures and associates for the six months ended 30th June 2014.

CONTINGENT LIABILITIES

As at 30th June 2014, the Group had no material contingent liabilities.

DIRECTORS' AND EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30th June 2014, the Company has not been notified of any interests and short positions of the directors and executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance (“SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO.

At no time during the period, the directors and executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations required to be disclosed pursuant to the SFO.

At no time during the period was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the directors and executives of the Company (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 30th June 2014, as recorded in the register required to be kept under Section 336 of the SFO, the following shareholders have 5% or more of the Company's share capital:

Ordinary shares of HK\$0.1 each in the Company

	Number of Shares
(i) Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE")	648,218,000
(ii) Guangdong Province Navigation Group Company Limited ("GNG")	648,218,000

CKSE is wholly owned by GNG. Accordingly, the interests disclosed by shareholders (i) and (ii) above are in respect of the same shareholding.

Save as disclosed above, as at 30th June 2014, the Company has not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the period, no listed securities of the Company were purchased or sold by the Company or any of its subsidiaries. The Company did not redeem any of its shares during the period.

WARRANTS

The placing of the warrants, which was completed on 13th June 2013, was expired on 12th June 2014, and no placee had exercised any warrants during the relevant period.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30th June 2014 containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK") (the "Listing Rules") will be published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.cksd.com) in due course.

INTERIM DIVIDEND

On 28th August 2014, the board of directors declared an interim dividend of HK2 cents per ordinary share for the year ending 31st December 2014 (2013: HK2 cents).

REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee and the Company's independent auditor have reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30th June 2014.

CORPORATE GOVERNANCE

The directors of the Company have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "Code") under Appendix 14 of the Listing Rules. In the opinion of the directors, the Company complied with the Code Provisions throughout the accounting period covered by the interim report except as disclosed below.

In future, the Company will also adopt more Recommended Best Practices according to actual needs, so as to further enhance the level of corporate governance.

Since Mr. Chan Kay-cheung has served as an independent non-executive director of the Company for over nine years, but the Company believes that Mr. Chan can independently express opinions on matters of the Company without any interference and therefore his independence is confirmed. According to the Code Provision A.4.3, Mr. Chan retired by rotation and a separate resolution was passed to approve his re-election at the annual general meeting held on 16th May 2013.

Since Ms. Yau Lai Man has served as an independent non-executive director of the Company for over nine years, but the Company believes that Ms. Yau can independently express opinions on matters of the Company without any interference and therefore her independence is confirmed. According to the Code Provision A.4.3, if an independent non-executive director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. However, Ms. Yau is not due to retirement by rotation yet during the year and the Company will decide her further appointment by a separate resolution to be approved by shareholders according to relevant provisions.

ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct prescribing standards and requirements no less than that required by the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry of all directors that they have fully complied with the required standard set out in the Model Code throughout the period under review.

DIRECTORS

On 1st March 2014, Mr. Yu Qihuo, the non-executive director of the Company, resigned as a non-executive director of the Company due to his retirement; Mr. Huang Shuping, the executive director of the Company, resigned as an executive director, deputy general manager and a member of executive committee of the Company due to his decision to pursue his other personal engagement. As at the same date, Mr. Hu Jiahong was appointed as an executive director of the Company; Mr. Zeng He and Mr. Cheng Jie were appointed as the executive directors and deputy general managers of the Company, and as the members of executive committee.

Save as disclosed above, the Company is not aware of any change in the information of directors of the Company required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since the date of the 2013 Annual Report.

As at the date of this announcement, the Company’s executive directors include Mr. Xiong Gebing, Mr. Zeng He and Mr. Cheng Jie; non-executive directors include Mr. Liu Weiqing, Mr. Hu Jiahong and Mr. Zhang Lei; independent non-executive directors include Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

By Order of the Board
Xiong Gebing
Managing Director

Hong Kong, 28th August 2014



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED**

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the unaudited condensed consolidated interim financial information set out on pages 21 to 52, which comprises the condensed consolidated balance sheet of Chu Kong Shipping Enterprises (Group) Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2014 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on unaudited condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this unaudited condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this unaudited condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com



羅兵咸永道

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of unaudited condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28th August 2014

