



CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

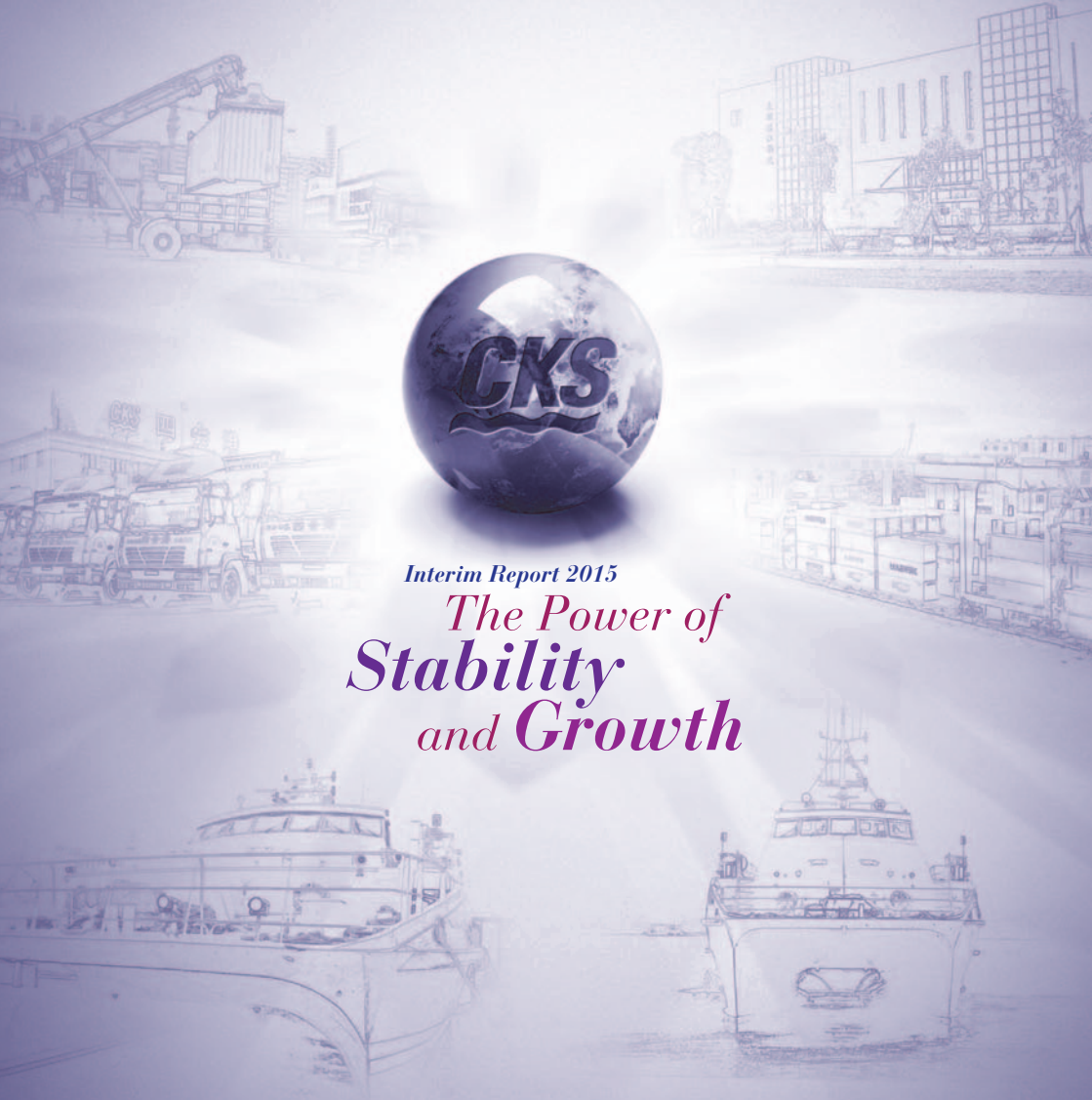
(Incorporated in Hong Kong with limited liability)

Stock Code : 00560



Interim Report 2015

*The Power of
Stability
and Growth*



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am hereby to present the interim report of Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") for the period ended 30th June 2015 for the shareholders' perusal.

In the first half of 2015, in response to the macro environment with the global economic downturn and a structural adjustment in China's economy, the Group focused on maintaining business performance, controlling risks and promoting development, and actively implemented the transformation, upgrade and reform of the Group. Satisfactory results have been achieved in all key business area and progress, with significant growth recorded in overall operation. During the period, the Group recorded a consolidated revenue of HK\$932,986,000, representing an increase of 9.9% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK\$119,769,000, representing an increase of 16.2% over the same period last year. To reward and reciprocate the shareholders, the Board declared an interim dividend of HK4 cents per ordinary share and an interim special dividend of HK1 cent per ordinary share for the year ending 31st December 2015, so as to jointly enjoy achievements with all the shareholders.

REVIEW AND OUTLOOK

In the first half of 2015, the highlights of the Group's operation and reform were as following:

1. Terminal navigation logistics business continued to expand. In the first half of 2015, the Group recorded a year-on-year increase of 10.9% in container cargo handling volume, resulting in a significant growth in throughput. Container transportation volume rose by 10.6% year-on-year while operating profit increased by 11.1% year-on-year. The Group has actively proceeded with the following tasks: firstly, it promoted its professional operation and optimised terminal logistics resources. As a result, the terminals in the regions such as Foshan, Zhuhai, Zhaoqing, Jiangmen and Hong Kong all recorded a rapid growth in container handling volume with improved efficiency. In particular, Gaoming Port of Foshan, leveraged on its position as terminal hub in the region and vigorously explored the market. Its factory trade cargo for exports continued to grow steadily, with rapid increase of the importing renewable resources cargo. By grasping the momentum of open market, Doumen Port



in Zhuhai has proactively introduced additional liners and solicited new customers. By seizing the opportunity for development, Civet Port has improved its operation efficiency and accelerated the development of new logistics warehousing site. The integrated operation in Zhaoqing region has paid off. Kangzhou Port, Gaoyao Port and Sihui Port have recorded a year-on-year increase of 254.2%, 10.2% and 12.8% respectively in foreign trade container handling volume. Due to its strengthening position as the sole foreign trade port in the region, Qingyuan Port was brought to the attention of Guangzhou Nansha Terminal, resulting in an increase of 122.4% in the foreign trade container handling volume. Jiangmen Sanbu Terminal has recorded a significant growth through improving freight dispatching. Heshan Port recorded a substantial increase of 37.7% in foreign trade container handling volume. Benefiting from the increased handling volume of Pearl River Delta terminals, the freight terminal in Hong Kong, as an operation center, also posted a 15.6% increase. Secondly, the Group has established an overseas network to explore integrated logistics projects. Since the commencement of operation in the first half year, the Malaysian company has made a positive progress in its business. It is considered to set up overseas marketing companies in the countries such as Thailand in the future, to further improve the layout of overseas marketing network. In addition, it will continue to expand overseas integrated logistics business in Macau, Singapore and etc., including distribution, warehousing and water-way transportation. Two or more additional integrated logistics projects will be developed in the year, in addition to the big-bulk cargo logistics business such as large-sized shield machine newly developed by CKTL. Thirdly, the Group has developed an innovative mechanism to promote diversified-ownership reform. The Group has actively introduced strategic partners, and speeded up the project investment for Civet Port and Dawang Logistics, as well as facilitated the pilot enterprises for diversified-ownership reform in Gaoming Port. Fourthly, the Group has improved its information capability by achieving “Internet +”. During the period, it has completed the upgrade of the CKTL business system, and will complete and implement the upgrades of the management systems of a number of terminals in the future.

