珠江船務企業(股份)有限公司
Chu Kong Shipping Enterprises (Group) Co., Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code : 00560)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2013

CHAIRMAN'S STATEMENT

I am pleased to announce that Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") recorded a consolidated revenue for the six months ended 30th June 2013 amounting to HK$761,391,000, up by 11.0% year-on-year. The profit attributable to shareholders of the Group amounted to HK$100,310,000, up by 43.0% against corresponding period last year.

REVIEW AND OUTLOOK

During the first half of 2013, the global economy was recovering slowly. The overall import and export market in China was growing in a slow pace while port and shipping enterprises in China were at the downstream in the industry. Under the business principle of "improvement and enhancement with prudence", the Group strengthened integration of resources, promoted professional operation, excavated the potential of resources and enhanced its capability of marketing and promotion, scale and operation, achieving a double-digit growth in turnover and profit of two core businesses, namely terminal logistics and water-way high-speed passenger transportation. Besides, the Company was commented as "Best Investment Value Award ("BIVA Award") for Listed Companies 2013" by Organising Committee of BIVA Award.

Regarding terminal logistics, the Group mainly worked on the followings: the first is the acceleration of upgrading and reconstructing terminals; the reconstructing of Zhuhai Civet Terminal, Foshan Gaoming Terminal, Jiangmen Sanbu Terminal and Qingyuan Terminal were completed during the period. Through upgrade and reconstruction, productivity of terminals was increased, which brought about opportunities for continuous growth in the long run. The second is the expansion of terminal logistics business by further broadening and control of door-to-door cargo and the deepening of our business relationship with liner companies in light of the requirement for the supply chain in logistics industry. The third is the increase in profit by expanding the integrated logistics services of modern warehousing business, which regarded bonded warehouse and temperature-controlled warehouse as its core components. The fourth is the strengthening on standardisation of terminals, which upgraded service quality and enhanced efficiency. The fifth is safety production; Foshan Gaoming Terminal became the only demonstration river trade terminal in Guangdong of safety standardisation recognised by Department of Communications of Guangdong Province. The sixth is the segmental management of terminals and the marketing team, forming a region having a core terminal as its centre, a complementary relationship among terminals and achieving a combination of the capability of scale and operation. The seventh is the successful renewal on the operation licence of Marine Cargo Terminal at the Hong Kong International Airport with Airport Authority Hong Kong. The above measures were extremely efficient. During the first half of the year, the overall terminal logistics business continued to grow, especially there were rapid growth in Foshan Gaoming Terminal and Sanbu Terminal, both situated at the western part of Pearl River Delta. During the first half of the year, containers handling volume of Gaoming Terminal was 130,000 TEU, representing a year-on-year increase of 24.7% and foreign-trade business of Sanbu Terminal recorded a growth of 17.4%.

Regarding high-speed passenger transportation, the Group mainly worked on the followings: the first is the increasing of controlling power over core routes with funding by strengthening the coordination of traditional Guangdong-Hong Kong routes. Through the optimisation of customer source, a rise in both price and volume was achieved that led to an increase in overall revenue and total number of passengers for agency services. The second is the expansion of market and provision of satisfactory services to ship owners through streamlined management by capturing the chance from successfully obtaining the operation and management right for Hong Kong-Macao route last year, which contributed a considerable profit to passenger transportation business for the first half of the year. The third is the successful bidding for the renewal on the operation licence of Skypier at the Hong Kong International Airport to 2019. In the future, the unique operation of “air-sea transportation” will have great potential to grow and contribute considerable income to the Group. The Group put more resources on marketing promotion. As China Central Television made news reports on the operation of “air-sea transportation” twice consecutively during the passenger peak in Spring Festival, more tourists knew about the efficient transport mode which was becoming popular in the market. The fourth is the further integration of high-speed passenger transportation and tourism. The Company made efforts in hotel package agency and advertising businesses as to expanding to the entire tourism chain. The fifth is the long-term sustainable development; the research in expansion of new routes outside Pearl River Delta.

Regarding capital operation, the Company put maximising shareholders' interest as the highest priority and actively sought for various financing methods. On 13th June 2013, the Company successfully issued 180,000,000 warrants. Once the warrants are exercised, it will enhance the capital capability of the Company. Moreover, apart from positive adjustment on shareholding structure, the exercise will speed up the progress of the Company's acquisition and expansion activities.

