珠江船務發展有限公司
Chu Kong Shipping Development Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code : 560)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2008

CHAIRMAN'S STATEMENT

For the six months ended 30th June 2008, the Company and its subsidiaries (the "Group") recorded a consolidated revenue amounting to HK$454,506,000, up by 13.0% against the previous period. Profit attributable to equity holders of the Company amounted to HK$73,646,000, 15.4% more than the prior period.

DIVIDENDS

The Board of Directors has declared an interim dividend of HK$0.02 per ordinary share for the year ending 31st December 2008 to the equity holders whose names appeared on the Register on 13th October 2008.

REVIEW AND OUTLOOK

Throughout the period, the US subprime mortgage crises, depreciation of US dollars and high oil price caused the slowdown of the worldwide economy. The recession of international trade brought a number of uncertainties to the global economy as well as the navigation market. In addition, the continuous introduction of macro-economic control measures in Mainland China, appreciation of Renminbi and high inflation rate also brought great pressure on the operation of the Group. However, relying on the growing marketing, transportation, river trade terminals and information system network, the Group could consolidate and increase the market share further. The Group had increased the revenue through strengthening co-operation with main customers and major shipping companies and extension of the scope of services, had reduced the costs through levying oil-surcharge, deploying vessels and controlling oil consumption and had enhanced its capital return by policies like reinforcing stable financial arrangements. As a result, the Group recorded growth in profit and displayed market strength.

During the period, having considered the business environment and predicted the future economic trend, the Group has expanded the investments on major business segments and related facilities.

The Group has been constantly enhancing the network layout and strengthening the control points on the river terminals in the Pearl River Delta. On 2nd July 2008, the Group entered into a “Zhongshan City Huangpu Harbour Terminal Joint Venture Company Limited Agreement” with Zhongshan City Ganghang Group Limited and Zhongshan City Huangpu Town Asset Operation Limited for formation of the Sino-Foreign Entity Joint Venture - Zhongshan City Huangpu Harbour Terminal Joint Venture Company Limited (the “Joint Venture Company”). The Group would hold 80% equity interest of the Joint Venture Company which would develop the Huangpu Port located at Wuliancun, Huangpu town in the city of Zhongshan of Guangdong Province and apply for a 50-year operation licence from the authorities. This investment will further increase our market share in the logistics segment in the Zhongshan region. On 16th June 2008, Chu Kong River Trade Terminal Company Limited (“CKRTT”), one of the Group’s subsidiaries, entered into a “Transfer of Shareholding Agreement” with Deqing Kangzhou Port Development Company Limited for acquiring its 39.17% equity interest in Chu Kong Cargo Terminals (Kanzhou) Company Limited (“CKCTK”). Upon completing the acquisition, CKRTT will own 100% equity interest in CKCTK which will become a wholly foreign-owned enterprise and it will also apply for a 50-year operation licence from the authorities. In order to support the Group’s development in the Zhaoqing region, the Group will inject additional capital to CKCTK for carrying out modernized planning and re-construction. In addition, the Group has reinforced the extension of the Gaoming port and the Gaoyao port so as to enhance our market share in logistics segment of in these regions.

The construction progress of Zhaoqing Dawang Integrated Logistics Project was satisfactory. It was expected that the vehicle inspection centre and the logistics warehouse would be commenced operation at the end of 2008. The control centre based in Dawang operated by Zhaoqing Chu Kong Transportation (Dawang) Company Limited has been providing hauling ancillary services to our river trade terminals and freight forwarders offices located in Pearl River Delta. The cargo volume handled by this company was 7,182 TEU in the first half year and the valuable experience will enrich the Group's further development in this business segment.

During the period, the Group has enlarged the investment in the information system. An agreement for development of the central management platform and port management system project was entered into between the Group and Kingdee Software (China) Company Limited in June 2008. The commencement of usage of the management platform will not only optimize the business flow and improve operational efficiency but also improve corporate governance of the Group, thereby consolidating the foundation of the Group for further growth.