2. Water-way high-speed passenger transportation business has developed steadily. Despite the effect of the “anti-parallel traders” activities in Hong Kong, the Group has maintained stable business volume. During the period, the Group actively carried out the following tasks. Firstly, the Group has deepened the cooperation with ship owners by utilisation of the platform. By taking the

advantage of the passenger transportation platform, the Group has actively negotiated with ship owners on the cooperation in the exploration of sight-seeing routes and commenced the airport routes of the Lianhuashan passenger terminal. Secondly, the Group has aggressively explored markets to enhance its brand value. It has also strived to strengthen its existing customer base, and speeded up the establishment of overseas sales networks, to improve its brand awareness. During the period, it has successfully signed regional general agency agreements with the airlines from Taiwan and such countries as Singapore and South Korea. Thirdly, the Group has improved its e-commerce platform to promote intelligent operation. The e-commerce platform “HEMA-WANG” “河馬遊” and the official WeChat public platform of CKPT have been officially launched in which the ticketing platforms for multiple routes will be implemented within this year and full-fledge promotional events will be carried out. The mobile apps platform of passenger transportation system has been successfully launched on 1st May 2015 which will continuous improve the ticket sales function and actively promote automatic and intelligent operation. Currently, automatic ticket collection machines and turnstiles have been installed in Shekou Terminal, Lianhuashan Terminal, China Ferry Terminal and Hong Kong Macau Ferry Terminal. Such equipment will be used extensively in other major terminals during this year. Fourthly, the Group has developed high-end tourism business to strengthen its position in the industry. By actively implementing the strategy of “tourism passenger transportation”, it boosted the number of passengers by the industry chain for tourism resorts, and promoted the high-end tourism business in Hong Kong through Zhuhai Chime-long project and Victoria Harbour Tour which is operated by Fortune Ferry Company, non-wholly owned subsidiary of the parent company. Fifthly, the Group has improved customer service experience and increased its brand value. The pre-boarding procedures and direct baggage transfer services have been introduced, improving the competitiveness of the airport routes. In order to create the first-class service brand in the world, brand upgrade construction of CKPT will continue to carry on.

3. On 22nd May 2015, the Company successfully completed the placement of 180,000,000 shares, raising a total of HK\$460,000,000. Since the introduction of external investors, the shares trading have been more active, with significant increase in market value, and the proceeds therefrom will be used for general operating purpose. The Group will consistently and actively promote its project development, and consolidate the core competitiveness of its passenger transportation and freight business, so as to generate long-term returns for its shareholders.



It is a critical year for in-depth company reforms in all respects, and is also the final year to complete the 12th Five-year Plan in 2015. Looking into the second half year, although the global economy recovery is slow, it is confident about the prospects of all business segments of the Group.

In the second half of the year, the Group will focus on the following works: firstly, it will pay close attention to the State's development strategies including "The Belt and Road Initiatives" policy and free trade zone construction, to adapt to the economic development in the "New Normal" period. It will also take initiative to speed up the transformation into integrated logistics and tourism passenger transportation, develop new business drivers on the basis of traditional industries and strengthen its leading position in water-way high-speed passenger transportation between Guangdong-Hong Kong-Macau and become a competitive shipping logistics service provider around the Guangdong-Hong Kong-Macau area. Secondly, it will continue to optimise its assets structure and proactively seek for injection of quality assets from its parent company to make its core businesses stronger. Thirdly, The Group will stress on the strategy of driving development by innovations with new systems and mechanisms, business models and management models etc. The Group will facilitate ship owners to renew the transport capacity of new material-made high-speed ferry in a faster pace, accelerate new project in Tuen Mun, Hong Kong and construction of e-commerce platform to cultivate new business drivers.

RELATION WITH INVESTORS

The Company pays high attention to the communication with investors, and increases its transparency continuously. During the period, the Company has held a number of road shows for institutional investors and greeted visits by investors with warm hospitality. The Company's website (www.cksd.com) provides timely business information and information disclosures of the Company for the market.

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.

Xiong Gebing
Chairman

Hong Kong, 26th August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the period ended 30th June 2015, the Group recorded a consolidated revenue of HK\$932,986,000, up by 9.9% as compared with the corresponding period last year. Profit attributable to shareholders of the Company was HK\$119,769,000, up by 16.2% as compared with the corresponding period last year.

2015 is the year in which China has fully completed the planning of the 12th Five-Year Plan. It is also a critical year for the comprehensive deepening of reforms. Under the circumstances of the “New Normal” period in China, the economy has gradually entered into a new stage of economic re-structuring and change in growth momentum with slow-down of economic growth. It was proposed in the Central Economic Work Conference that quality and efficiency improvements should be taken as the major objective in economic development, so as to adapt to the “New Normal” through transformation and change. The slow-down of the macro-economy will impose certain pressure on the Group’s main businesses. Nevertheless, the Group will ensure to correctly understand the overall trend and background of the “New Normal” economic growth, and continue to pursue its various strategies by constantly improving its core competitiveness. It is expected that the Group’s businesses will continue to grow steadily.

Regarding freight business, the Group continued to capitalise on its regional leading advantages, promoted professionalised operation, and successfully achieved steady growth of its major businesses. During the period, container transportation volume recorded an increase of 10.6%, and break bulk cargo transportation volume experienced an increase of 2.5% year-on-year. For cargo handling and storage businesses, terminal logistics resources are optimised continuously that volume growths are recorded in all major terminals so the container handling volume increased by 10.9%. Affected by the trend of containerisation and diversion of cargo, break bulk cargo handling volume dropped by 21.9%, while volume of container hauling and trucking increased by 6.7% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

REVIEW OF OPERATIONS (Continued)

Despite the impact of the “Occupy Central” movement and the “anti-parallel traders” activities, the passenger transportation business recorded growth due to the proactive exploration of agency services for new routes and airport routes. During the period, the total number of passengers for agency services was 3,316,000, representing a year-on-year increase of 0.9%. The number of passengers for terminal services was 3,728,000, went down slightly by 1.1%.