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET*As at 30th June 2014*

	Note	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,398,664	1,368,875
Investment properties	7	4,914	4,943
Land use rights	7	445,903	455,597
Intangible assets – goodwill		39,844	40,229
Joint ventures and associates		553,707	552,185
Deposit and prepayment		10,040	-
Deferred income tax assets		2,232	2,232
		2,455,304	2,424,061
Current assets			
Trade and other receivables	8	564,017	469,494
Loans to joint ventures	9	18,792	22,823
Cash and cash equivalents		514,603	600,969
		1,097,412	1,093,286
Total assets		3,552,716	3,517,347
EQUITY			
Share capital	10	877,762	90,000
Reserves		1,231,919	1,948,740
Final dividend proposed		-	49,500
Interim dividend declared		18,000	-
		2,127,681	2,088,240
Non-controlling interests		189,068	178,148
Total equity		2,316,749	2,266,388

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)**As at 30th June 2014*

	Note	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		74,650	73,415
Long term borrowings	11	117,000	180,877
		191,650	254,292
Current liabilities			
Trade and other payables	12	678,263	611,464
Loans from associates	13	26,304	26,558
Amounts due to the non-controlling interests of subsidiaries	14	61,974	52,006
Amount due to a related party	14	15,150	15,296
Income tax payables		34,626	28,623
Short term borrowings	11	75,000	100,000
Current portion of long term borrowings	11	153,000	162,720
		1,044,317	996,667
Total liabilities		1,235,967	1,250,959
Total equity and liabilities		3,552,716	3,517,347
Net current assets		53,095	96,619
Total assets less current liabilities		2,508,399	2,520,680

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30th June 2014*

	Note	2014 HK\$'000	2013 HK\$'000
Revenue	6	848,917	761,391
Cost of services rendered		(641,661)	(561,699)
Gross profit		207,256	199,692
Other income		30,734	28,201
Other (losses)/gains – net	15	(2,801)	4,586
General and administrative expenses		(135,603)	(124,036)
Operating profit	16	99,586	108,443
Finance income		1,657	2,491
Finance cost		(4,056)	(5,701)
Share of profits less losses of joint ventures and associates	17	37,253	28,774
Profit before income tax		134,440	134,007
Income tax expense	18	(26,092)	(26,605)
Profit for the period		108,348	107,402
Attributable to:			
Equity holders of the Company		103,101	100,310
Non-controlling interests		5,247	7,092
		108,348	107,402
Dividends	19	18,000	18,000
Earnings per share (HK cents)			
Basic	20	11.46	11.15
Diluted	20	11.46	11.13

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30th June 2014*

	2014	2013
	HK\$'000	HK\$'000
Profit for the period	108,348	107,402
Other comprehensive (loss)/income:		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences		
– Subsidiaries	(10,438)	13,204
– Joint ventures and associates	(4,734)	4,668
Total comprehensive income for the period	93,176	125,274
Attributable to:		
Equity holders of the Company	88,941	116,922
Non-controlling interests	4,235	8,352
	93,176	125,274

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2014

	Share capital HK\$ '000	Attributable to equity holders of the Company							Total reserves HK\$ '000	Equity holders HK\$ '000	Non-controlling interests HK\$ '000	Total equity HK\$ '000
		Share premium HK\$ '000	Exchange reserve HK\$ '000	Revaluation reserve HK\$ '000	Capital reserve HK\$ '000	Other reserves HK\$ '000	Retained profits HK\$ '000					
At 1st January 2014	90,000	787,762	230,881	23,009	167,717	(563,091)	1,351,962	1,990,240	2,088,240	178,148	2,266,388	
Profit for the period	-	-	-	-	-	-	103,101	103,101	103,101	5,247	108,348	
Other comprehensive loss:												
Currency translation differences	-	-	(9,740)	-	-	-	-	(9,740)	(9,740)	(698)	(10,438)	
- Subsidiaries	-	-	(4,420)	-	-	-	-	(4,420)	(4,420)	(314)	(4,734)	
- Joint ventures and associates	-	-	-	-	-	7,442	(7,442)	-	-	-	-	
Transfer of reserves	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	(14,160)	-	-	7,442	95,659	88,941	88,941	4,235	93,176	
Transactions with owners:												
Transition to no-par value regime on 3rd March 2014	787,762	(787,762)	-	-	-	-	-	(787,762)	-	-	-	
Expiry of warrants (note)	-	-	-	-	-	(1,750)	1,750	-	-	-	-	
Capital injection by the non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	6,685	6,685	
2013 final dividend	-	-	-	-	-	-	(49,500)	(49,500)	(49,500)	-	(49,500)	
At 30th June 2014	877,762	-	216,721	23,009	167,717	(557,399)	1,399,871	1,249,919	2,127,681	189,068	2,316,749	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30th June 2013

