CKS 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 2007 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to announce to shareholders that Chu Kong Shipping Development Company Limited (the "Company") and its subsidiaries (the "Group) recorded a consolidated revenue for the year 2007 amounted to HK$871 million, up by 11.55% against the previous year; profit attributable to equity holders amounted to HK$143 million, 18.10% more than in the last year. We also achieved satisfactory results in our capital operation and substantial investment projects.

In 2007, the Group was confronted by the volatile global economy, amid a complex macro-economic environment with the impact of US subprime mortgage on the global economy, crude oil prices hovered at a high level and the Mainland China's macroeconomic control measures etc. By virtue of our business vision of "Honesty, Trustworthy with Excellent Quality", the Group could further develop and improve the marketing, transportation, inland river ports and information system network for Guangdong, Hong Kong and Macau logistics markets. In addition, our market share increased as a result of improvement in operational efficiency and higher customers' satisfaction. The Group transported a total of 820,000 TEU of foreign trade containers in 2007, representing an increase of 27.9% as compared with last year; of which the tonnage of Guangdong-Hong Kong line was 680,000 TEU, representing an increase of 9.7% as compared with last year, which outperformed the market average continuously. The business indicators such as container handling volume, break bulk cargoes handling volume etc. also achieved a rather substantial growth. This further consolidated our position in the logistics markets in Guangdong, Hong Kong and Macau region.

The Group is of the opinion that the continuous development of container transit hubs in South China will substantially change the cargo flows in Pearl River Delta – the world's processing and manufacturing base, and this provides both challenges and opportunities to our Group based in Hong Kong as the operational crucial area. Consequently, the Group has been determining to create the "Second Seaside Port" in southern China. After the signing of a "letter of intent for jointly construction of the Guangzhou Nansha river-sea union transportation wharf" with Nansha Assets Operation Co., Ltd., in March 2007, we also signed a "strategic alliance framework agreement" with Shenzhen Communications Bureau in July 2007. These two agreements built up our mainland logistics market significantly. In order to strengthen the Group's long term development in the future, we will continue to push the progress of these strategic projects forward.

The Company has also been constantly improving the network of inland river port in the Pearl River region. In September 2007, the Company successfully acquired the title to the shares of Gaoyao Port of Zhaoqing Province in an auction. The Company will inject additional capital for the modernized development and re-construction of the port so as to become one of our crucial ports in Zhaoqing region. The construction of the ground facilities of Zhaoqing Dawang Integrated Logistics Project was commenced in October 2007 and it is anticipated that the vehicle inspection centre would be completed at the end of 2008. As to implement the Company's overall business strategies, we are endeavoring to consolidate the equity of Kangzhou Port of Deqing.

In 2007, Hong Kong's capital market experienced unprecedented prosperity. With leverage of the external favourable environment and cautious deployment, the Company placed 150 million shares by the way of "Placing of Existing Shares and Subscription of New Shares" and raised approximately HK$314 million. This was the first fund raising by means of placing since the Company has been listed for 10 years. Not only did this placing raise invaluable funds for development, it also improved our equity structure, which had a proactive significance for the Company's future growth.

Taking the opportunity to celebrate the 10th anniversary of the Company's listing in Hong Kong in this year, we strengthened the promotion of our brand name by launching a series of publicity campaigns. On 18th June, a wide range of guests from political and financial sectors, business partners and customers from Guangdong, Hong Kong and Macau have been invited to attend our celebration cocktail party in Four Seasons Hotel, Hong Kong. We would like to express once again our heartfelt gratitude for their profound friendship and keen hoping upon us.

Looking forward to 2008, the US subprime storm has been escalating, which will extend from the financial to consumption domain and even more lead to economic recession. Due to the persisting high inflation rate in the Mainland China, the macroeconomic control measures will be executed by the government more forcefully with longer duration. The launch of the new "Labour Law" in the Mainland China will seriously impact the labour intensive enterprises in the Pearl River Delta region. Oil prices persisting at high level will also increase costs and expenditures of the enterprises. All these factors will affect the import and export merchandises. However, the Board of Directors and management of the Company would always be alert to the changes in the business environment and respond to these changes positively and instantly.