I. FREIGHT BUSINESS

Capitalising on the advantages of its resources, the Group continued to improve its operation efficiency during the period, recording increments in all major business indicators with a growth on the overall profit contribution by freight business, amounting to HK\$52,502,000 during the period, representing a year-on-year increase of 17.2%.

1. Business Operation Indicators

Performance statistics of our major business operations are as follows:

Indicators	For the six months ended 30th June		
	2015	2014	Change
Cargo transportation volume			
Container transportation volume (TEU)	659,012	595,627	10.6%
Break bulk cargo transportation volume (revenue tons)	173,110	168,903	2.5%
Cargo handling volume			
Container handling volume (TEU)	682,876	615,527	10.9%
Volume of break bulk cargo handled (revenue tons)	608,081	778,663	-21.9%
Volume of container hauling and trucking on land (TEU) (<i>Note</i>)	118,921	111,451	6.7%

Note: The 2014 data was restated as the data for Gaoyao Terminal was included starting from 2015.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. FREIGHT BUSINESS *(Continued)*

2. Subsidiaries

Chu Kong Transhipment & Logistics Company Limited (“CKTL”) had excellent performance. The increase in container transportation volume was mainly contributed by domestic liner business and door-to-door cargo service with liner cargo business continued to grow steadily. Break bulk cargo transportation volume recorded a slight increase. CKTL has actively explored the extension of the logistics service chain, diversified logistics business and developed integrated logistics, especially in big-bulk cargo logistics and modern warehousing business. During the period, major logistics projects have been launched in which large-scale construction machineries such as “shield machine” were transported and handled. Proactive efforts have also been made in services such as customised warehouses, distribution and delivery and depot insurance businesses. These integrated logistics services have also been extended to Macau and overseas locations. These measures are conducive to the further expansion of CKTL business and the improvement of gross profit margin.

Regarding terminal handling business, Chu Kong Cargo Terminals (Gaoming) Co., Ltd. in Foshan recorded steady growth in its business. The company achieved 184,000 TEU of container handling volume during the period, representing a year-on-year increase of 8.4%, with rapid growth recorded for renewable resource cargo. The company continued to explore the market aggressively, actively developed sources of import cargo, improved sales and marketing of export cargo and made effort in re-structuring the sources of goods. In addition, the communication and coordination with various parties including international liners, freight forwarders, barge companies, customs clearance agency and truck fleets were strengthened to ensure a smooth custom clearance process at the terminal.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. FREIGHT BUSINESS *(Continued)*

2. Subsidiaries *(Continued)*

Improving signs were seen in the Zhaoqing region with year-on-year increase of cargo volume, which was mainly due to the growth of domestic trade containers and export containers. During the period, the terminals in Zhaoqing region recorded a container handling volume of 170,000 TEU, representing a year-on-year increase of 6.7%, among which foreign trade containers recorded a year-on-year increase of 4.6%, while domestic trade containers recorded a year-on-year increase of 10.1%. The container business of Zhaoqing New Port was affected by the drop of renewable resources cargo and recorded a year-on-year decrease of 20.2% whilst there was significant growth in the traditional domestic trade containers. Based on Zhaoqing's cargo sources structure and its characteristics of economic development, the terminal has actively explored cargo sources of corns and coal, and within the period, the business of domestic containers increased by 29.5%. The terminal has also successfully invited at least two international liners to determine Zhaoqing New Port as their primary port. This will further strengthen the capacity to explore more cargo sources. As for Zhaoqing Gaoyao Port, it has maintained the relationship with the existing stone materials customers and enhanced the communication with liners. During the period, the container handling volume grew steadily with year-on-year increase of 10.2%. Zhaoqing Sihui Port has achieved some initial success with its effort in developing sources in factory trade cargo, with container handling volume increased by 12.8% year-on-year. With the continuous impact of land transportation overloading prevention measures, Kangzhou Port experienced a slippage of business from domestic trading. However, the growth of exporting containers business was substantial. Through its three dimensional marketing effort by cooperating with various parties including Chu Kong (Guangdong) International Freight Forwarding Co., Ltd. and large liners, it has successfully brought the business of middle density fiber back to Kangzhou Port. The overall container handling volume dropped by 3.6%.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. FREIGHT BUSINESS *(Continued)*

2. Subsidiaries *(Continued)*

With local government's preferential policies affecting the operation of the terminals in Zhuhai region, the performance of Zhuhai region terminals container business was mixed. Affected by fluctuations of cargo volume from customers and renewable cargo, CKS Container Terminal (Zhuhai Doumen) Co. Ltd. recorded a decrease in its container business. During the period, the total container handling volume was 27,000 TEU, representing a decrease of 22.5%. Doumen Port actively responded to the difficulties by putting further effort in exploring cargo sources. It will vigorously explore new customers while maintaining existing customers by insistence on factory trade cargo. It will actively look for the support from the government in general import policies by resuming the import of large-scale cargo of fruits and renewable resources. Civet (Zhuhai Bonded Area) Logistics Company Limited, recorded a strong growth in its container business, reaching a container handling volume of 82,000 TEU, representing an increase of 30.6% year-on-year. Civet Port is the Group's key location for the future deployment of port logistics industry in Zhuhai. The Group will accelerate the construction project on the newly acquired warehousing land, and will develop Civet Port to become the integrated logistics center in the Zhuhai region and the bridgehead of Hong Kong-Zhuhai-Macau Bridge. During the period, the total cargo handling volume of these two terminals was 109,000 TEU, representing an increase of 11.6% year-on-year.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. FREIGHT BUSINESS *(Continued)*

2. Subsidiaries *(Continued)*

Since the resumption of service, factory trade and renewable resources cargo of Qingyuan Port continued to grow, recording 14,000 TEU of container handling volume during the period with an increase of 1.2 times year-on-year. Qingyuan Port will continue to focus on maintaining and consolidating existing customers, improve communication with large liners, concentrate its efforts in developing routes for large liners, strengthen its effort in consolidating cargo of renewable resources, and uplift the competitiveness of the Qingyuan routes.

The one-year trial operation period for Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd. has successfully completed. The domestic and foreign trade businesses of the terminal are in initial formation period. However, a number of domestic trading barge companies have been successfully introduced, laying a solid foundation for the formal operation of the terminal in the future. During the period, the domestic container handling volume was 2,000 TEU, and break bulk cargo handling volume was 2,000 tons.