For the coming half year, the overall business environment will not be promising because of the uncertainties arising from the economic environment and the pressure from high operational cost etc. Even though the Group is facing an arduous market environment, we will still maintain our confidence and keep the shareholders' interest uppermost in our minds. The Group will continue to improve corporate governance and transparency, enhance internal management, gear up the progress of various investment projects, and ensure steady continual overall development so as to secure satisfactory returns to the shareholders.

RELATION WITH INVESTORS

The website of our Company (www.cksd.com) is one of the important channels to provide timely information for the market.

APPRECIATION

Finally, the Board of Directors would like to take this opportunity to express its sincere gratitude to all our staff for their efforts and contributions to the Group, as well as all shareholders for their continuous trust and support to the Group's development.

Hua Honglin
Chairman

Hong Kong, 17th September 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Revenue	*3*	**454,506**	402,269
Cost of services rendered	*4*	**(390,798)**	(342,553)
Gross profit		**63,708**	59,716
Other income		**5,153**	3,064
Other gains – net	*5*	**24,896**	10,169
General and administrative expenses	*4*	**(52,728)**	(47,439)
Operating profit		**41,029**	25,510
Finance income		**5,905**	6,627
Share of profits less losses of jointly controlled entities		**35,878**	36,789
Profit before income tax		**82,812**	68,926
Income tax expense	*6*	**(9,256)**	(5,225)
Profit for the period		**73,556**	63,701
Attributable to:			
Equity holders		**73,646**	63,802
Minority interests		**(90)**	(101)
		73,556	63,701
Dividends	*7*		
Interim		**18,000**	9,000
Special interim		**-**	9,000
		18,000	18,000
Earnings per share (HK cents)	*8*		
Basic and diluted		**8.18**	8.23

UNAUDITED CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 2008

	Note	**Unaudited As at 30th June 2008 HK$'000**	Audited As at 31st December 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**301,663**	254,256
Investment properties		**4,661**	4,713
Leasehold land and land use rights		**337,829**	328,756
Intangible assets – goodwill		**18,690**	17,484
Investments in jointly controlled entities		**462,203**	407,803
Deferred income tax assets		**487**	487
		1,125,533	1,013,499
Current assets			
Trade and other receivables	*9*	**284,005**	226,536
Derivative financial instrument		**221**	-
Cash and bank balances		**593,325**	672,643
		877,551	899,179
Total assets		**2,003,084**	1,912,678

	Note	Unaudited As at 30th June 2008 HK$'000	Audited As at 31st December 2007 HK$'000
EQUITY			
Share capital		**90,000**	90,000
Reserves		**1,618,310**	1,522,549
Final dividend proposed		**-**	36,000
Interim dividend declared		**18,000**	-
		1,726,310	1,648,549
Minority interests		**2,095**	2,165
Total equity		**1,728,405**	1,650,714
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**9,492**	5,392
Current liabilities			
Trade and other payables	*14*	**257,808**	252,781
Current income tax liabilities		**7,379**	3,791
		265,187	256,572
Total liabilities		**274,679**	261,964
Total equity and liabilities		**2,003,084**	1,912,678
Net current assets		**612,364**	642,607
Total assets less current liabilities		**1,737,897**	1,656,106

NOTES

1. Basis of preparation

This unaudited interim financial information for the six months ended 30th June 2008 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").

This unaudited interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2007, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. Principal accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2007.

New/revised HKFRS

The Group has adopted the following new interpretations (collectively the "new HKFRSs") issued by the HKICPA which are relevant to the Group's operations and mandatory for the financial year ending 31st December 2008:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their interaction

Except for HK(IFRIC)-Int 12, the adoption of the above new interpretations did not have material impact to the Group's principal accounting policies or presentation of financial statements except that additional disclosure will be made in the 2008 annual financial statements.

2. **Principal accounting policies (Continued)**

HK(IFRIC)-Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. The adoption of HK(IFRIC)-Int 12 resulted in a change in accounting policy of Guangzhou-Foshan Expressway Limited ("GF Expressway"), the Company's jointly controlled entity.