For 2008, we will constantly establish and consolidate the four networks of marking, transportation, inland river ports and information system. Following the movement, transforming and upgrade of the industries in the Pearl River Delta, we will extend our services region and improve our service standard and level. Based on modern supply chain management concept, we will provide diversified one-stop integrated logistics services to the customers. We will push on merger and acquisition activities of inland river ports as usual for facilitating the progress of the strategic projects in the container crucial ports in southern China. In short, we will fulfill our commitments to all shareholders; constantly increase corporate value so as to provide satisfactory returns to the shareholders.

This year is the 30th anniversary of the Mainland China' reform and open door policy, reforms in various domains such as economic system will be more extensive and intensive and will further foster the enhancement of its economic strength. The trend of economic integration of Guangdong, Hong Kong and Macau will provide more business opportunities to the logistics sector. In accordance with our mission of "Jointly Create Fortune, Jointly Enjoy Achievements", we will be growth together with our customers, business parties and shareholders, and establish a perpetual relationship with them.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders and the general public for their continuous support to the Group's development, and all our staff for their efforts and contribution to the Group.

Hua Honglin
Chairman

Hong Kong, 16th April 2008

ANNUAL RESULTS

The Board of Directors of Chu Kong Shipping Development Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2007, together with the comparative figures for the corresponding period in 2006 as follows:

(1) CONSOLIDATED INCOME STATEMENT

	Note	**2007** ***HK$'000***	2006 *HK$'000*
Revenue	*3*	**870,711**	780,590
Cost of services rendered	*4*	**(748,188)**	(664,620)
Gross profit		**122,523**	115,970
Other income		**12,169**	7,251
Other gains – net		**25,238**	8,421
General and administrative expenses	*4*	**(104,097)**	(85,273)
Operating profit		**55,833**	46,369
Finance income		**21,741**	9,215
Share of profits less losses of jointly controlled entities		**75,654**	73,140
Profit before tax		**153,228**	128,724
Tax expense	*5*	**(10,342)**	(7,726)
Profit for the year		**142,886**	120,998
Attributable to:			
Equity holders		**143,080**	121,148
Minority interests		**(194)**	(150)
		142,886	120,998
Dividends	*6*	**54,000**	45,000
Earnings per share (HK cents)	*7*		
Basic		**17.08**	16.15
Diluted		**17.08**	16.04

(2) CONSOLIDATED BALANCE SHEET

	Note	2007 *HK$'000*	2006 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**254,256**	184,203
Investment properties		**4,713**	4,817
Leasehold land and land use rights		**328,756**	306,308
Intangible asset – goodwill		**17,484**	16,304
Jointly controlled entities		**407,803**	383,055
Deferred tax assets		**487**	96
		1,013,499	894,783
Current assets			
Trade and other receivables	*8*	**226,536**	191,058
Cash and bank balances		**672,643**	348,991
		899,179	540,049
Total assets		**1,912,678**	1,434,832
EQUITY			
Share capital		**90,000**	75,000
Reserves		**1,522,549**	1,099,334
Final dividend proposed		**36,000**	37,500
		1,648,549	1,211,834
Minority interests		**2,165**	2,202
Total equity		**1,650,714**	1,214,036

	Note	2007 HK$'000	2006 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**5,392**	4,594
Current liabilities			
Trade and other payables	*9*	**252,781**	214,530
Tax payables		**3,791**	1,672
		256,572	216,202
Total liabilities		**261,964**	220,796
Total equity and liabilities		**1,912,678**	1,434,832
Net current assets		**642,607**	323,847
Total assets less current liabilities		**1,656,106**	1,218,630

Notes:

1. Basis of preparation

These financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention.

2. Adoption of new revised HKFRS

The following new standards, amendments to standards and interpretations are mandatory for the financial year ended 31 December 2007.

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

Except for HKAS 1 (Amendment) and HKFRS 7 which require additional disclosures to be made in the financial statements, the adoption of the above interpretations do not have material impact to the Group's principal accounting policies or presentation of financial statements.