Chu Kong Air-Sea Union Transportation Company Limited aggressively explored the integrated mode of air-sea transportation. During the period, the terminal recorded an increase in the handling volume for containers cargo and break bulk cargo of 4.1% and 7.2% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

I. FREIGHT BUSINESS *(Continued)*

3. Investment in Joint Ventures and Associates

The performance of the operating businesses of the joint ventures and associates were mixed. During the period, growth was recorded for the terminals in the Jiangmen region, which included Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. There was continuous growth of the factory trade and renewable resource cargo within the region. A total of container handling volume of 85,000 TEU was recorded, representing a year-on-year increase of 16.2%. Among which, Sanbu Port achieved a year-on-year growth of 6.0% for container handling volume. Heshan Port re-commenced its renewable resource business, vigorously expanded the foreign trade business, and achieved remarkable results. Container handling volume increased substantially by 37.7%, profit attributable to the Group was HK\$2,462,000, representing a significant year-on-year increase of 139.0%. During the period, the four terminals in the Foshan region, namely Foshan New Port Ltd., Foshan Nankong Terminal Co., Ltd., Chu Kong Cargo Terminals (Beicun) Co., Ltd. and Sanshui Sangang Containers Wharf Co., Ltd., achieved a total container handling volume of 236,000 TEU, representing a year-on-year decrease of 1.7%. Beicun Port actively explored the export factory cargo containers and cut down the costs, attributable profit for the period was HK\$578,000, representing a substantial increase of 3 times. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 185,000 TEU, representing a year-on-year decrease of 7.9%.

In respect of freight business, the joint ventures and associates contributed a profit of HK\$15,850,000 to the Group, representing a decrease of 10.8%.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

II. PASSENGER TRANSPORTATION BUSINESS

Due to increased number of routes for ticket agency services, the passenger transportation business of the Group continued to see a stable growth. During the period, the total number of passengers for agency services of Chu Kong Passenger Transport Company Limited (“CKPT”) was 3,316,000, representing a year-on-year increase of 0.9%. The urban routes were affected by the reduced number of visitors to Hong Kong, and showed an overall decline of passenger numbers. While benefited by the continuous growth of transit visitors, growth of passenger numbers with the airport routes were substantial, with 1,123,000 passengers recorded for agency services, representing a year-on-year increase of 16.0%. The number of passengers for terminal services recorded 3,728,000, representing a year-on-year decrease of 1.1%. Benefited from the investment income due to the lower oil prices, the overall profit contribution by passenger transportation business continued to grow, amount to HK\$66,301,000 during the period, representing a year-on-year increase of 8.3%.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

II. PASSENGER TRANSPORTATION BUSINESS *(Continued)*

With the outbreak of Middle East Respiratory Syndrome (MERS) and the “anti-parallel traders” activities, coupled with the popularity of overseas travelling in China, number of visitors to Hong Kong continued to decline. The Hong Kong Government has initiated a number of measures to promote tourism and shopping. However, such measures will take time to show effect. CKPT seized the opportunity to develop the airport route business aggressively through continuous improvement of its competitiveness in air-sea transportation services. On 1st July 2015, the Lianhashan airport route was re-commenced and numbers of passenger are expected to grow further. The numbers of passenger for other airport routes continued to maintain a high growth, for instant, the volume of ticket agency service of Zhongshan airport route recorded a significant increase of 69.6% during the period which recorded the highest growth among all the airport routes. With the arrival of the traditional peak season of outbound tourism, it is expected a continuous growth of the airport routes as more and more popularity of the air-sea transportation mode under the aggressive promotion, increased number of flights and the perfection services in pre-boarding and baggage check-in procedures. CKPT actively promoted the strategy of “tourism passenger transportation” by commencing full range cooperation with well-known theme parks during the period, with a view to diversify its products and boost the number of passengers for the Zhuhai routes. CKPT strengthened the construction of information technology in order to enhance sales and marketing mode by upgrading the third-generation management system for ticket agency, improving ticketing program on mobile phones and establishing an official public platform on WeChat. These can continuously improve its service quality and enhance its brand awareness. CKPT also strengthened its market development and sought for overseas business growth through overseas marketing and the expansion of tourism passenger transportation network.

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)		
	2015	2014	Change
Total number of passengers for agency services	3,316	3,286	0.9%
Total number of passengers for terminal services	3,728	3,770	-1.1%

2. Investment in Joint Ventures and Associates of CKPT

Benefiting from increased airport flights in mainland ports during the period, Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited) witnessed an increase in the number of passengers for terminal services, contributing to profit of HK\$6,986,000, representing a year-on-year increase of 2.8%. Despite the impact of “anti-parallel traders” activities with an increase of 2.9% and a decrease of 10.0% respectively in the number of passengers for agency service for Zhongshan–Hong Kong Passenger Shipping Co-op Co. Ltd. (“Zhongshan Passenger Terminal”) and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. (“Shunde Passenger Terminal”), performance continued to excel because of lower fuel costs and optimised flight schedules. The profits contributed by Zhongshan Passenger Terminal and Shunde Passenger Terminal to the Group amounted to HK\$16,366,000 and HK\$8,345,000 respectively, representing a year-on-year increase of 100.0% and 32.7% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

II. PASSENGER TRANSPORTATION BUSINESS *(Continued)*

2. Investment in Joint Ventures and Associates of CKPT *(Continued)*

In respect of passenger transportation business, the joint ventures and associates contributed a profit of HK\$29,993,000 to the Group, representing an increase of 53.2%.

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 2015, the Group employed 473 employees in Hong Kong and remunerated its employees according to the duty of their positions and market conditions. For the period ended 30th June 2015, the staff costs amounted to HK\$171,602,000, such costs included basic salaries and staff benefits such as discretionary bonus, medical and insurance plans, pension scheme etc.

In order to effectively motivate and retain the senior officers and key employees of the Group, and to align the interests of the incentive participants with that of the shareholders of the Company, on 19th August 2015, the Board approved to propose a share option scheme (the “Share Option Scheme”) at a general meeting, which will be served as a long-term incentive mechanism to supplement its existing remuneration system. The Board has further resolved to convene a general meeting to approve the Share Option Scheme.



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 2015, the Group secured a total credit limit of HK\$367,000,000 and RMB100,000,000 (equivalent to approximately HK\$126,807,000) granted by bona fide banks.

As at 30th June 2015, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.5 (31st December 2014: 1.0) and the debt ratio, representing total liabilities divided by total assets, was 27.1% (31st December 2014: 34.5%).

As at 30th June 2015, the Group's cash and cash equivalents amounted to HK\$737,736,000 (31st December 2014: HK\$533,145,000), which represents 18.2% (31st December 2014: 14.3%) of the total assets.

As at 30th June 2015, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 7.4% (31st December 2014: 14.1%).

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.

The capital structure of the Group was constantly monitored by the Company. The use of any capital instruments, including banking facilities, by each subsidiary was under the central coordination and arrangement of the Company.

During the period, the Group did not use any financial instruments for hedging purpose.