Prior to the adoption of HK(IFRIC)-Int 12, the toll road was recorded as tangible infrastructure assets. In accordance with HK(IFRIC)-Int 12, the toll road shall be recognised as intangible operating right to the extent that GF Expressway received a right (a license) to charge users for the public service. As a toll road constructor, GF Expressway should account for revenue and costs relating to toll road construction or upgrade services with HKAS 11 "Construction Contracts". Management performed assessment on the impact of adopting this interpretation which was considered as insignificant to the Group's financial statements. As such, no adjustment was made for the adoption of HK(IFRIC)-Int 12.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 2008. The Group has not early adopted these standards, interpretations and amendments in this 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 the financial statements will be resulted.

3. Segment information

The Group and its jointly controlled entities are organised into four main business segments:

(i) Cargo transportation - Shipping agency, river trade cargo direct shipment and transshipment

(ii) Cargo handling and storage - Wharf cargo handling, cargo consolidation and godown storage

(iii) Container hauling and trucking

(iv) Expressway operation

3. Segment information

Business segments

	Unaudited Six months ended 30th June 2008					
	Cargo transportation HK$'000	Cargo handling and storage HK$'000	Container hauling and trucking HK$'000	Expressway operation HK$'000	Eliminations HK$'000	Total HK$'000
Revenue						
- external	395,118	55,893	3,495	-	-	454,506
- intersegments	8	32,028	24,867	-	(56,903)	-
Other income						
- external	257	2,932	-	-	-	3,189
- intersegments	-	253	-	-	(253)	-
Total	395,383	91,106	28,362	-	(57,156)	457,695
Segment results	3,726	19,600	2,283	-	-	25,609
Unallocated income						25,158
Unallocated expenses						(9,738)
Operating profit						41,029
Financial income						5,905
Share of profits less losses of jointly controlled entities	380	14,937	460	20,101	-	35,878
Profit before income tax						82,812
Income tax expense						(9,256)
Profit for the period						73,556
Depreciation and amortisation						
- allocated	2,169	9,800	1,095	-	-	13,064
- unallocated						726
						13,790
Capital expenditure						
- allocated	51	36,946	19,545	-	-	56,542
- unallocated						117
						56,659

3. Segment information (Continued)

Business segments (Continued)

	Unaudited Six months ended 30th June 2007					
	Cargo transportation HK$'000	Cargo handling and storage HK$'000	Container hauling and trucking HK$'000	Expressway operation HK$'000	Eliminations HK$'000	Total HK$'000
Revenue						
- external	352,429	49,110	730	-	-	402,269
- inter-segments	42	33,266	27,441	-	(60,749)	-
Other income						
- external	42	2,789	-	-	-	2,831
- inter-segments	-	253	-	-	(253)	-
Total	352,513	85,418	28,171	-	(61,002)	405,100
Segment results	3,431	15,221	3,576	-	-	22,228
Unallocated income						9,030
Unallocated expenses						(5,748)
Operating profit						25,510
Financial income						6,627
Share of profits less losses of jointly controlled entities	553	9,470	955	25,811	-	36,789
Profit before income tax						68,926
Income tax expense						(5,225)
Profit for the period						63,701
Depreciation and amortisation						
- allocated	2,088	9,343	666	-	-	12,097
- unallocated						514
						12,611
Capital expenditure						
- allocated	5,502	10,708	6,407	-	-	22,617
- unallocated						5
						22,622

3. Segment information (Continued)

Business segments (Continued)

	Unaudited As at 30th June 2008						
	Cargo transportation HK$'000	**Cargo handling and storage HK$'000**	**Containers hauling and trucking HK$'000**	**Expressway operation HK$'000**	**Unallocated HK$'000**	**Eliminations HK$'000**	**Group HK$'000**
Assets	**266,544**	**692,805**	**105,726**	**-**	**468,294**	**(37,889)**	**1,495,480**
Jointly controlled entities	**35,941**	**208,963**	**22,737**	**196,891**	**43,072**	**-**	**507,604**
Total assets	**302,485**	**901,768**	**128,463**	**196,891**	**511,366**	**(37,889)**	**2,003,084**
Total liabilities	**228,166**	**38,198**	**19,086**	**-**	**27,118**	**(37,889)**	**274,679**