The following new standards, amendments and interpretations to standards have been issued but are not effective for 2007 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKFRS 2 (Amendment)	Shared-based Payment – Vesting Conditions and Cancellation	1st January 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HKFRS 8	Operating Segments	1st January 2009
HKAS 1 (Revised)	Presentation of Financial Statements	1st January 2009
HKAS 23 (Revised)	Borrowing Costs	1st January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1st March 2007
HK(IFRIC) – Int 12	Service Concession Arrangements	1st January 2008
HK(IFRIC) – Int 13	Customer Loyalty Programmes	1st July 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1st January 2008

The Group has already commenced an assessment of related impact of adopting the above new standard, amendments to standards and interpretations to the Group, and the Group is not yet in a position to state whether substantial changes to the Group's principal accounting policies and presentation of the financial statements will be resulted.

3. Segment information

(a) Business segments

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

(i) Cargo transportation – Shipping agency, river trade cargo direct shipment and transhipment

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

(iii) Container hauling and trucking

(iv) Expressway operation

(i) Revenues and results

	Cargo transportation		Cargo handling and storage		Container hauling and trucking		Expressway operation		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue												
– external	751,554	676,614	116,563	103,034	2,594	942	–	–	–	–	870,711	780,590
– intersegments	73	23	70,557	59,967	55,685	59,476	–	–	(126,315)	(119,466)	–	–
Other income												
– external	5,467	4,132	5,973	2,489	–	85	–	–	–	–	11,440	6,706
– intersegments	–	–	505	505	–	–	–	–	(505)	(505)	–	–
Total	757,094	680,769	193,598	165,995	58,279	60,503	–	–	(126,820)	(119,971)	882,151	787,296
Segment results	2,361	4,630	38,471	34,218	6,806	9,000	–	–	–	–	47,638	47,848
Unallocated income											22,226	7,213
Unallocated expenses											(14,031)	(8,692)
Operating profit											55,833	46,369
Finance income											21,741	9,215
Share of profits less losses of jointly controlled entities	1,465	1,045	24,887	18,096	2,474	1,565	46,828	52,434	–	–	75,654	73,140
Profit before tax											153,228	128,724
Tax expense											(10,342)	(7,726)
Profit for the year											142,886	120,998

(ii) Assets and liabilities

	Cargo transportation		Cargo handling and storage		Container hauling and trucking		Expressway operation		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Segment assets	245,475	206,863	613,380	500,172	39,835	38,847	–	–	(33,313)	(37,452)	865,377	708,430
Jointly controlled entities	62,621	46,737	193,051	176,805	20,819	19,375	176,053	171,413	–	–	452,544	414,330
Unallocated assets											594,757	312,072
Total assets											1,912,678	1,434,832
Segment liabilities	226,584	190,456	33,104	31,446	11,134	16,781	–	–	(33,313)	(37,452)	237,509	201,231
Unallocated liabilities											24,455	19,565
Total liabilities											261,964	220,796
Capital expenditure												
– allocated	6,254	953	91,418	41,914	6,619	257	–	–	–	–	104,291	43,124
– unallocated											127	747
											104,418	43,871
Depreciation and amortisation												
– allocated	4,307	3,929	18,722	15,933	1,059	576	–	–	–	–	24,088	20,438
– unallocated											1,308	1,178
											25,369	21,616
Provision for trade receivables, net	2,379	117	–	95	–	–	–	–	–	–	2,379	212

(b) Geographical segments

Over 90% of the Group's revenue is derived from operations carried out in Hong Kong and customers are located in the 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**	
	As at 31st December		**Year ended 31st December**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,169,173**	822,308	**16,201**	6,282
Mainland China	**290,961**	198,194	**88,217**	37,589
	1,460,134	1,020,502	**104,418**	43,871
Jointly controlled entities	**452,544**	414,330		
	1,912,678	1,434,832		