During the second half of the year, the Group will continue to focus on core tasks, such as resources integration, expansion on integrated logistics, set up of network points overseas, expansion in passenger transport and tourism chain. It will also improve its execution and implementation of different decisions made by the Board of Directors. Meanwhile, it will proactively seek for input of quality assets from its parent company so as to make its core businesses stronger. Besides, it will respond to the unfavorable economic condition with solid work and streamlined management with an aim to bring greater economic benefits for its shareholders.

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.

Liu Weiqing
Chairman

Hong Kong, 15th August 2013

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2013

		Six months ended 30th June	
	Note	**2013**	2012
		HK$'000	HK$'000
Revenue	*3*	**761,391**	685,736
Cost of services rendered		**(561,699)**	(520,817)
Gross profit		**199,692**	164,919
Other income		**28,201**	27,722
Other gains – net	*7*	**4,586**	2,345
General and administrative expenses		**(124,036)**	(117,678)
Operating profit	*6*	**108,443**	77,308
Finance income		**2,491**	2,093
Finance costs		**(5,701)**	(6,856)
Share of profits less losses of joint ventures and associates		**28,774**	22,294
Profit before income tax		**134,007**	94,839
Income tax expense	*8*	**(26,605)**	(18,842)
Profit for the period		**107,402**	75,997
Attributable to:			
Equity holders of the Company		**100,310**	70,139
Non-controlling interests		**7,092**	5,858
		107,402	75,997
Dividends	9	**18,000**	-
Earnings per share (HK cents)	*10*		
Basic		**11.15**	7.79
Diluted		**11.13**	7.79

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE 2013

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Profit for the period	**107,402**	75,997
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences		
- Subsidiaries	**13,204**	(8,063)
- Joint ventures and associates	**4,668**	(3,405)
Total comprehensive income for the period	**125,274**	64,529
Attributable to:		
Equity holders of the Company	**116,922**	58,904
Non-controlling interests	**8,352**	5,625
	125,274	64,529

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2013

	Note	As at 30th June 2013 HK$'000	As at 31st December 2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,324,527**	1,250,067
Investment properties		**4,971**	5,000
Land use rights		**375,405**	382,347
Intangible assets - goodwill		**39,704**	39,333
Joint ventures and associates		**538,899**	531,701
Land deposits		**68,625**	48,871
Deferred income tax assets		**2,837**	2,837
		2,354,968	2,260,156
Current assets			
Trade and other receivables	*4*	**422,148**	328,265
Loans to joint ventures		**23,709**	29,275
Cash and cash equivalents		**412,114**	584,723
		857,971	942,263
Total assets		**3,212,939**	3,202,419
EQUITY			
Share capital		**90,000**	90,000
Reserves		**1,891,024**	1,790,352
Final dividend proposed		**-**	40,500
Interim dividend declared		**18,000**	-
		1,999,024	1,920,852
Non-controlling interests		**177,965**	169,613
Total equity		**2,176,989**	2,090,465

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2013 (CONTINUED)

	Note	**As at 30th June 2013 HK$'000**	As at 31st December 2012 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**71,915**	**69,775**
Long term borrowings		**150,215**	**161,809**
		222,130	**231,584**
Current liabilities			
Trade and other payables	*5*	**488,417**	**544,428**
Loans from associates		**26,212**	**25,967**
Amounts due to the non-controlling interests of subsidiaries		**51,908**	**51,839**
Amount due to a related party		**15,097**	**14,956**
Short term borrowings		**175,000**	**212,427**
Current portion of long term borrowings		**24,731**	**12,435**
Income tax payables		**32,455**	**18,318**
		813,820	**880,370**
Total liabilities		**1,035,950**	**1,111,954**
Total equity and liabilities		**3,212,939**	**3,202,419**
Net current assets		**44,151**	**61,893**
Total assets less current liabilities		**2,399,119**	**2,322,049**

NOTES

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

2. Principal accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2012, except the Group has adopted the following new and revised standards issued by the HKICPA which are mandatory for the financial period beginning on or after 1st January 2013.