	As at 31st December 2007						
	Cargo transportation HK$'000	Cargo handling and storage HK$'000	Containers hauling and trucking HK$'000	Expressway operation HK$'000	Unallocated HK$'000	Eliminations HK$'000	Group HK$'000
Assets	245,475	581,151	72,064	-	594,757	(33,313)	1,460,134
Jointly controlled entities	62,621	193,051	20,819	176,053	-	-	452,544
Total assets	308,096	806,431	60,654	176,053	594,757	(33,313)	1,912,678
Total liabilities	226,584	32,273	11,965	-	24,455	(33,313)	261,964

3. Segment information (Continued)

Geographical segments

Over 90% of the Group's revenue is derived from operations carried out in Hong Kong and customers are located in Mainland China and Hong Kong. The Directors consider that it is impracticable to allocate the revenue and segment results to geographical segments.

The analysis of the Group's total assets and capital expenditure by geographical segments is as follows:

	Total assets		Capital expenditure	
	Unaudited	Audited	Unaudited	
	As at	As at	Six months ended	
	30th June	31st December	30th June	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,074,684**	1,169,173	**281**	15,351
Mainland China	**420,796**	290,961	**56,378**	7,271
	1,495,480	1,460,134	**56,659**	22,622
Jointly controlled entities	**507,604**	452,544		
	2,003,084	1,912,678		

4. Costs and expenses by nature

	Unaudited Six months ended 30th June 2008 HK$'000	Unaudited Six months ended 30th June 2007 HK$'000
Amortisation of leasehold land and land use rights	**3,686**	3,540
Costs of cargo transportation, handling, storage, container hauling and trucking	**314,633**	265,673
Depreciation of property, plant and equipment	**10,052**	9,019
Depreciation of investment properties	**52**	52
Operating lease rental expenses		
- vessels and barges	**41,595**	42,811
- buildings	**5,950**	5,768
Staff costs (including directors' emoluments)	**49,828**	45,043
Others	**17,730**	18,086
Total cost of services rendered and general and administrative expenses	**443,526**	389,992

5. Other gains - net

	Unaudited Six months ended 30th June 2008 HK$'000	Unaudited Six months ended 30th June 2007 HK$'000
Exchange gains, net	**24,447**	9,522
(Loss)/gain on disposal of property, plant and equipment	**(22)**	299
Write-back of /(provision for) impairment of trade receivables, net	**250**	(158)
Fair value gain on derivative financial instrument	**221**	-
Others	**-**	506
	24,896	10,169

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

	Unaudited	
	Six months ended 30th June	
	2008	2007
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	**4,327**	3,208
PRC enterprise income tax	**829**	753
Deferred income tax	**4,100**	1,264
	9,256	5,225

7. Dividends

On 17th September 2008, the Board of Directors declared an interim dividend of HK$0.02 per ordinary share for the year ending 31st December 2008. This proposed dividend is not reflected as dividend payable in this interim financial information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2008.

8. Earnings per share - basic and diluted

Basic and diluted 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.

	Unaudited Six months ended 30th June **2008**	 2007
Profit attributable to equity holders (HK$'000)	**73,646**	63,802
Weighted average number of ordinary shares in issue (thousands)	**900,000**	775,000
Basic and diluted earnings per share (HK cents)	**8.18**	8.23

The diluted earnings per share for the six months ended 30th June 2008 is equal to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the period.