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Capital reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total reserves HK\$'000	Equity holders HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1st January 2013	90,000	787,762	197,661	23,009	167,717	(575,298)	1,230,001	1,830,852	1,920,852	169,613	2,090,465
Profit for the period	-	-	-	-	-	-	100,310	100,310	100,310	7,092	107,402
Other comprehensive income:											
Currency translation differences:											
- Subsidiaries	-	-	12,244	-	-	-	-	12,244	12,244	960	13,204
- Joint ventures and associates	-	-	4,368	-	-	-	-	4,368	4,368	300	4,668
Transfer of reserves	-	-	-	-	-	8,284	(8,284)	-	-	-	-
Total comprehensive income for the period	-	-	16,612	-	-	8,284	92,026	116,922	116,922	8,352	125,274
Transactions with owners:											
Issue of warrants (note)	-	-	-	-	-	1,750	-	1,750	1,750	-	1,750
2012 final dividend	-	-	-	-	-	-	(40,500)	(40,500)	(40,500)	-	(40,500)
At 30th June 2013	90,000	787,762	214,273	23,009	167,717	(565,264)	1,381,527	1,909,024	1,999,024	177,965	2,176,989

Note:

On 13th June 2013, the Company issued 180,000,000 units of non-listed warrants at a consideration of HK\$0.01 each. Total consideration received was HK\$1,800,000. Transaction cost of HK\$50,000 was deducted from the proceeds. Warrant holders were conferred rights to convert each unit of warrant into one unit of ordinary share of the Company at a price of HK\$2.20 per unit before the expiry date of 12th June 2014. The net proceed from the issue of warrants was accounted for as equity by the Company. The warrants were not exercised until its expiry date of 12th June 2014, and the amount of HK\$1,750,000 was transferred from other reserves to retained profits of the Company during the six months ended 30th June 2014.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th June 2014*

	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities		
Cash generated from operations	153,563	21,427
Income tax paid	(18,735)	(10,328)
Net cash generated from operating activities	134,828	11,099
Cash flows from investing activities		
Purchase of property, plant and equipment	(83,017)	(103,997)
Payment for land deposits	-	(19,754)
Proceeds from disposal of property, plant and equipment	2,613	677
Repayments of loans from joint ventures	3,619	5,829
Dividends received from joint ventures	2,268	9,796
Interest received	1,657	2,491
Net cash used in investing activities	(72,860)	(104,958)
Cash flows from financing activities		
Dividends paid	(49,454)	(40,484)
Interest paid	(4,056)	(5,701)
Repayment of bank loans	(173,185)	(37,536)
Drawdown of a bank loan	75,000	-
Proceeds from issue of warrants	-	1,750
Capital injection by the non-controlling interests of a subsidiary	6,685	-
Net cash used in financing activities	(145,010)	(81,971)
Net decrease in cash and cash equivalents	(83,042)	(175,830)
Cash and cash equivalents at the beginning of the period	600,969	584,723
Effect of exchange rate changes	(3,324)	3,221
Cash and cash equivalents at the end of the period	514,603	412,114

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Chu Kong Shipping Enterprises (Group) Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is 22nd Floor, Chu Kong Shipping Tower, 143 Connaught Road Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in provision of management and other related services to high-speed waterway passenger transportation in Guangdong, Hong Kong and Macau; the operation and management of river trade cargo terminals in the Mainland China and Hong Kong; and cargo transportation, warehousing and storage businesses.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated and has been approved for issue by the Board of Directors of the Company on 28th August 2014.

This condensed consolidated interim financial information has been reviewed, not audited.

2 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th June 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2013, except the Group has adopted the following new and amended standards issued by the HKICPA which are mandatory for the financial period beginning on or after 1st January 2014.