HKFRS 7 (Amendment)	Financial Instrument: Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Associates and Joint Ventures
HKFRSs Amendments	Improvements to HKFRSs 2011

2. Principal accounting policies (Continued)

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

The HKICPA has issued the following new and revised standards which are not yet effective for the financial period beginning 1st January 2013:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1st January 2015
HKAS 32 (Amendments)	Financial Instruments: Presentation	1st January 2014
HKAS 36 (Amendments)	Impairment of Assets – Recoverable amount disclosures for non-financial assets	1st January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1st January 2015
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities	1st January 2014
HK (IFRIC) Interpretation 21	Levies	1st January 2014

The Group has not early adopted these new and revised 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.

3. Segment information

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

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

(i) Cargo transportation - Shipping agency, river trade cargo direct shipment and transshipment and container hauling 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 - Investment holding and other businesses

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

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

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

3. 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 2012					
Total revenue	464,224	200,655	66,619	-	731,498
Inter-segment revenue	(5,587)	(40,175)	-	-	(45,762)
Revenue (from external customers)	458,637	160,480	66,619	-	685,736
Segment profit before income tax expense	3,424	53,288	36,128	1,999	94,839
Income tax expense	(1,532)	(10,874)	(3,846)	(2,590)	(18,842)
Segment profit/(loss) after income tax expense	1,892	42,414	32,282	(591)	75,997
Segment profit before income tax expense includes:					
Finance income	162	682	141	1,108	2,093
Finance costs	-	(2,945)	-	(3,911)	(6,856)
Depreciation and amortisation	(6,156)	(34,034)	(85)	(395)	(40,670)
Share of profits less losses of joint ventures and associates	(1,620)	13,027	12,092	(1,205)	22,294

3. 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 2013						
Total segment assets	475,443	1,942,326	549,549	1,415,996	(1,170,375)	3,212,939
Total segment assets include:						
Joint ventures and associates	22,400	226,161	255,471	34,867	-	538,899
Total segment liabilities	(392,585)	(687,476)	(132,044)	(994,220)	1,170,375	(1,035,950)
As at 31st December 2012						
Total segment assets	497,315	1,878,839	595,623	979,865	(749,223)	3,202,419
Total segment assets include:						
Joint ventures and associates	22,113	229,813	244,639	35,136	-	531,701
Total segment liabilities	(334,059)	(560,630)	(168,129)	(798,359)	749,223	(1,111,954)

4. Trade and other receivables

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 the trade receivables since invoice date is as follows:

	As at 30th June 2013 HK$'000	As at 31st December 2012 HK$'000
Within 3 months	**215,251**	183,426
4 to 6 months	**3,380**	1,214
7 to 12 months	**411**	109
Over 12 months	**4,477**	4,188
	223,519	188,937
Less: Provision for impairment	**(4,111)**	(4,120)
	219,408	184,817

5. Trade and other payables

The ageing analysis of the trade payables by invoice date is as follows:

	As at 30th June 2013 HK$'000	As at 31st December 2012 HK$'000
Within 3 months	**238,778**	264,465
4 to 6 months	**2,214**	2,327
7 to 12 months	**69**	850
Over 12 months	**6,773**	9,516
	247,834	277,158

6. Operating profit

Operating profit is stated after charging the following:

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Amortisation of land use rights	**4,279**	3,823
Costs of cargo transportation, passenger transportation and cargo handling and storage (including fuel cost)	**368,549**	332,416
Depreciation of property, plant and equipment	**37,512**	36,792
Depreciation of investment properties	**29**	55
Operating lease rental expenses		
- vessels and barges	**48,375**	54,866
- buildings	**16,079**	15,498
Staff costs (including directors' emoluments)	**130,681**	123,499

7. Other gains – net

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Exchange gains, net	**4,565**	1,883
Gain on disposals of property, plant and equipment	**21**	462
	4,586	2,345

8. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period.

The People's Republic of China (the "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% (2012: 25%).

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**8,035**	6,598
- PRC corporate income tax	**15,140**	10,459
Deferred income tax	**3,430**	1,785
	26,605	18,842

9. Dividends

On 15th August 2013, the board of directors declared an interim dividend of HK2 cents per ordinary share for the year ending 31st December 2013. This dividend declared is not reflected as a dividend payable in this consolidated interim financial information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2013.