9. Trade and other receivables

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

	Unaudited As at 30th June 2008 HK$'000	Audited As at 31st December 2007 HK$'000
Within 3 months	**149,508**	130,803
4 to 6 months	**6,384**	9,002
7 to 12 months	**1,907**	2,712
Over 12 months	**4,155**	1,750
	161,954	144,267
Less: Provision for impairment	**(3,809)**	(4,059)
	158,145	140,208

10. Trade and other payables

The ageing analysis of the trade payables is as follows:

	Unaudited	Audited
	As at	As at
	30th June	31st December
	2008	2007
	HK$'000	HK$'000
Within 3 months	**137,123**	127,683
4 to 6 months	**31,196**	32,686
7 to 12 months	**3,356**	3,937
Over 12 months	**1,787**	6,708
	173,462	171,014

11. Capital commitments

	Unaudited	Audited
	As at	As at
	30th June	31st December
	2008	2007
	HK$'000	HK$'000
Contracted but not provided for in respect of:		
- Investment in a jointly controlled entity (note (a))	**5,066**	-
- Property, plant and equipment	**199,292**	203,230
Authorised but not contracted for in respect of:		
- Investment in a jointly controlled entity	**-**	858
- Property, plant and equipment	**5,333**	23,441
	209,691	227,529

11. Capital commitments (Continued)

Note:

(a) On 16th June 2008, the Group entered into a "Transfer of Shareholding Agreement" with Deqing Kangzhou Port Development Company Limited for acquiring 39.17% equity interest in Chu Kong Cargo Terminal (Kangzhou) Company Limited ("CKCTK"), a jointly controlled entity of the Group, at a consideration of HK$5,066,000. On 10th July 2008, the approval certificate for Foreign Enterprise was issued by the Government of Guangdong Province. After the completion of the acquisition, the Group will own 100% interest in CKCTK which will become a wholly owned subsidiary of the Group.

The Group's share of commitments for capital expenditure of the jointly controlled entities themselves not included in the above is as follows:

	Unaudited As at 30th June 2008 HK$'000	Audited As at 31st December 2007 HK$'000
Contracted but not provided for	**48,809**	4,650
Authorised but not contracted for	**-**	67,081
	48,809	71,731

On 2nd July 2008, the Group entered into an agreement pursuant to which the Group, Zhongshan City Ganghang Group Limited and Zhongshan City Huangpu Town Asset Operation Limited agreed to establish a joint venture company, Zhongshan City Huangpu Harbour Terminal Joint Venture Company Limited ("ZCHHT"). The Group will contribute HK$44,940,000, representing 80% of the registered capital of ZCHHT.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the six months ended 30th June 2008, the Group recorded a consolidated revenue of HK$454,506,000, an increase of 13.0% as compared with the prior period. Profit attributable to equity holders of the Company was HK$73,646,000, representing an increase of 15.4% as compared with the prior period, of which, profit from subsidiaries was HK$37,768,000, representing an increase of 39.8% while profit from the investment business was HK$35,878,000, representing a decrease of 2.5%.

During the period, although most enterprises in the world faced an adverse business environment as a result of the diminished global market demand, high costs and low profit margin, the Group still recorded a growth in both cargo volume and profit. The increase in cargo volume, with container transportation volume and wharf container handling volume recording an increase of 5.8% and 3.5% respectively, was attributed to the cooperation with major shipping companies in various spheres; the transfer of our costs by levying reasonable oil-surcharge while the increase in capital return and gain in foreign exchange from adopting stable financial arrangement. However, the rise of oil costs by HK$14,990,000 led to a decrease of gross profit. Owing to the different unfavorable economic factors, even though the Group's investment in jointly controlled entities maintained a profit during the period, the Group's share of profit was reduced by 2.5% as compared with prior period.

1. **River trade transportation business**

Facing the worldwide unfavorable economic factors, the Group still recorded an increase in the container business segment during the period because of the excellent marketing network and the expanding scope of services. Performance statistics of our major business operations are as follows:

	For the six months ended 30th June		
Indicators	**2008**	2007	Change
Container transportation volume (TEU)	**420,198**	397,225	5.8%
Container handling volume (TEU)	**226,230**	218,651	3.5%
Volume of container hauling and trucking on land (TEU)	**70,601**	71,649	-1.5%
Break bulk cargoes transportation volume (tons)	**187,483**	195,100	-3.9%
Volume of break bulk cargoes handled (tons)	**298,059**	347,692	-14.3%
Import and export of shipping agencies business (voyages)	**8,414**	9,766	-13.8%

2. **Subsidiary and Investment Business Review**

During the period, because of developing the domestic trading market actively, the volume of container handled by Chu Kong Cargo Terminals (Gaoming) Company Limited was increased by 7.7% when compared with the same period of last year while the profit attributed to the Group increased by 6.5%. In addition, this company completed the approval procedures and open tender for the extension project of the port. In April of this year, the invitation for tender was finished and the extension project of the port was commenced on 27th June 2008.