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedging Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

The adoption of the above new and amended HKFRSs in current period does not have any significant financial effect on the interim financial information or result in any substantial changes in the Group's significant accounting policies.

The HKICPA has issued the following new and amended standards which are not yet effective for the financial period beginning 1st January 2014:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	To be determined
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1st July 2014
HKFRSs Amendments	Annual Improvements 2010 – 2012 Cycle	1st July 2014
HKFRSs Amendments	Annual Improvements 2011 – 2013 Cycle	1st July 2014

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies *(Continued)*

The Group has not early adopted these new and amended standards in the unaudited condensed consolidated interim financial information but has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of its consolidated financial statements will be resulted.

4 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31st December 2013.

There have been no changes in the risk management personnel since last year end or in any risk management policies.

(b) Liquidity risk

Compared to last year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(c) Fair value estimation

The carrying values less impairment provision (if applicable) of financial assets (including cash and cash equivalents) and financial liabilities with maturities less than twelve months from the end of the reporting period are reasonable approximation of their fair values. Fair value of long-term borrowings is estimated using the estimated future payments discounted at market interest rates.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31st December 2013.

6 Segment information

The chief operating decision-maker has been identified as the board of directors of the Company, which reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The board of directors of the Company considers the business from service perspectives and assesses the performance of the Group and its joint ventures and associates which are organised into four main businesses:

- (i) Cargo transportation – Shipping agency, river trade cargo direct shipment and transshipment and container handling and trucking
- (ii) Cargo handling and storage – Wharf cargo handling, cargo consolidation and godown storage
- (iii) Passenger transportation – Passenger transportation agency services, travel agency operation and passenger carrier service
- (iv) Investment holding and other businesses

The board of directors of the Company assesses the performance of the operating segments based on their segment profit before income tax expense, which is measured in a manner consistent with that in the interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information *(Continued)*

Sales between segments are carried out on terms equivalent to those that prevail with third parties. The revenue from external parties reported to the board of directors of the Company is measured in a manner consistent with that in the unaudited condensed consolidated income statement.

	Cargo transportation HK\$'000	Cargo handling and storage HK\$'000	Passenger transportation HK\$'000	Investment holding and other businesses HK\$'000	Total HK\$'000
Six months ended					
30th June 2014					
Total revenue	558,378	236,167	99,257	-	893,802
Inter-segment revenue	(2,312)	(42,573)	-	-	(44,885)
Revenue (from external customers)					
	556,066	193,594	99,257	-	848,917
Segment profit before income tax expense					
Income tax expense	1,672	59,647	67,312	5,809	134,440
	(1,325)	(15,186)	(6,085)	(3,496)	(26,092)
Segment profit after income tax expense					
	347	44,461	61,227	2,313	108,348
Segment profit before income tax expense includes:					
Finance income	16	574	72	995	1,657
Finance cost	-	(793)	-	(3,263)	(4,056)
Depreciation and amortisation	(5,109)	(39,998)	(83)	(1,110)	(46,300)
Share of profits less losses of joint ventures and associates	649	17,112	19,578	(86)	37,253

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information (Continued)

	Cargo transportation HK\$'000	Cargo handling and storage HK\$'000	Passenger transportation HK\$'000	Investment holding and other businesses HK\$'000	Total HK\$'000
Six months ended					
30th June 2013					
Total revenue	501,305	209,528	94,935	-	805,768
Inter-segment revenue	(2,314)	(42,063)	-	-	(44,377)
Revenue (from external customers)					
	498,991	167,465	94,935	-	761,391
Segment profit before income tax expense					
	5,106	61,844	63,253	3,804	134,007
Income tax expense	(715)	(16,831)	(5,733)	(3,326)	(26,605)
Segment profit after income tax expense					
	4,391	45,013	57,520	478	107,402
Segment profit before income tax expense includes:					
Finance income	243	787	161	1,300	2,491
Finance cost	-	(2,996)	-	(2,705)	(5,701)
Depreciation and amortisation	(4,773)	(36,166)	(84)	(797)	(41,820)
Share of profits less losses of joint ventures and associates	431	13,993	14,944	(594)	28,774

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Segment information *(Continued)*