BANK LOANS AND PLEDGE OF ASSETS

	As at 30th June 2015	As at 31st December 2014
Bank Loans		
Banks located in Hong Kong (<i>Note 1</i>)		
– Hong Kong Dollar	192,000,000	370,000,000
Bank located in China (<i>Note 2</i>)		
– Renminbi	34,914,000 (equivalent to approximately HK\$44,274,000)	25,351,000 (equivalent to approximately HK\$32,135,000)

Notes:

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 land use right of Zhongshan Huangpu Port.

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.



MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Save as disclosed in this Interim Report, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures and associates for the six months ended 30th June 2015.

CONTINGENT LIABILITIES

As at 30th June 2015, 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

At 30th June 2015, 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 or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are deemed or taken to have under such provisions of the SFO); or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

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 2015, 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 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
(iii) Harvest Fund Management Co., Ltd. ("Harvest Fund")	86,678,000
(iv) China Credit Trust Co., Ltd. ("China Credit Trust")	86,678,000



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY *(Continued)*

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

China Credit Trust is the controlling shareholders of Harvest Fund. Accordingly, the interests disclosed by shareholders (iii) and (iv) above are in respect of the same shareholding.

Save as disclosed above, as at 30th June 2015, 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.

PLACING OF NEW SHARES

The placing of new shares was completed on 22nd May 2015 and 180,000,000 placing shares were issued to not less than six placees at the placing price of HK\$2.50 plus an amount equivalent to the proposed dividend per placing share pursuant to the terms of the placing agreement.

The shares of the Company in issued was increased from 900,000,000 shares to 1,080,000,000 shares after the placing of new shares. The Company used the net proceeds from the placing for general working capital and investment of the Company.

Save as disclosed above, there were no other changes of the share capital of the Company.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30th June 2015 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 DIVIDENDS

On 26th August 2015, the Board of Directors declared an interim dividend of HK4 cents per ordinary share (2014: HK2 cents) and an interim special dividend of HK1 cent per ordinary share (2014: Nil) for the year ending 31st December 2015.

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 2015.

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.

According to the provisions of the Code, a service term of over nine years is one of the key factors in determining the independence of an independent non-executive director. Mr. Chan and Ms. Yau have served as such independent non-executive directors for over nine years. During their years of service with the Company, Mr. Chan and Ms. Yau have contributed by providing an independent viewpoint, enquiry and advice to the Company in relation to its businesses, operations, future development and strategy. The Board considers that Mr. Chan and Ms. Yau have the character, integrity, ability and experience to continue to fulfill his/her role as required effectively. The Company believes that Mr. Chan and Ms. Yau can independently express opinions on matters of the Company and there is no evidence that his/her over nine years of service with the Company would have any impact on his/her independence and therefore his/her independence is confirmed. According to the provisions of the Code A.4.3, if an independent non-executive direct serve more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Chan and Ms. Yau were retired by rotation and being eligible, offered themselves for re-election at the 2015 annual general meeting. Mr. Chan and Ms. Yau have been re-appointed by separate resolutions of the shareholders at the said meeting.



CORPORATE GOVERNANCE *(Continued)*

According to the provisions of the Code A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As more time is needed to arrange the appointment of the chairman of the Board, the Board has unanimously resolved to appoint Mr. Xiong Gebing, the managing director of the Company, as the chairman of the Board, the Executive Committee and the Nomination Committee temporarily with effect from 3rd May 2015. Further announcement in respect of the related appointment of the chairman of the Board will be made by the Company when which is confirmed.

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 3rd May 2015, Mr. Liu Weiqing, the non-executive director of the Company, has resigned as a non-executive director, the chairman of the Board, the chairman of Executive Committee and the chairman of Nomination Committee of the Company due to his other business commitment.

On 9th August 2015, Mr. Hu Jiahong, the non-executive director of the Company, has resigned as a non-executive director of the Company due to his retirement.

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 2014 Annual Report.

By Order of the Board
Xiong Gebing
Chairman/Managing Director

Hong Kong, 26th August 2015



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 25 to 55, 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 2015 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.

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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, 26th August 2015

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2015

		As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,534,694	1,530,429
Investment properties	7	4,857	4,886
Land use rights	7	526,887	533,077
Intangible assets – goodwill		40,106	40,091
Joint ventures and associates		575,725	564,689
Deposit and prepayment		6,124	14,514
Deferred income tax assets		1,685	1,685
		<hr/>	
		2,690,078	2,689,371
		<hr style="border-top: 1px dashed black;"/>	
Current assets			
Trade and other receivables	8	607,875	492,533
Loans to joint ventures	9	18,916	18,908
Cash and cash equivalents		737,736	533,145
		<hr/>	
		1,364,527	1,044,586
		<hr style="border-top: 1px dashed black;"/>	
Total assets		4,054,605	3,733,957
		<hr style="border-top: 3px double black;"/>	
EQUITY			
Share capital	10	1,333,171	877,762
Reserves		1,362,352	1,306,064
Final dividend proposed		–	54,000
Interim dividend and interim special dividend declared		54,000	–
		<hr/>	
		2,749,523	2,237,826
Non-controlling interests		206,483	209,047
		<hr/>	
Total equity		2,956,006	2,446,873
		<hr style="border-top: 1px dashed black;"/>	

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET*(Continued)*
As at 30th June 2015

		As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		78,128	76,486
Deferred income		3,550	–
Amount due to the non-controlling interest of a subsidiary	14	35,750	35,750
Long term borrowings	11	44,274	136,135
		<hr/> 161,702	248,371
		<hr style="border-top: 1px dashed black;"/>	
Current liabilities			
Trade and other payables	12	589,072	626,936
Loans from associates	13	26,477	26,467
Amounts due to the non-controlling interests of subsidiaries	14	78,557	78,553
Amount due to a related party	14	15,250	15,244
Income tax payables		35,541	25,513
Short term borrowings	11	75,000	100,000
Current portion of long term borrowings	11	117,000	166,000
		<hr/> 936,897	1,038,713
		<hr style="border-top: 1px dashed black;"/>	
Total liabilities		1,098,599	1,287,084
		<hr style="border-top: 1px dashed black;"/>	
Total equity and liabilities		4,054,605	3,733,957
		<hr style="border-top: 3px double black;"/>	
Net current assets		427,630	5,873
		<hr style="border-top: 3px double black;"/>	
Total assets less current liabilities		3,117,708	2,695,244
		<hr style="border-top: 3px double black;"/>	

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	6	932,986	848,917
Cost of services rendered		(711,208)	(641,661)
Gross profit		221,778	207,256
Other income		34,882	30,734
Other gains/(losses) – net	15	4,544	(2,801)
General and administrative expenses		(150,611)	(135,603)
Operating profit	16	110,593	99,586
Finance income		3,826	1,657
Finance cost		(6,201)	(4,056)
Share of profits less losses of joint ventures and associates	17	45,851	37,253
Profit before income tax		154,069	134,440
Income tax expense	18	(29,210)	(26,092)
Profit for the period		<u>124,859</u>	<u>108,348</u>
Attributable to:			
Equity holders of the Company		119,769	103,101
Non-controlling interests		5,090	5,247
		<u>124,859</u>	<u>108,348</u>
Earnings per share (HK cents)			
Basic	20	<u>12.75</u>	11.46
Diluted	20	<u>12.75</u>	11.46