During the period, the marketing business of Zhaoqing Chu Kong Logistics (Gaoyao) Company Limited, which was acquired last year, was developed successfully. The tonnage handled was higher than expected. The container handling volume and the profit increased by 5.2% and 253.7% respectively when compared with the prior period. The professional assessment report and the port construction plan feasibility study were preliminarily finished.

In the first half of the year, Zhaoqing Chu Kong Logistics (Dawang) Company Limited and Zhaoqing Chu Kong Cargo Terminals (Dawang) Company Limited mainly focused on the development of the construction work of Chu Kong Dawang Logistics Park Project. The total amount of the construction project for the period was RMB31,640,000 while the cumulative amount as at 30th June 2008 was RMB50,000,000. The volume of container handled by Zhaoqing Chu Kong Transportation (Dawang) Company Limited - Gaoming trailer team was 7,182 TEU for the period and the business development of the company was progressing smoothly.

Affected by the closure of some passages for road extension project, the disastrous snowstorm in the west mainland area and the recent government policy for Green Lane etc., Guangzhou-Foshan Expressway Limited recorded a decrease of 14.4% in traffic volume in this period as compared with prior period. As a result, toll income decreased by 16.5% and profit attributable to the Group decreased by 22.1%.

Foshan New Port Limited has been actively sourcing more types of goods and improving its service qualities, the container handling volume in the period grew by 7.5% accordingly. It contributed profit of HK$9,570,000 to the Group, representing an increase of 69.0%. As Foshan Nankong Terminal Company Limited has strengthened its marketing promotion and business development for the public bonded warehouse and customs supervised export warehouse, the operation volume of these two warehouses increased substantially during this period. It contributed profit of HK$2,660,000 to the Group, representing an increase of 112.8%. Chu Kong Cargo Terminals (Beicun) Company Limited has concentrated on import container handling segment contributing HK$660,000 to the Group which represented 28.5% increase when compared with prior period. As Guangdong Sanbu Passenger and Freight Transportation Company Limited has changed the passenger transportation business mode and Chu Kong Logistics (Singapore) Pte Limited has focused on export business and improving its sales network in South-East Asia, there was also a significant growth trend in both companies.

Due to the downturn in the transportation market, the cargo volume of Shenzhen Yantian Port Chu Kong Logistics Company Limited reduced. In addition, with high competition that forbad the increase in transport price and the relentless rise in oil price etc., the contributed profit to the Group decreased by HK$500,000. Hekong Associated Forwarding Company Limited faced not only an unfavorable market environment but also a vicious price competition with competitors in Jiangmen market, resulting in a loss of the Group’s market share.

On 16th June 2008, Chu Kong River Trade Terminal Company Limited ("CKRTT"), one of the Group's subsidiaries, entered into a "Transfer of Shareholding Agreement" with Deqing Kangzhou Port Development Company Limited for acquiring its 39.17% equity interest in Chu Kong Cargo Terminals (Kanzhou) Company Limited ("CKCTK") at a consideration of RMB4,408,000 equivalent foreign currency. Upon completing the acquisition, CKRTT will own 100% equity interest in CKCTK which will be converted to a wholly foreign-owned enterprise and it will also apply for a 50-year operation licence from the authorities. On 10th July 2008, the approval certificate for Foreign Enterprise was issued by the Government of the Guangdong Province.