	Cargo transportation HK\$'000	Cargo handling and storage HK\$'000	Passenger transportation HK\$'000	Investment holding and other businesses HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
As at 30th June 2014						
Total segment assets	531,170	2,117,985	626,283	1,408,064	(1,130,786)	3,552,716
Total segment assets include: Joint ventures and associates	23,947	234,746	260,606	34,408	-	553,707
Total segment liabilities	(405,755)	(630,928)	(177,040)	(1,153,030)	1,130,786	(1,235,967)
As at 31st December 2013						
Total segment assets	510,293	2,043,966	633,301	1,392,047	(1,062,260)	3,517,347
Total segment assets include: Joint ventures and associates	23,491	240,146	253,721	34,827	-	552,185
Total segment liabilities	(385,477)	(572,992)	(162,950)	(1,191,800)	1,062,260	(1,250,959)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 Property, plant and equipment, investment properties and land use rights

	Property, plant and equipment HK\$ '000	Investment properties HK\$ '000	Land use rights HK\$ '000	Total HK\$ '000
Opening net book value as at 1st January 2014	1,368,875	4,943	455,597	1,829,415
Exchange differences	(10,073)	-	(4,392)	(14,465)
Additions	83,017	-	-	83,017
Disposal/write off	(2,186)	-	-	(2,186)
Depreciation and amortisation	(40,969)	(29)	(5,302)	(46,300)
Closing net book value as at 30th June 2014	1,398,664	4,914	445,903	1,849,481
Opening net book value as at 1st January 2013	1,250,067	5,000	382,347	1,637,414
Exchange differences	8,631	-	4,004	12,635
Additions	103,997	-	-	103,997
Disposal/write off	(656)	-	-	(656)
Adjustments	-	-	(6,667)	(6,667)
Depreciation and amortisation	(37,512)	(29)	(4,279)	(41,820)
Closing net book value as at 30th June 2013	1,324,527	4,971	375,405	1,704,903

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 Trade and other receivables

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Trade receivables, net of provision (note (a)):		
– third parties	199,197	179,944
– joint ventures and associates	2,537	3,190
– other related companies	1,697	1,972
	203,431	185,106
Less: provision for impairment – third parties	(4,198)	(4,131)
Trade receivables, net	199,233	180,975
Other receivables (note (b)):		
– third parties	123,126	101,210
– immediate holding company	20,654	20,982
– fellow subsidiaries	2,968	2,819
– joint ventures and associates	217,444	162,902
– other related companies	592	606
	364,784	288,519
Total trade and other receivables	564,017	469,494

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 Trade and other receivables *(Continued)*

Notes:

- (a) The normal credit periods granted by the Group to its customers on open accounts range from seven days to three months from the date of invoice. The ageing analysis of trade receivables by invoice date is as follows:

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Within 3 months	189,996	172,549
4 to 6 months	8,785	8,163
7 to 12 months	528	241
Over 12 months	4,122	4,153
	203,431	185,106
Less: Provision for impairment	(4,198)	(4,131)
	199,233	180,975

The trade receivables due from related parties are unsecured, interest-free, and have similar terms of repayment as third party receivables.

- (b) Other receivables due from related parties are unsecured, interest-free and repayable on demand.

9 Loans to joint ventures

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Unsecured loans		
– interest-free	11,716	12,015
– at floating rate (note)	7,076	10,808
	18,792	22,823

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Loans to joint ventures *(Continued)*

Note:

The loans bear interest at the base lending rate announced by the People's Bank of China ("PBOC") (31st December 2013: base lending rate announced by the PBOC).

10 Share capital

	As at 30th June 2014		As at 31st December 2013	
	Number of shares ('000)	HK\$'000	Number of shares ('000)	HK\$'000
Authorised: (note (a)) Ordinary shares of HK\$0.10 each (note (b))	-	-	2,000,000	200,000
			Number of shares ('000)	Share capital HK\$'000
At 1st January 2014			900,000	90,000
Transition to no-par value regime on 3rd March 2014 (note (c))			-	787,762
At 30th June 2014			900,000	877,762
At 1st January 2013 and 30th June 2013			900,000	90,000

Notes:

- (a) Under the Hong Kong Companies Ordinance (Cap. 622), which became effective on 3rd March 2014, the concept of authorised share capital no longer exists.
- (b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3rd March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3rd March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Borrowings