4. Costs and expenses by nature

	Year ended 31st December	
	2007	2006
	HK$'000	***HK$'000***
Amortisation of leasehold land and land use rights	**7,230**	6,734
Auditors' remuneration		
– audit service	**1,828**	1,543
– non-audit service	**576**	568
Cost of cargo transportation, handling, storage, container hauling and trucking	**620,369**	523,170
Depreciation of property, plant and equipment	**18,062**	14,778
Depreciation of investment properties	**104**	104
Operating lease rental expenses		
– vessels and barges	**75,192**	84,903
– buildings	**8,527**	6,758
– containers	**752**	595
Staff costs (including Directors' emoluments)	**87,191**	86,222
Others	**32,454**	24,518
Total cost of services rendered and general and administrative expenses	**852,285**	749,893

5. Tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. The People's Republic of China ("PRC") enterprise income tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended 31st December	
	2007	2006
	HK$'000	***HK$'000***
Current tax		
– Hong Kong profits tax	**6,082**	5,892
– PRC enterprise income tax	**1,967**	1,996
– Under/(over) provisions in prior years	**1,886**	(348)
Deferred tax	**407**	186
	10,342	7,726

6. Final dividend

	2007	2006
	HK$'000	***HK$'000***
Interim, paid, of HK1 cent (2006: HK1 cent) per ordinary share	**9,000**	7,500
Special interim, paid, of HK1 cent (2006: nil) per ordinary share	**9,000**	–
Final, proposed, of HK4 cents (2006: HK5 cents) per ordinary share	**36,000**	37,500
	54,000	45,000

The Board of Directors has announced a final dividend of HK$0.04 (2006: HK$0.05) per share for the year ended 31st December 2007 to the shareholders whose names appear on the Register of Members on 26th May 2008.

7. Earnings per share

The calculation of earnings per share is based on the profit attributable to the shareholders of the Company of HK$143,080,000 (2006: HK$121,148,000).

The basic earnings per share is based on 837,500,000 (2006: 750,000,000) weighted average number of ordinary shares in issue during the year.

The diluted earning per share for the year ended 31st December 2007 equals to the basic earning per share as there are no potential dilutive ordinary shares in issue during the year.

8. Trade receivables

The ageing analysis of the trade receivables is as follows:

	As at 31st December	
	2007	2006
	HK$'000	***HK$'000***
Within 3 months	**130,803**	117,348
4 to 6 months	**9,002**	7,004
7 to 12 months	**2,712**	537
Over 12 months	**1,750**	3,855
	144,267	128,744
Less: Provision for impairment	**(4,059)**	(3,615)
	140,208	125,129

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.

9. Trade payables

The ageing analysis of the trade payables is as follows:

	As at 31st December	
	2007	2006
	HK$'000	***HK$'000***
Within 3 months	**127,683**	106,633
4 to 6 months	**32,686**	27,283
7 to 12 months	**3,937**	6,443
Over 12 months	**6,708**	5,454
	171,014	145,813

Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the year ended 31st December 2007, the Group recorded a consolidated revenue of HK$870,711,000, an increase of 11.55% as compared with last year. Profit attributable to equity holders of the Company was HK$143,080,000, representing an increase of 18.1% as compared with last year.

During the year, international finance fluctuated and the crisis induced by the “sub-prime” in the U.S. resulted in upheaval of global capital market. Measures of macroeconomic regulation and control are brought out continuously in order to contain the growth in excessive speed. On top of that, oil price lingers on a high position, all such factors bring serious pressure to the operation of the Group. However, the Group has recorded a considerable growth by relying on the international center of processing manufacturing industry of Pearl River delta, basing on the international shipping center of Hong Kong and increasing the internal management level and operation efficiency.

The Group had issued 150 million shares in May 2007 by “Placing of Existing and Subscription of New Shares”, raised additional equity funding of approximately HK$314 million and introduced a world known fund as a shareholder of the Company. It was the first time of employment of capital of the Company since the listing in 1997. It did not only raise precious development fund, but it also improved the shareholding structure and increased the circulation of public shares. Institutional investors’ attention and confidence to the Group were increased.

During the year, the Group overcame the difficulties of increased market competition and persistent high operating costs, and recorded a greater increase in cargo volume by enhancing the cooperation with large ship companies and strengthening the marketing efforts, with container transportation volume, wharf container handling volume and volume of break bulk cargoes handled recording an increase of 27.9%, 9.4% and 23.2% respectively.