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the period	124,859	108,348
Other comprehensive income/(loss):		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences		
– Subsidiaries	635	(10,438)
– Joint ventures and associates	730	(4,734)
Total comprehensive income for the period	126,224	93,176
Attributable to:		
Equity holders of the Company	121,088	88,941
Non-controlling interests	5,136	4,235
	126,224	93,176

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30th June 2015

	Attributable to equity holders of the Company									
	Share capital 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 2015	877,762	226,699	23,009	167,717	(553,607)	1,496,246	1,360,064	2,237,826	209,047	2,446,873
Profit for the period	-	-	-	-	-	119,769	119,769	119,769	5,090	124,859
Other comprehensive income:										
Currency translation differences										
- Subsidiaries		602	-	-	-	-	602	602	33	635
- Joint ventures and associates		717	-	-	-	-	717	717	13	730
Transfer of reserves		-	-	-	370	(370)	-	-	-	-
Total comprehensive income for the period	-	1,319	-	-	370	119,399	121,088	121,088	5,136	126,224
Transactions with owners:										
Placement of shares	455,409	-	-	-	-	-	-	455,409	-	455,409
2014 final dividend	-	-	-	-	-	(64,800)	(64,800)	(64,800)	-	(64,800)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	(7,700)	(7,700)
At 30th June 2015	1,333,171	228,018	23,009	167,717	(553,237)	1,550,845	1,416,352	2,749,523	206,483	2,956,006

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the six months ended 30th June 2014

	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 2014	90,000	787,762	230,881	23,009	167,717	(563,091)	1,351,962	1,998,240	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											
- Subsidiaries			(97,40)					(97,40)	(97,40)	(698)	(10,438)
- Joint ventures and associates			(44,20)					(44,20)	(44,20)	(314)	(4,734)
Transfer of reserves						7,442	(7,442)				
Total comprehensive income for the period			(141,60)			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)						(1,730)	1,730				
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	(537,399)	1,399,871	1,249,919	2,127,681	189,068	2,316,749

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 2015

	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Cash generated from operations	32,781	153,563
Income tax paid	(17,540)	(18,735)
Net cash generated from operating activities	<u>15,241</u>	<u>134,828</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,731)	(83,017)
Proceeds from disposal of property, plant and equipment	839	2,613
Government grants received for purchasing of property, plant and equipment	5,070	–
Repayments of loans from joint ventures	–	3,619
Dividends received from joint ventures	–	2,268
Interest received	3,826	1,657
Net cash used in investing activities	<u>(33,996)</u>	<u>(72,860)</u>
Cash flows from financing activities		
Dividends paid	(64,622)	(49,454)
Interest paid	(6,201)	(4,056)
Repayment of bank loans	(178,000)	(173,185)
Drawdown of a bank loan	12,139	75,000
Net proceeds from placement of shares	455,409	–
Capital injection by the non-controlling interests of a subsidiary	–	6,685
Net cash generated from/(used in) financing activities	<u>218,725</u>	<u>(145,010)</u>
Net increase/(decrease) in cash and cash equivalents	199,970	(83,042)
Cash and cash equivalents at the beginning of the period	533,145	600,969
Effect of exchange rate changes	4,621	(3,324)
Cash and cash equivalents at the end of the period	<u>737,736</u>	<u>514,603</u>



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 26th August 2015.

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 2015 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 2014, 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 2014, 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 2015.

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
HKFRSs Amendments	Annual Improvements 2010-2012 Cycle
HKFRSs Amendments	Annual Improvements 2011-2013 Cycle

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 2015:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1st January 2018
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
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1st January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1st January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1st January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1st January 2016
HKFRSs Amendments	Annual Improvements 2012-2014 Cycle	1st January 2016



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 2014.

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 2014.

6 Segment information

The chief operating decision-maker has been identified as the executive 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 executive directors of the Company consider 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) Corporate and other businesses

The executive 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 executive 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	Corporate and other businesses HK\$'000	Total HK\$'000
Six months ended					
30th June 2015					
Total revenue	633,273	255,976	98,626	15,098	1,002,973
Inter-segment revenue	(3,173)	(51,716)	-	(15,098)	(69,987)
<hr/>					
Revenue (from external customers)	630,100	204,260	98,626	-	932,986
<hr/>					
Segment profit before income tax expense	6,638	64,152	72,704	10,575	154,069
Income tax expense	(2,129)	(16,159)	(6,403)	(4,519)	(29,210)
<hr/>					
Segment profit after income tax expense	4,509	47,993	66,301	6,056	124,859
<hr/>					
Segment profit before income tax expense includes:					
Finance income	67	260	47	3,452	3,826
Finance cost	-	(2,346)	-	(3,855)	(6,201)
Depreciation and amortisation	(5,575)	(47,078)	(50)	(1,640)	(54,343)
Share of profits less losses of joint ventures and associates	850	15,000	29,993	8	45,851
<hr/>					

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	Corporate and other businesses HK\$'000	Total HK\$'000
Six months ended					
30th June 2014					
Total revenue	558,378	236,167	99,257	15,085	908,887
Inter-segment revenue	(2,312)	(42,573)	–	(15,085)	(59,970)
Revenue (from external customers)					
	556,066	193,594	99,257	–	848,917
Segment profit before income tax expense					
	1,672	59,647	67,312	5,809	134,440
Income tax expense	(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	Corporate and other businesses HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
As at 30th June 2015						
Total segment assets	575,915	2,258,741	630,353	1,826,797	(1,237,201)	4,054,605
Total segment assets include:						
Joint ventures and associates	26,460	238,354	276,173	34,738	-	575,725
Total segment liabilities	(389,666)	(655,871)	(163,864)	(1,126,399)	1,237,201	(1,098,599)
As at 31st December 2014						
Total segment assets	528,832	2,229,012	628,409	1,517,432	(1,169,728)	3,733,957
Total segment assets include:						
Joint ventures and associates	25,071	246,761	258,141	34,716	-	564,689
Total segment liabilities	(386,817)	(617,453)	(157,220)	(1,295,322)	1,169,728	(1,287,084)

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 2015	1,530,429	4,886	533,077	2,068,392
Exchange differences	481	–	232	713
Additions	52,121	–	–	52,121
Disposal/write off	(445)	–	–	(445)
Depreciation and amortisation	(47,892)	(29)	(6,422)	(54,343)
Closing net book value as at 30th June 2015	1,534,694	4,857	526,887	2,066,438
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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 Trade and other receivables