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Unsecured, short term bank loans	75,000	100,000
Secured, long term bank loans	–	63,597
Unsecured, long term bank loans	270,000	280,000
	345,000	443,597

The maturity of the long term bank loans is as follows:

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Repayable within one year	153,000	162,720
Repayable within one to two years	32,500	38,718
Repayable within two to five years	84,500	142,159
	270,000	343,597
Current portion included in current liabilities	(153,000)	(162,720)
	117,000	180,877

The secured bank loans at 31st December 2013 were secured by certain land use rights and property, plant and equipment of the Group, denominated in Renminbi, and interest-bearing at the base lending rate announced by the PBOC.

The unsecured bank loans are denominated in Hong Kong dollars and bear interest ranging from 1.68% to 1.91% (31st December 2013: 1.68% to 3.90%) per annum.

The fair values of borrowings are approximate to their carrying values.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Trade and other payables

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Trade payables (notes (a) and (b)):		
– third parties	269,688	266,011
– immediate holding company	10,076	6,903
– fellow subsidiaries	11,616	10,856
– joint ventures and an associate	62,531	37,067
– other related companies	5,955	6,174
	359,866	327,011
Other payables (note (b)):		
– third parties	171,241	156,324
– immediate holding company	2,899	16,043
– fellow subsidiaries	910	632
– joint ventures and associates	137,201	107,254
– key management	4,248	3,873
– other related companies	1,898	327
	318,397	284,453
	678,263	611,464

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Trade and other payables *(Continued)*

Notes:

- (a) The ageing analysis of trade payables by invoice date is as follows:

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Within 3 months	338,076	304,130
4 to 6 months	4,841	17,604
7 to 12 months	16,699	4,484
Over 12 months	250	793
	359,866	327,011

- (b) Trade and other payables due to related parties are unsecured and interest-free. Trade payables to related parties have similar terms of settlement as those of third party payables whereas other payables to related parties are repayable on demand.

13 Loans from associates

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Unsecured loans		
– interest-free (note (a))	1,109	1,119
– at fixed interest rate (note (b))	25,195	25,439
	26,304	26,558

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Loans from associates *(Continued)*

Notes:

- (a) The loan is provided by an associate to the Group which is denominated in Renminbi, unsecured and repayable on demand.
- (b) The loan is provided by an associate to the Group which is denominated in Renminbi, unsecured, interest-bearing at 3.25% (31st December 2013: 3.25%) per annum and repayable on demand.

14 Amounts due to the non-controlling interests of subsidiaries and a related party

- (a) Breakdown of amounts due to the non-controlling interests of subsidiaries:

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Interest-free (note (i))	47,733	47,764
At fixed interest rate (note (ii))	4,201	4,242
At floating rate (note (iii))	10,040	-
	61,974	52,006

- (i) The amounts are denominated in Hong Kong dollars, unsecured and repayable on demand.
- (ii) The amount is denominated in Hong Kong dollars, unsecured, repayable on demand and interest-bearing at 4% (31st December 2013: 4%) per annum.
- (iii) The amount is denominated in Renminbi, unsecured, repayable on demand and interest-bearing at the base lending rate announced by the PBOC.
- (b) The amount due to a related party, the ultimate beneficial shareholder of a non-controlling interest, as at 30th June 2014 and 31st December 2013 is denominated in Renminbi, unsecured, repayable on demand and interest-bearing at the base lending rate announced by the PBOC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Other (losses)/gains – net

	2014	2013
	HK\$'000	HK\$'000
Exchange (losses)/gains, net	(3,158)	4,565
Gain on disposals of property, plant and equipment	427	21
Provision for impairment of trade receivables, net	(70)	–
Other (losses)/gains, net	(2,801)	4,586

16 Operating profit

Operating profit is stated after charging the following:

	2014	2013
	HK\$'000	HK\$'000
Amortisation of land use rights	5,302	4,279
Costs of cargo transportation, passenger transportation and cargo handling and storage (including fuel cost)	419,635	368,549
Depreciation of property, plant and equipment	40,969	37,512
Depreciation of investment properties	29	29
Operating lease rental expenses		
– vessels and barges	55,192	48,375
– buildings	20,000	16,079
Staff costs (including directors' emoluments)	155,477	130,681

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Share of profits less losses of joint ventures and associates

	2014 HK\$'000	2013 HK\$'000
Share of profits less losses before income tax	48,956	38,918
Share of income tax	(11,703)	(10,144)
	37,253	28,774

18 Income tax expense

	2014 HK\$'000	2013 HK\$'000
Current income tax		
– Hong Kong profits tax	8,120	7,187
– PRC corporate income tax	14,030	15,140
– Macau profits tax	1,158	848
Deferred income tax expense	2,784	3,430
	26,092	26,605

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period.