10. 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.

	Six months ended 30th June	
	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**100,310**	70,139
Weighted average number of ordinary shares in issue ('000)	**900,000**	900,000
Basic earnings per share (HK cents)	**11.15**	7.79

Diluted

Diluted earnings per share is calculated by adjusting the profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shares.

	Six months ended 30th June	
	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**100,310**	70,139
Weighted average number of ordinary shares in issue ('000)	**900,000**	900,000
Adjustment for warrants ('000)	**1,639**	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share ('000)	**901,639**	900,000
Diluted earnings per share (HK cents)	**11.13**	7.79

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the six months ended 30th June 2013, the Group recorded consolidated revenue of HK$761,391,000, up by 11.0% as compared with the corresponding period last year. Profit attributable to the equity holders of the Group was HK$100,310,000, up by 43.0% as compared with the corresponding period last year.

In 2013, the global economy was recovering slowly while China experienced an economic transformation. New leaders of China clearly stated that, a certain degree of slowdown in economy is acceptable as the abovementioned will lead to a solid and sustainable structural transformation in economy and economic development; therefore there was a slight slowdown in economic growth. According to the National Bureau of Statistics of China, GDP recorded a year-on-year increase of 7.6% for the first half of the year. Affected by the overall environment and the transformation and upgrade in economy, the growth in the volume of import and export of Guangdong Province substantially decreased. According to Guangdong Sub-Administration of China Customs, the total value of import and export of Guangdong Province recorded a year-on-year increase of 21.2% from January to June 2013 but a decrease in foreign import and export in June was noted.

As an enterprise based at Guangdong, Hong Kong and Macao that provides integrated logistics and passenger transport services, the Group persisted in its business principle of “improvement and enhancement with prudence” and doing better on operation and management, which allowed its business to grow steadily. Regarding freight business, the Group achieved a steady growth in major cargo throughput through effective implementation of measures such as continuing to promote professionalised operation and particularly optimising the operation mode of terminals and continuing the development of the function of “Consolidated CKTL” platform during the period. For the six months ended 30th June 2013, container transportation volume and break bulk cargoes transportation volume recorded an increase of 5.1% and 22.0% respectively. The significant increase in break bulk cargoes transportation volume was mainly due to the substantial increase in infrastructure materials. As the Europe and U.S. markets recovered, wharf handling and warehousing and storage businesses recorded a growth in export volume. However, there was a relatively significant decrease in renewable resources led by the economic transformation, which resulted in a slowdown in the growth in cargo volume at the terminals. Container handling volume and volume of break bulk cargoes handled recorded a slightly decrease of 1.8% and 5.8% respectively and volume of container hauling and trucking increased by 3.9% year-on-year.

Regarding passenger transportation business, a continuous growth was recorded as there was increasing number of visitors came to Hong Kong and Macao. Expanding airlines and Hong Kong-Macao routes that recorded a substantial growth was a strong driver to the growth in passenger transportation business. During the period, passenger transportation business remained a stable growth, and the total number of passengers for agency services was 3,183,000, representing a year-on-year increase of 6.8%; the number of passengers for terminal services was 3,610,000, up by 11.6% as compared with the corresponding period last year. It was believed that the prosperity of the Individual Visit Scheme (IVS) in Guangdong, Hong Kong and Macao led to a further growth in the business of passengers transportation.

Freight-related business contributed a profit of HK$49,404,000 to the Group, representing an increase of 11.5% as compared to the same period last year. The passenger transportation business contributed a profit of HK$57,520,000 to the Group, representing an increase of 78.2% as compared to the same period last year.

I. CARGO TRANSPORTATION BUSINESS

During the period, though there was a slower growth of volume of import and export across the Pearl River Delta region, the Group remained a stable growth in container business by improving operation efficiency. Break bulk cargo transportation business and hauling and trucking on land business also improved.