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Trade receivables, net of provision (<i>note (a)</i>):		
– third parties	260,247	207,031
– joint ventures and an associate	15,890	11,919
– fellow subsidiaries	57	127
– other related companies	3,237	292
	279,431	219,369
Less: provision for impairment – third parties	(8,648)	(8,056)
Trade receivables, net	270,783	211,313
Other receivables (<i>note (b)</i>):		
– third parties	72,488	66,049
– immediate holding company	27,880	15,130
– fellow subsidiaries	4,687	3,171
– joint ventures and associates	231,612	196,103
– other related companies	425	767
	337,092	281,220
Total trade and other receivables	607,875	492,533

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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Within 3 months	256,907	198,457
4 to 6 months	11,302	10,239
7 to 12 months	2,555	6,593
Over 12 months	8,667	4,080
	279,431	219,369
Less: Provision for impairment	(8,648)	(8,056)
	270,783	211,313

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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Unsecured loans		
– interest-free	11,793	11,788
– at floating rate (note)	7,123	7,120
	18,916	18,908

Note:

The loans bear interest at the base lending rate announced by the People's Bank of China ("PBOC") (31st December 2014: base lending rate announced by the PBOC).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Share capital

Ordinary shares, issued and fully paid:

	Number of shares ('000)	Share capital HK\$'000
At 1st January 2015	900,000	877,762
Placement of shares (<i>note (a)</i>)	180,000	455,409
	1,080,000	1,333,171
At 30th June 2015		
At 1st January 2014	900,000	90,000
Transition to no-par value regime on 3rd March 2014 (<i>note (b)</i>)	–	787,762
At 30th June 2014	900,000	877,762

Notes:

- (a) During the period, 180,000,000 new shares were issued and placed to institutional investors at a subscription price of HK\$2.50 plus HK\$0.06 per share representing the proposed final dividend for the year ended 31st December 2014 per share. The gross proceeds received by the Company were HK\$460,800,000 and the net proceeds amounting to HK\$455,409,000 were credited to the share capital account.
- (b) 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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Short term bank loans – unsecured	75,000	100,000
Long term bank loans		
– secured	44,274	32,135
– unsecured	117,000	270,000
	161,274	302,135
Less: current portion	(117,000)	(166,000)
	44,274	136,135

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

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Repayable within one year	117,000	166,000
Repayable within one to two years	12,681	123,014
Repayable within two to five years	31,593	13,121
	161,274	302,135
Current portion included in current liabilities	(117,000)	(166,000)
	44,274	136,135

The secured bank loan was secured by land use right 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 at rates range from 1.44% to 2.21% (31st December 2014: 1.68% to 4.00%) 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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Trade payables (<i>notes (a) and (b)</i>):		
– third parties	257,850	271,189
– immediate holding company	14,835	12,102
– fellow subsidiaries	8,159	7,046
– joint ventures and associates	21,949	30,762
– other related companies	18,369	20,622
	321,162	341,721
	-----	-----
Other payables (<i>note (b)</i>):		
– third parties	137,417	168,080
– immediate holding company	6,411	1,673
– fellow subsidiaries	2,648	2,590
– joint ventures and associates	110,880	108,985
– key management	2,661	2,466
– a non-controlling interest of a subsidiary	7,700	–
– other related companies	193	1,421
	267,910	285,215
	-----	-----
	589,072	626,936

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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Within 3 months	319,636	341,284
4 to 6 months	1,179	96
7 to 12 months	–	–
Over 12 months	347	341
	<u>321,162</u>	<u>341,721</u>

- (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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Unsecured loans		
– interest-free (note (a))	1,116	1,115
– at fixed interest rate (note (b))	25,361	25,352
	<u>26,477</u>	<u>26,467</u>

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% (31st December 2014: 3% and 3.25%) per annum and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2015 HK\$'000	As at 31st December 2014 HK\$'000
Non-current		
– interest-free (<i>note (i)</i>)	3,000	3,223
– at fixed interest rate (<i>note (ii)</i>)	32,750	32,527
	35,750	35,750
Current		
– interest-free (<i>note (iii)</i>)	68,450	68,450
– at floating rate (<i>note (iv)</i>)	10,107	10,103
	78,557	78,553
	114,307	114,303

- (i) The amount is denominated in Hong Kong dollars, unsecured and repayable in 2016 (31st December 2014: repayable in 2016).
- (ii) The amounts are denominated in Hong Kong dollars, unsecured, repayable in 2016 and 2017 (31st December 2014: repayable in 2016 and 2017) and interest-bearing at 4% (31st December 2014: 4%) per annum.
- (iii) The amounts are denominated in Hong Kong dollars, unsecured and repayable in 2015 (31st December 2014: repayable in 2015).
- (iv) The amount is denominated in Renminbi, unsecured, repayable in 2016 (31st December 2014: repayable in 2015) and interest-bearing at the base lending rate announced by the PBOC (31st December 2014: base lending rate announced by the PBOC).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 Amounts due to the non-controlling interests of subsidiaries and a related party *(Continued)*

- (b) The amount due to a related party, the ultimate beneficial shareholder of a non-controlling interest, as at 30th June 2015 and 31st December 2014 is denominated in Renminbi, unsecured, repayable on demand and interest-bearing at the base lending rate announced by the PBOC.

15 Other gains/(losses) – net

	2015 HK\$'000	2014 HK\$'000
Exchange gains/(losses), net	4,709	(3,158)
Gain on disposals of property, plant and equipment	394	427
Provision for impairment of trade receivables	(559)	(70)
Other gains/(losses), net	<u>4,544</u>	<u>(2,801)</u>

16 Operating profit

Operating profit is stated after charging the following:

	2015 HK\$'000	2014 HK\$'000
Amortisation of land use rights	6,422	5,302
Costs of cargo transportation, passenger transportation and cargo handling and storage (including fuel cost)	463,292	419,635
Depreciation of property, plant and equipment	47,892	40,969
Depreciation of investment properties	29	29
Operating lease rental expenses		
– vessels and barges	52,242	52,692
– buildings	24,657	20,000
– property that generated rental income	4,418	2,500
Staff costs (including directors' emoluments)	<u>171,602</u>	<u>155,477</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Share of profits less losses of joint ventures and associates

	2015 HK\$'000	2014 HK\$'000
Share of profits less losses before income tax of		
– joint ventures	45,364	36,733
– associates	14,675	12,223
	<u>60,039</u>	<u>48,956</u>
Share of income tax of		
– joint ventures	(10,498)	(8,804)
– associates	(3,690)	(2,899)
	<u>(14,188)</u>	<u>(11,703)</u>
	<u>45,851</u>	<u>37,253</u>

18 Income tax expense

	2015 HK\$'000	2014 HK\$'000
Current income tax		
– Hong Kong profits tax	10,475	8,120
– PRC corporate income tax	14,389	14,030
– Macau profits tax	1,082	1,158
Deferred income tax expense	3,264	2,784
	<u>29,210</u>	<u>26,092</u>

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 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% (2014: 25%). Macau profits tax has been provided at the applicable tax rate (2014: applicable tax rate) on the estimated assessable profit for the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Dividends

	2015 HK\$'000	2014 HK\$'000
Interim, declared, of HK 4 cents (2014: HK2 cents) per ordinary share	43,200	18,000
Interim special, declared, of HK 1 cent (2014: Nil) per ordinary share	10,800	–
	54,000	18,000

On 26th August 2015, the Board of Directors declared an interim dividend of HK 4 cents per ordinary share (2014: HK 2 cents) and an interim special dividend of HK 1 cent per ordinary share (2014: Nil) for the year ending 31st December 2015.