PRC corporate income tax has been calculated on the estimated assessable profit for the period at the income tax rate of the PRC entities of 25% (2013: 25%).

Macau profits tax has been provided at the applicable tax rate (2013: applicable tax rate) on the estimated assessable profit for the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Dividends

	2014 HK\$'000	2013 HK\$'000
Interim, declared, of HK2 cents (2013: HK2 cents) per ordinary share	18,000	18,000

On 28th August 2014, the Board of Directors declared an interim dividend of HK2 cents per ordinary share for the year ending 31st December 2014 (2013: HK2 cents per ordinary share).

This dividend declared is not reflected as a dividend payable in this unaudited condensed consolidated interim financial information, but will be reflected as an appropriation of the retained profits of the Company for the year ending 31st December 2014.

20 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2014	2013
Profit attributable to equity holders of the Company (HK\$'000)	103,101	100,310
Weighted average number of ordinary shares in issue ('000)	900,000	900,000
Basic earnings per share (HK cents)	11.46	11.15

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Earnings per share *(Continued)*

Diluted

The potential ordinary shares in respect of the Company's outstanding warrants were anti-dilutive for the six months ended 30th June 2014. The basic earnings per share for the six months ended 30th June 2014 was equal to the diluted earnings per share.

Diluted earnings per share for the six months ended 30th June 2013 was calculated by adjusting the profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shares.

	2013
Profit attributable to equity holders of the Company (HK\$'000)	100,310
Weighted average number of ordinary shares in issue ('000)	900,000
Adjustment for warrants ('000)	1,639
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share ('000)	901,639
Diluted earnings per share (HK cents)	11.13

21 Capital commitments

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Contracted but not provided for		
– Land use rights	19,585	21,712
– Property, plant and equipment	227,941	74,055
– Investment in a joint venture (note (a))	96,664	97,653
Authorised but not contracted for		
– Property, plant and equipment	11,779	6,400

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 Capital commitments *(Continued)*

The Group's share of capital commitments of joint ventures and associates not included in the above is as follows:

	As at 30th June 2014 HK\$'000	As at 31st December 2013 HK\$'000
Contracted but not provided for	2,610	6,982

Note:

- (a) The balance represents outstanding investment in a joint venture, Guangzhou Nansha Chu Kong Terminal Company Limited.

22 Related party transactions

The directors of the Company regard Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE") as the immediate holding company, which owns 72.0% (31st December 2013: 72.0%) of the Company's ordinary shares at 30th June 2014. The parent company of the Group is Guangdong Province Navigation Group Company Limited ("GNG"), a state-owned enterprise established in the PRC. GNG itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include GNG and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and GNG as well as their close family members.

For the six months ended 30th June 2014 and 2013, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include most of its bank deposits and the corresponding interest income and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in this unaudited condensed consolidated financial information, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the six months ended 30th June 2014 and 2013.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions *(Continued)*

(a) Transactions with related parties

	Note	2014 HK\$'000	2013 HK\$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)		
– fellow subsidiaries		134	142
– joint ventures and an associate		458	121
– other related companies		141	103
Passenger transportation agency fees	(i)		
– fellow subsidiaries		1,032	888
– joint ventures and an associate		5,945	6,202
– other related companies		1,188	1,268
Ferry terminal operation service fees	(i)		
– fellow subsidiaries		2,816	2,632
– joint ventures and an associate		12,992	12,358
– other related companies		7,645	6,948
Management service fees			
– immediate holding company	(ii)	18,500	17,000
– joint ventures	(iii)	1,371	1,236
– a related company	(iii)	132	132
Vessel rental income	(i)		
– a related company		1,353	1,207
Interest income			
– joint ventures	(iv)	302	379