1. Business Operation Indicators

Performance statistics of our major business operations are as follows:

	For the six months ended 30th June		
Indicators	**2013**	2012	Change
Cargo transportation volume			
Container transportation volume (TEU)	**555,304**	528,545	5.1%
Break bulk cargoes transportation volume (revenue tons)	**162,459**	133,205	22.0%
Cargo handling volume			
Container handling volume (TEU)	**529,722**	539,699	-1.8%
Volume of break bulk cargoes handled (revenue tons)	**711,795**	755,573	-5.8%
Volume of container hauling and trucking on land (TEU)	**94,899**	91,303	3.9%

2. Subsidiaries

During the period, Chu Kong Transhipment & Logistics Company Limited ("CKTL") substantially maintained steady business development. Under the overall market conditions in the region, the cargo source of Connected Carrier Agreement ("CCA") and renewable resources decreased to some extent, though liner cargo and factory-trade goods remained stable growth. Container transportation volume recorded a steady growth, which was mainly due to the increase in export containers, and the increase in break bulk cargoes transportation volume was due to the increase in bulk cargoes caused by the commencement of infrastructure projects in Hong Kong. CKTL has actively explored integrated logistics services, especially modern warehousing business, focusing on developing Tuen Mun Terminal Project. The market share of CKTL in over 30 category-2 ports having business with the Group in Pearl River Delta was further improved to 25.5%, representing an increase of 1.9 percentage point over the corresponding period of last year.

Regarding freight business at terminal, Chu Kong Cargo Terminals (Gaoming) Co., Ltd. in Foshan continued to record a substantial growth in its business. Cargo source structure at terminal was further optimised, and the company achieved 134,000 TEU of container handling volume, representing a year-on-year increase of 24.7%. Renewable resources and factory-trade goods increased by 17.1% and 34.3% respectively. The company continued to improve its communication with cargo owners, international liner companies, cargo agencies and barge companies. In addition, it will improve its communication with the inspection departments, such as Customs Department, in order to develop the advantage of the terminal as a preferable and fast customs clearance.

There was a slowdown in the growth in terminal logistics business in Zhaoqing region, which was mainly due to the negative impact on containers at terminals imposed by the change of the policy on renewable resources. However, there was an unexpected growth for newly established terminals. During the first half of the year, major terminals in Zhaoqing region achieved container handling volume of 173,000 TEU, representing a year-on-year decrease of 3.5%, whereas foreign trade container recorded a year-on-year increase of 2.2%. Zhaoqing New Port recorded a year-on-year growth in foreign trade container business. There was also a substantial increase in importing stone containers at Zhaoqing Gaoyao Port. After a policy change on customs clearance, Zhaoqing Sihui Terminal recorded a year-on-year decrease of 6.1% for renewable resources containers. The business of Kangzhou Port basically remained at the same level as compared with last year.

As the local government in Zhuhai implemented a policy of substantial subsidies on its share participating terminals, a decrease in container handling volume of the companies of the Group in Zhuhai region was recorded during the period. Container volume of both CKS Container Terminal (Zhuhai Doumen) Co., Ltd. and Civet (Zhuhai Bonded Area) Logistics Company Limited decreased and the two terminals achieved 94,000 TEU for the first half of the year, representing a year-on-year decrease of 28.4%. Civet Port experienced a relatively large attack and achieved 62,000 TEU for container handling volume during the period, representing a year-on-year decrease of 36.7%. Similarly, Doumen Port was affected by the subsidy policy implemented by the local government. Besides, the renewable resources cargoes further decreased due to customs clearance matters. Container handling volume of 32,000 TEU was recorded during the period, representing a year-on-year decrease of 3.4%. That region was surrounded by an unfavorable environment, which had to be reversed by enhancing the service standard at terminals, maintaining efficient customs clearance procedures, retaining existing customers and securing new customers.

Construction works at Qingyuan Terminal had completed and the Re-open Orientation for Qingyuan Route of CKTL was successfully held on 6th June. Approval was obtained from relevant joint inspection departments upon final checking and the terminal will be in trial run by the end of August. As the only import and export port for foreign trade in Qingyuan, investment cost of the terminal was lower than average and there was great potential for development with hinterland resources.

Core structural works and fundamental works for office building at Zhongshan Huangpu Port was basically completed and the company operation structure had established. The terminal was planned to put into operation in October, which would increase the competitiveness of terminal logistics of the Group.