During the year, factors of appreciation of Renminbi, increased cost of labour force and the continually strong oil price had certain effect on the Group’s gross profit of the year. Cost of oil had increased HK$3,709,000 which led to a slight decrease of the Group’s gross profit of the year.

For the Group’s investment in jointly controlled entities generally maintained a considerable profit during the year, with an increase of 3.4% compared with last year, which made the profit attributable to shareholders of the Group keep growing.

1. **River trade transportation business**

Benefiting from a stable economic growth in areas covered by the industry and further improvement of the marketing network between Guangdong and Hong Kong, the Group recorded an increase in the results of various major business segments during the year. Performance statistics of our major business operations are as follows:

Indicators	**Year ended 31st December** **2007**	2006 (Revised)	Change
Import and export of shipping agencies business (voyages)	**19,222**	21,237	(9.5%)
Container transportation volume (TEU)	**818,607**	639,975	27.9%
Break bulk cargoes transportation volume (tons)	**410,627**	421,091	(2.5%)
Container handling volume (TEU)	**456,520**	417,227	9.4%
Volume of break bulk cargoes handled (tons)	**667,646**	541,820	23.2%
Volume of container hauling and trucking on land (TEU)	**146,279**	151,592	(3.5%)

2. **Investment business**

Affected by the road extension project, Guangzhou-Foshan Expressway Ltd. recorded a decrease of 4.3% in traffic volume in 2007 as compared with last year. As a result, toll income decreased by 4.9% and profit attributable to the Group decreased by 10.7%.

Foshan New Port Ltd. has been actively sourcing more types of goods for handling and the container handling volume for the year grew by 17.9% accordingly. The Group's share of profit increased substantially by 70%. Shenzhen Yantian Port Chu Kong Logistics Company Limited explored integrated logistics service and expanded its customer base. As a result, the Group's share of profit increased substantially by 58.1%. Hekong Associated Forwarding Co., Ltd returned to profit after reorganisation and contributed profit of HK$744,000 to the Group. The expansion work of Chu Kong Cargo Terminals (Beicun) Co., Ltd. was completed in October 2006 and the new container handling business has commenced full operation and recorded the trade volume of 16,904 TEU for the the year and the Group's share of profit increased substantially by 66.9%. Guangdong Sanbu Passenger and Freight Transportation Co., Ltd changed the passenger transportation business mode in Oct 2007 which suffered heavy loss, resulting in a substantial decrease in loss in the year by 13.4%.

Chu Kong Air-Sea Union Transportation Co., Ltd. ("Air-Sea Terminals"), of which 51% equity interest held by the Company, reported a significant increase in results by transforming the operating concept, exploring into new business segments and cooperating with major international logistics companies. Air-Sea Terminals posted a 1.4% and 20.4% growth in its break bulk handling volume and container handling volume respectively. Together with effective cost controls, profit attributable to the Group from Air-Sea Terminals increased by HK$4,076,000.

During the year, Guangdong Zhu Chuan Navigation Co., Ltd. built four container vessels, each with a capacity of 1,600 tons, with a total cost of RMB23,352,000, and improved the loading capacity of the fleet and further enhanced the operating efficiency and overall competitiveness.

Zhaoqing Chu Kong Cargo Terminals (Dawang) Co., Ltd. has been assisting the relevant local government departments to apply for the qualification as a category-2 port. In August 2007, Zhaoqing Chu Kong Logistics (Dawang) Co., Ltd. has obtained the approval from the People's Government of Port Office, Guangdong Province for the operation of inspection center for outbound cargo vehicles and the construction of inspection center and port has been fully commenced on 30th October 2007. The aggregate fund invested amounted to RMB60,000,000 at the end of 2007, while the inspection center for cargo vehicles is expected to be completed at the end of 2008. This company also set up a trailer team at Dawang as the control centre to gradually provide ancillary services to our inland river ports and freight forwarders offices located in Pearl River Delta, in order to furnish our customers with better door-to-door services.