On 2nd July 2008, the Company entered into a "Zhongshan City Huangpu Harbour Terminal Joint Venture Company Limited Agreement" with Zhongshan City Ganghang Group Limited and Zhongshan City Huangpu Town Asset Operation Limited for formation of the Sino-Foreign Entity Joint Venture - Zhongshan City Huangpu Harbour Terminal Joint Venture Company Limited (Joint Venture Company). The capital will be contributed to by the three parties and it will also apply for a 50-year operation licence from the authorities. The first installment of the registered capital of the Joint Venture Company, in the amount of RMB50,000,000, will be contributed by the three parties. The Company, Zhongshan City Ganghang Group Limited and Zhongshan City Huangpu Town Asset Operation Limited, will hold the equity interest in the Joint Venture Company at 80%, 10% and 10% respectively. The Joint Venture Company will develop the Huangpu Port located at Wuliancun, Huangpu town in the city of Zhongshan of Guangdong Province. In the meantime, the related procedures for registration of the Joint Venture Company are in progress and qualified architect company for the overall project designing plan will be delegated shortly.

The other subsidiaries and joint ventures of the Group performed well during the year with no abnormality.

Employees

As at 30th June 2008, the Group employed 328 employees in Hong Kong and remunerated its employees according to the duty of their positions and market condition. Other staff benefits for eligible employees include housing allowances, retirement benefits and bonuses.

Liquidity and Financial Resources

The Group monitors its circulating capital and financial resources in effort to maintain a solid financial position. As at 30th June 2008, the Group secured a total credit limit of HK$4,390,000 granted by bona fide banks.

As at 30th June 2008, the current ratio of the Group, represented by current assets to current liabilities, was 3.3 (31st December 2007: 3.5) and the debt ratio, represented by total liabilities to total assets, was 13.7% (31st December 2007: 13.7%).

As at 30th June 2008, the Group's cash and bank balances amounted to HK$593,325,000 (31st December 2007: HK$672,643,000), which represented 29.6% (31st December 2007: 35.2%) of the total assets.

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

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

At 30th June 2008, 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 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 corporations.

SUBTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 30th June 2008, 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)	CKSE	592,724,000
(ii)	Guangdong Province Navigation Holdings Company Limited (GPNHCL)	592,724,000

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

Save as disclosed above, as at 30th June 2008, 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.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE OF HONG KONG LIMITED'S WEBSITE

The interim report of the Company for the six months ended 30th June 2008 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 to 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 and the Company (www.cksd.com) in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 14th October 2008 (Tuesday) to 16th October 2008 (Thursday), both dates inclusive, during which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:00 p.m. on 13th October 2008 (Monday) for registration. Interim dividend will be payable on or before 31st October 2008.

REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee and the Company's independent auditor, PricewaterhouseCoopers, have reviewed the unaudited interim financial information for the six months ended 30th June 2008.

CORPORATE GOVERNANCE

The Company has adopted the provisions of the Code of Corporate Governance as the principles for its corporate governance since 1st January 2005, and partially adopted and followed the guidance of the recommended best practices based on its actual needs for the corporate governance.

In the opinion of the Directors, the Company has complied with the Code On Corporate Governance Practices as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the Code) throughout the accounting period covered by the interim report except that independent non-executive Directors of the Company are not appointed for specific terms. They are subject to retirement by rotation at the Company's annual general meeting in accordance with the provisions of the Company's Articles of Association.

The Company has established the Remuneration Committee comprising mostly the independent non- executive Directors. Mr. Chan Kay Cheung, an independent non-executive Director, was appointed as the Chairman, and the company secretary was appointed as secretary of the Remuneration Committee.

The Chairman and chief executive officer of the Company are different persons, with written terms clearly stating their respective duties.

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 as set out in Appendix 10 to the Listing Rules. The Directors have complied with such code of conduct throughout the period.

DIRECTORS

As at the date of this announcement, the Company's executive Directors include Mr. Hua Honglin, Mr. Yang Rixiang and Mr. Huang Shuping; and independent non-executive Directors include Mr. Chan Kay Cheung, Mr. Choi Kim-Lui and Ms. Yau Lai Man.

By Order of the Board
Yang Rixiang
Managing Director

Hong Kong, 17th September 2008