Chu Kong Air-Sea Union Transportation Company Limited saw a decrease in its business as fewer orders were received from large customers and some cargoes were shunted to Shenzhen. For the first half of the year, the container handling volume fell 11.1% and break bulk cargo handling volume fell 32.7% year-on-year.

3. Investment in Joint Ventures and Associates

Despite the slower growth of the economy in the Pearl River Delta region, operating businesses of joint ventures of the Group remained stable. Factory-trade goods further increased at terminals in Jiangmen region, which included Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd., and achieved a total container handling volume of 58,000 TEU, representing a year-on-year increase of 12.7%, which contributed a profit of HK$2,052,000 to the Group, representing an increase of more than 6 times. Among which, Sanbu Port achieved a year-on-year increase of 17.4% for container handling volume and contributed a year-on-year increased profit of 230.9%. During the period, container volume at four terminals, namely Foshan New Port Ltd., Foshan Nankong Terminal Co., Ltd., Chu Kong Cargo Terminals (Beicun) Co., Ltd. and Sanshui Sangang Containers Wharf Co., Ltd., in Foshan region recorded a slight increase and achieved container handling volume of 211,000 TEU, representing a year-on-year increase of 5.1%, and contributed a profit of HK$11,491,000 to the Group, representing an decrease of 5.3%. Zhong Shan Port Goods Transportation United Co., Ltd. achieved container handling volume of 156,000 TEU and contributed a profit of HK$1,252,000 to the Group, representing an increase of 16.4%.

II PASSENGER TRANSPORTATION BUSINESS

As tourism in Guangdong, Hong Kong and Macao developed prosperously, passenger transportation business of the Group continued to see a stable growth. During the period, the number of passengers for agency services of Chu Kong Passenger Transport Company Limited ("CKPT") was 3,183,000, a year-on-year increase of 6.8%, of which the number of passengers carried by airport routes was significantly increased by 8.9% year-on-year, especially for Zhongshan, Shunde and Macao routes. The number of passengers for terminal services was 3,610,000, representing a year-on-year increase of 11.6%.

CKPT kept upgrading its service standard at airport terminal, boosting number of passengers for airport routes and focusing on extending the scope of route services at Zhongshan and Zhuhai Airport. CKPT won the bid of Skypier, which laid a solid foundation for the growth in passenger transportation business. Grasping the opportunity of the renewal on Skypier, CKPT continued to put more resources on marketing and promotion so as to build stronger airport routes and actively conducted research on multi-operation model and optimised overseas sales network. Besides, it also discussed on the feasibility of expanding new routes, such as Guangdong-Hong Kong, Hong Kong-Macao and Zhuhai-Macao. In that case, the passenger transportation network within the Pearl River Delta region will be gradually perfected.

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) **2013**	2012	Change
Total number of passengers for agency services	**3,183**	2,980	6.8%
Total number of passengers for terminal services	**3,610**	3,234	11.6%

2. **Investment in Joint Ventures and Associates of CKPT**

During the period, the number of passengers for terminal services of Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited) continued to grow, contributing a profit of HK$8,080,000 to the Group and representing an increase of 2.3% year-on-year. Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. contributed the profits to the Group of HK$4,654,000 and HK$4,381,000 respectively, representing an increase of 77.4% and 179.4% respectively as compared with the corresponding period of last year. CKPT paid great efforts in facilitating airport routes in Zhongshan and saw extremely good outcome. Meanwhile, Zhongshan Port provided local tourists with one-stop air-sea joint transport services in light of market demand and recorded a growth of 45.5% in the number of passenger of airport routes during the first half of the year.

A high-speed passenger transportation advertisement company named Connect Media Company Limited under the Group had commenced its operation last year and is running smooth. Currently, it successfully signed subcontracting and operating agreements for on-board advertisements with various shipping companies. The advertisements included those on magazines, TV channels and seat pillow covers. The company negotiated with companies engaged in different transportation means, for instance cross-boarder buses and trains, with an aim to broaden the advertisement platform.

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 2013, the Group employed 430 employees in Hong Kong and remunerated its employees according to the duty of their positions and market conditions.