On 30th March 2007, Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd. acquired certain core assets located at Gaoyao Port by auction at a consideration of RMB12,890,000. The surplus of title to the shares of Gaoyao Port acquired by auction at a consideration of RMB32,357,000 on 28th September 2007 was advantageously for the Company in further improving the ports distribution in Xi River Basin. Zhaoqing Chu Kong Logistic (Gaoyao) Co., Ltd. acquired 40% shares of Zhaoqing Province Declaration Co. (which has changed its name to Zhaoqing Province Declaration Co. Ltd.) by entering a bid at a consideration of RMB2,520,000 on 22nd February 2008.

On 13th March 2007, the Company entered into a "letter of intent for jointly construction of the Guangzhou Nansha river-sea union transportation wharf" with Nansha Assets Operation Co., Ltd.. A "strategic alliance framework agreement" was also entered into between the Company and Shenzhen Communications Bureau on 17th July 2007. Under which the two parties will form a strategic alliance and we are negotiating details of cooperation with the relevant parties at the moment.

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

Outlook

The Group maintained its growth in river transportation business and container business and enhanced its market share in the Pearl River Delta by stepping up internal control, enhancing the overall operation efficiency and service quality and upgrading the marketing network, transportation network and information network. We will continue to regulate the internal management, improve corporate governance and transparency, enlarge information system and develop new generation business system and centralized management platform. We will use the modernized information technology for the ongoing enhancement of the operational efficiency and cost reduction. Capitalising on the opportunities provided by CEPA policies and reduction in competition resulted from the retirement of state-owned operators, the Group purchased the river ports in the Pearl River Delta in a planned and strategic manner, thereby improving the Group's port network in the Pearl River Delta, providing substantial support for the river transportation business of the Group, and enhancing the integrated profitability of the Group.

The Group will also endeavour to develop other new businesses related to its core business in order to support the proper development of the existing core business, and will meanwhile try to identify new sources of business growth and further promote the business of "South China Public Feeder Service".

In light of the continuous development of PRC's economic and strengthened cooperation of Guangdong Province in different sectors while the economic are growing steadily in the area, the board of directors expects growth in river cargo transportation in 2008. As the external business environment is on an upward trend, together with the competitive advantages in the industry and the further consolidation of the internal resources of the Group, the board of directors of the Company is cautiously optimistic about the prospects of the Group in 2008.

Employees

As at 31st December 2007, the Group employed 333 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.

Purchase, sale or redemption of the Company's listed securities

The Company passed a resolution on 17th May 2007 to arrange a placing of 150 million shares at HK$2.15 per share by means of Placing of Existing Shares and Subscription of New Shares, the net proceeds raised was HK$314 million, the Company's issued shares increased to 900 million shares from 750 million shares. The percentage of shareholding of the majority shareholder Chu Kong Shipping Enterprises (Holdings) Ltd reduced to 62.5% from 75%.

Liquidity and Financial Resources

The Group monitors its circulating capital and financial resources in effort to maintain a solid financial position. As at 31st December 2007, the Group secured a total credit limit of HK$4,390,000 granted by bona fide banks.

As at 31st December 2007, the current ratio of the Group, represented by current assets to current liabilities, was 3.5 (2006: 2.5) and the debt ratio, represented by total liabilities to total assets, was 13.7% (2006: 15.4%).

As at 31st December 2007, the Group's cash and bank balances amounted to HK$672,643,000 (2006: HK$348,991,000), which represents 35.2% (2006: 24.3%) 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.

CONTINGENT LIABILITIES

As at 31st December 2007, the Company did not have any significant contingent liabilities.

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

The annual report of the Company for the year ended 31st December 2007 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 SEHK's website in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 27th May 2008 to Thursday, 29th May 2008, 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, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:00 p.m. on Monday, 26th May 2008 for registration. Final dividend will be payable on or before 20th June 2008.

REVIEW OF ANNUAL RESULTS

The Company's Audit Committee has reviewed the accounting policies and principles adopted by the Group with the management, and discussed the relevant matters such as auditing, internal controls and financial reporting. The annual results for 2007 has been reviewed by the Audit Committee.

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 annual 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 year.

APPRECIATION

Finally, the Board would like to take this opportunity to express their gratitude to the diligence and contribution of all employees of the Group and trust and support from the shareholders to the Group's development.

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, 16th April 2008