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions *(Continued)*

(a) Transactions with related parties *(Continued)*

	Note	2014 HK\$'000	2013 HK\$'000
Expenses:			
Shipping agency, river trade cargo direct shipment and transshipment expenses	(i)		
– a joint venture and an associate		8,668	8,052
– a related company		5,253	5,285
Wharf cargo handling, cargo transportation and godown storage expenses	(i)		
– joint ventures and an associate		31,615	23,807
– a related company		6,487	2,892
Agency fee expenses	(i)		
– fellow subsidiaries		223	136
– a joint venture and an associate		656	447
– other related companies		5	25
Ferry terminal operation services fee	(i)		
– a fellow subsidiary		3,896	3,210
Luggage handling fee	(v)		
– a related company		3,537	3,525
Fuel charges	(i)		
– a fellow subsidiary		41,814	34,022
Vessel rental expenses	(i)		
– a joint venture		15,403	12,129

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions *(Continued)*

(a) Transactions with related parties *(Continued)*

	Note	2014 HK\$'000	2013 HK\$'000
Warehouse rental expenses – immediate holding company	(vi)	2,500	2,500
Office rental expenses – immediate holding company	(i)	2,903	2,887
Staff quarter rental expenses – immediate holding company	(i)	1,217	939
Loan interest expenses			
– an associate	(vii)	411	435
– non-controlling interests	(viii)	202	86
– a related party	(ix)	457	449
Management fee expense – immediate holding company	(x)	3,600	3,600

Notes:

- (i) These transactions were conducted at terms pursuant to agreements as entered into between the Group and the respective related parties or as mutually agreed between the Group and the respective related parties.
- (ii) Management service fees was charged to CKSE for provision of services to a number of subsidiaries and joint ventures of CKSE in Hong Kong and the PRC. According to the management agreement, the management fee is calculated annually at (i) HK\$20,000,000 per year or (ii) 3.25% of the total assets value of these companies as at 30th June of each year, whichever is higher, but the amount shall not exceed HK\$30,000,000. The contract period is from 1st July 2011 to 30th June 2014, and is subsequently extended to 30th June 2017.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**22 Related party transactions** *(Continued)*

- (a) Transactions with related parties *(Continued)*
- (iii) Management service fees were charged based on the actual costs incurred for the service provided.
 - (iv) Interests were charged to joint ventures in respect of loans at the base lending rate announced by the PBOC (2013: base lending rate announced by the PBOC) pursuant to the agreements entered into between the Group and the joint ventures.
 - (v) Luggage handling fee was charged at HK\$3.3 (2013: HK\$3.3) per item of luggage at China Ferry Terminal, Tsim Sha Tsui by an associate of the immediate holding company as set out in the respective agreement governing these transactions.
 - (vi) The Group leased a warehouse from CKSE and rental was charged by CKSE pursuant to the agreement governing the transaction.
 - (vii) Loan interest was charged by an associate at 3.25% (2013: 3.50%) per annum pursuant to the agreement entered into between the Group and the associate.
 - (viii) Interests were charged by the non-controlling interests in respect of loans bearing interest rates at 4% per annum or at the base lending rate announced by the PBOC (2013: 4% per annum).
 - (ix) Interest was charged by the related party at the base lending rate announced by the PBOC (2013: base lending rate announced by the PBOC).
 - (x) Management fee expense was charged at HK\$600,000 per month for IT services provided by CKSE as set out in the agreement governing these transactions.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions *(Continued)*

(b) Key management compensation

	2014	2013
	HK\$'000	HK\$'000
Salaries and allowances	3,215	4,248
Directors' fees	517	475
Retirement benefit scheme contributions	79	209
	3,811	4,932

(c) Loans to joint ventures

	2014	2013
	HK\$'000	HK\$'000
As at 1st January	22,823	29,275
Exchange differences	(412)	263
Loans repayments received	(3,619)	(5,829)
As at 30th June	18,792	23,709



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**CHU KONG SHIPPING ENTERPRISES (GROUP)
COMPANY LIMITED**

24th Floor, Chu Kong Shipping Tower
143 Connaught Road Central
Hong Kong

Tel: (852) 2581 3799
Fax: (852) 2851 0389

www.cksd.com