LIQUIDITY AND FINANCIAL RESOURCES

The Group keeps close track of its working capital and financial resources in an effort to maintain a solid financial position. As at 30th June 2013, the Group secured a total credit limit of HK$425,000,000 and RMB59,700,000 (equivalent to approximately HK$74,946,000) granted by bona fide banks.

As at 30th June 2013, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.1 (31st December 2012: 1.1) and the debt ratio, representing total liabilities divided by total assets, was 32.2% (31st December 2012: 34.7%).

As at 30th June 2013, the Group's cash and cash equivalents amounted to HK$412,114,000 (31st December 2012: HK$584,723,000), which represents 12.8% (31st December 2012: 18.3%) of the total assets.

As at 30th June 2013, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 13.8% (31st December 2012: 15.6%).

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.

PLEDGE OF ASSETS

Bank Loans	As at 30th June 2013	As at 31st December 2012
Banks located in Hong Kong (Note 1)		
- Hong Kong Dollar	275,000,000	300,000,000
- Renminbi	Nil	10,000,000(equivalent to approximately HK$12,427,000)
Bank located in China (Note 2)		
- Renminbi	59,700,000(equivalent to approximately HK$74,946,000)	59,700,000(equivalent to approximately HK$74,244,000)

Note:

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

EXCHANGE RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Save as disclosed above, the Group had no other material acquisition or disposal of any subsidiaries, joint ventures and associates for the six months ended 30th June 2013.

CONTINGENT LIABILITIES

As at 30th June 2013, the Group had no material contingent liabilities.

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

As at 30th June 2013, the Company has not been notified of any interests and short positions of the directors and executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO.

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 30th June 2013, as recorded in the register required to be kept under Section 336 of the SFO, the following shareholders have 5% or more of the Company's share capital:

Ordinary shares of HK$0.1 each in the Company

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

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

Save as disclosed above, as at 30th June 2013, the Company has not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register to be kept under Section 336 of the SFO.

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

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

WARRANTS

The placing of warrants was completed on 13th June 2013, and 180,000,000 warrants were issued to not less than six placees pursuant to the terms of the placing agreement. Please refer to the announcement dated 13th June 2013 for details of the placing of unlisted warrants. As at 30th June 2013, no placees had exercised the warrants.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30th June 2013 containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK") (the "Listing Rules") will be published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.cksd.com) in due course.

INTERIM DIVIDEND

On 15th August 2013, the board of directors declared an interim dividend of HK2 cents per ordinary share for the year ending 31st December 2013 (2012: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 15th October 2013 (Tuesday) to 17th October 2013 (Thursday), both dates inclusive, during which no transfer of shares will be effected. In order to qualify for the final 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 11th October 2013 (Friday) for registration. Final dividend will be payable on or before 31st October 2013.

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 2013.

CORPORATE GOVERNANCE

The Company has adopted the provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "Code Provisions") as the principles for its corporate governance since 1st January 2005, and partially adopted and complied with the guidance of the recommended best practices based on its actual needs for the corporate governance.

In the opinion of the directors, the Company complied with the Code Provisions throughout the accounting period covered by the interim report.

Since Mr. Chan Kay-cheung has served as an independent non-executive director of the Company for over nine years, according to the Code Provision A.4.3, Mr. Chan retired by rotation and a separate resolution was passed to approve his re-election at the annual general meeting held on 16th May 2013.

To enhance corporate governance and internal control procedures, on 15th August 2013, the Board considered and approved our new insider information management policy, whistle blowing policy, board diversity policy and the revised terms of reference of the nomination committee.

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

Mr. Huang Liezhang , the managing director of the Company, has resigned as an executive director, general manager, a member of executive committee and remuneration committee of the Company with effect from 3rd May 2013 due to his decision to pursue his personal commitments. Mr. Xiong Gebing, an executive director of the Company, was appointed as the managing director and a member of remuneration committee on that day.

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 2012 Annual Report.

As at the date of this announcement, the Company's executive directors include Mr. Xiong Gebing and Mr. Huang Shuping; non-executive directors include Mr. Liu Weiqing, Mr. Yu Qihuo and Mr. Zhang Lei; independent non-executive directors include Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

By Order of the Board
Xiong Gebing
Managing Director

Hong Kong, 15th August 2013