These dividends declared are 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 2015.

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.

	2015	2014
Profit attributable to equity holders of the Company (HK\$'000)	119,769	103,101
Weighted average number of ordinary shares in issue ('000)	939,000	900,000
Basic earnings per share (HK cents)	12.75	11.46

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Earnings per share (Continued)

Diluted

The diluted earnings per share for the six months ended 30th June 2015 was equal to the basic earnings per share as there were no potential dilutive ordinary shares in issue during the period.

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.

21 Capital commitments

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Contracted but not provided for		
– Property, plant and equipment	51,253	72,468
– Investment in a joint venture (note (a))	–	97,653
Authorised but not contracted for		
– Property, plant and equipment	60,373	5,007

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

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Contracted but not provided for	153	1,762
Authorised but not contracted for	1,871	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 Capital commitments *(Continued)*

Note:

- (a) The balance represented the outstanding capital investment in a joint venture, Guangzhou Nansha Chu Kong Terminal Company Limited. The investment plan was suspended by the joint venture parties and the Group. Accordingly, there was no such capital commitment at 30th June 2015.

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 60.0% (31st December 2014: 72.0%) of the Company’s ordinary shares at 30th June 2015. 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 2015 and 2014, 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 2015 and 2014.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions (Continued)

(a) Transactions with related parties

	Note	2015 HK\$'000	2014 HK\$'000
Revenues:			
Shipping agency, river trade cargo direct shipment and transshipment income	(i)		
– fellow subsidiaries		116	134
– joint ventures and an associate		473	458
– other related companies		165	141
Passenger transportation agency fees	(i)		
– fellow subsidiaries		994	1,032
– joint ventures and an associate		6,094	5,945
– other related companies		7,922	1,188
Ferry terminal operation service fees	(i)		
– fellow subsidiaries		2,744	2,816
– joint ventures and associates		12,654	12,992
– other related companies		18,335	7,645
Management service fees			
– immediate holding company	(ii)	20,000	18,500
– a fellow subsidiary	(iii)	250	–
– joint ventures	(iii)	1,415	1,371
– a related company	(iii)	132	132
Vessel rental income	(i)		
– a related company		1,352	1,353
Interest income	(iv)		
– joint ventures		190	302

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions (Continued)

(a) Transactions with related parties (Continued)

	Note	2015 HK\$'000	2014 HK\$'000
Expenses:			
Shipping agency, river trade cargo direct shipment and transshipment expenses	(i)		
– a joint venture and an associate		3,966	8,668
– a related company		5,468	5,253
Wharf cargo handling, cargo transportation and godown storage expenses	(i)		
– joint ventures and an associate		28,795	31,615
– a related company		7,712	6,487
Agency fee expenses	(i)		
– fellow subsidiaries		181	223
– a joint venture and an associate		549	656
– other related companies		314	5
Ferry terminal operation services fee	(i)		
– a fellow subsidiary		3,810	3,896
Luggage handling fee	(v)		
– a related company		3,361	3,537
Fuel charges	(i)		
– a fellow subsidiary		26,255	41,814
Vessel rental expenses	(i)		
– a joint venture		16,044	15,403
Warehouse rental expenses	(vi)		
– immediate holding company		2,500	2,500
Office rental expenses	(i)		
– immediate holding company		3,052	2,903
Staff quarter rental expenses	(i)		
– immediate holding company		1,307	1,217
Loan interest expenses			
– an associate	(vii)	380	411
– non-controlling interests	(viii)	928	202
– a related party	(ix)	409	457
Management fee expense	(x)		
– immediate holding company		3,600	3,600



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions (*Continued*)

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

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 fee 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.
- (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 (2014: 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 (2014: 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% (2014: 3% and 3.25%) 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 (2014: 4% per annum or at the base lending rate announced by the PBOC).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 Related party transactions (Continued)

(a) Transactions with related parties (Continued)

- (ix) Interest was charged by the related party at the base lending rate announced by the PBOC (2014: 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.

(b) Key management compensation

	2015 HK\$'000	2014 HK\$'000
Salaries and allowances	3,819	3,215
Directors' fees	600	517
Retirement benefit scheme contributions	126	79
	4,545	3,811

(c) Loans to joint ventures

	2015 HK\$'000	2014 HK\$'000
As at 1st January	18,908	22,823
Exchange differences	8	(412)
Loans repayments received	-	(3,619)
	18,916	18,792

23 Subsequent event

On 13th August 2015, Chu Kong River Trade Terminal Co., Ltd. ("CKRTT"), a non-wholly owned subsidiary of the Company, and Zhuhai Tong Sheng Logistics Co., Ltd., an independent third party, entered into an agreement, pursuant to which CKRTT agreed to sell 20% shareholding in Civet (Zhuhai Bonded Area) Logistics Company Limited ("Civet Port"), an indirectly non-wholly owned subsidiary of the Company for a consideration of RMB38,640,000. Such transaction is expected to be completed in this year and Civet Port will still be an indirectly non-wholly owned subsidiary of the Company with a remaining interest of 55% after the completion of the transaction.



CORPORATE INFORMATION

Executive Directors

Mr. Xiong Gebing
(Chairman/Managing Director)
Mr. Zeng He
Mr. Cheng Jie

Independent Non-executive Directors

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Executive Committee

Mr. Xiong Gebing
Mr. Zeng He
Mr. Cheng Jie

Audit Committee

Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Auditor

PricewaterhouseCoopers

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Nanyang Commercial Bank
Bank of East Asia
China CITIC Bank International
Bank of Communications

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Level 22, Hopewell Centre
183 Queen's Road East
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Non-executive Director

Mr. Zhang Lei

Company Secretary

Ms. Cheung Mei Ki Maggie

Nomination Committee

Mr. Xiong Gebing
Mr. Chan Kay-cheung
Ms. Yau Lai Man
Mr. Chow Bing Sing

Remuneration Committee

Mr. Chan Kay-cheung
Ms. Yau Lai Man
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