珠江船務發展有限公司
CHU KONG SHIPPING DEVELOPMENT CO., LTD.

（*Incorporate in Hong Kong with limited liability*）
(Stock Code：00560)

ANNOUNCEMENT OF 2008 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to announce to all our shareholders that Chu Kong Shipping Development Company Limited (the "Company") and its subsidiaries (the "Group") recorded a consolidated revenue for the year 2008 amounting to HK$943,325,000, up by 8.3% against the previous year. However, high oil price and decrease of the investment return from Guangzhou-Foshan expressway caused the profit attributable to equity holders down by 18.5% against last year, amounting to HK$116,632,000. Basic earnings per share was HK12.96 cents. The Board recommends a final dividend of HK3 cents per share.

The year 2008 was a year of sudden change. In spite of the double digit growth achieved in our consolidated revenue and profit attributable to equity holders for the first half of the year, the financial breakdown triggered by the US sub-prime crisis was quickly extending to the real economy. The declining external demand resulted in a sharp fall in the exports across the Pearl River Delta Region as the world's processing and manufacturing base. As we are primarily engaging in integrated logistics services in Guangdong Province and Hong Kong, the Group faced tremendous pressure to sustain business.

During the year, the Group stepped up its efforts to strengthen brand building and marketing, reinforce internal control, enhance quality of services and endeavor to explore income sources whilst reduce costs. By organizing a number of activities such as "Chu Kong Shipping's Exhibition on Shipping Logistics in Guangdong Province, Hong Kong and Macau" held at the beginning of the year, coupled with its strengths of the four major networks and its core values of "Jointly Create Fortune, Jointly Enjoy Achievements", the Company has enhanced its overall corporate image and gained recognition from the industry. In optimizing the operating procedures, enhancing the operating efficiency and improving the quality of services, the Group is transforming into an integrated operator of port and shipping logistics services. Taking this chance to consolidate the business relationships with our key customers, major shipping companies and business partners, our container transportation, being our major business, continues to grow by 4.2% over last year to 853,000TEU this year. In addition, the measures, such as our timely fuel surcharge from customers to a certain extent enabled us to mitigate the impact of soaring oil price. We successfully completed the tender in respect of the berthing spaces in Public Cargo Working Areas made by the Hong Kong government. Presently, the Group has a total of 13 berthing spaces, which greatly increases the active power of berth utilization. Cost control was also achieved through optimizing shipping routes, deploying appropriate vessels and controlling fuel consumption. In response to the changes in the financial market, the Group strengthened its liquidity to increase revenue. Having adopted various measures, it is not easy for the Group still maintaining strong and being able to achieve growth in its core business volume and consolidated revenue under such poor operating environment.

Over the years, the Group has maintained sound operations and adopted a prudent investment approach. We maintain relatively sufficient liquidity as we do not invest in any high risk financial derivative instruments. In 2008, we saw favorable opportunities to expand at low costs amid the economic crisis. According to our growth strategies and plans, the Group expanded its investment in the west coast of the Pearl River Delta Region, particularly Zhaoqing as follows: increased equity interests in Zhaoqing Kangzhou Port to become a wholly owned company; acquired land use rights at low costs to expand the port area and planned for re-construction and expansion. We acquired two parcels of land adjacent to the port area in Gaoyao Port and commenced re-construction. Gaoyao Port successfully acquired 40% equity interests in Zhaoqing City Declaration Co., Ltd. to expand related business. We actively accelerated the infrastructure development of Dawang Logistics Base and substantially completed the construction of main structures of the vehicle inspection center, integrated office building and logistics warehouse at the end of the year. These projects are expected to commence operation in the first half of 2009. We have become a controlling shareholder of Zhaoqing New Port through acquisition of equity interest. Zhaoqing New Port is one of the major river trade ports in the PRC with favorable geographical location, superior water facilities and extensive area with huge growth potentials. In early 2009, the Group successfully acquired Sihui Mafang Port in an acution. Sihui Mafang Port is adjacent to the sole resources regeneration base approved by the government of Guangdong Province, which is comparatively strong in terms of cargo source. The inclusion of the above resources in the Group's network will greatly increase the market competitiveness of the Group in Zhaoqing.

Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd., held as to 80% equity interests by the Group, was incorporated. Pursuant to the land acquisition agreement, pre-construction work for feasibility studies and seeking government approval is being carried out in respect of the development and construction of the port. The berthing space expansion in Gaoming Port is expected to complete construction in the first half of 2009.

The Group continues to drive the "Second Seaside Port" project in Southern China. As large amount of capital is invested in the river-sea union transportation ports in Guangzhou (Nansha) and Shenzhen (Da Chain Bay) and integrated logistics base, combined with the impact of the global financial tsunami, the throughput of such harbour (large terminals) was not satisfactory. The Company will re-investigate in the investment allocation and scale of the projects. However, we will continue to maintain necessary relationships with local government authorities and potential investors.

The year 2009 is a much more challenging year to the Group. The consequences of the financial crisis on the real economies remain uncertain. It will be very difficult for Mainland China to maintain growth and the container transportation volume in Pearl River Delta Region and Hong Kong is keeping a slip. However, such challenging operating conditions have enabled us to review our operating pattern and strive for reform and innovation. The Group will review the organizational management and operating structure, and further strengthen the overall planning for production and operation by unifying the relationships between the business units in accordance with professional management concept as to strive for the best synergies. The Group will also reinforce the control and integration of its core resources and monitor the production, operation and management of new project to generate production efficiencies. The Group will execute innovative systems with vitality and dynamics, increase the quality and marketing capabilities of its teams, enhance the standard of services, and utilize the expanded market share as an important means to maintain growth. The Group will implement refined management, specialize in optimizing the business procedures of core segments, improve the logistics service chain, and strengthen risk management (predominantly cash, receivables and external investment control). The Group will continue to adhere to its core value of "sharing", strengthen the cooperation with industry partners and strategic alliances, and overcome the challenges with our customers and staff.

In response to the financial crisis, the PRC government has launched measures to stimulate the economy in the sum of RMB4,000 billion, plans to revitalize the logistics industry and the Outline of Reform and Development Plan for Pearl River Delta Region. This not only expands the domestic demand and drives the development of the logistics industry, but also consolidates the position of Hong Kong as the international shipping and logistics center, and represents a historical mission to Pearl River Delta Region as the world's advanced manufacturing and modern services center. Having an established business network in the region, the Group will certainly benefit in the future.

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

Hua Honglin
Chairman

Hong Kong, 16th April 2009

ANNUAL RESULTS

The Board of Directors of Chu Kong Shipping Development Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2008, together with the comparative figures for the corresponding period in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**2008** *HK$'000*	2007 *HK$'000*
Revenue	*3*	**943,325**	870,711
Cost of services rendered	*4*	**(808,863)**	(748,188)
Gross profit		**134,462**	122,523
Other income		**9,847**	12,169
Other gains - net	*5*	**24,286**	25,238
General and administrative expenses	*4*	**(113,981)**	(104,097)
Operating profit		**54,614**	55,833
Finance income		**13,560**	21,741
Share of profits less losses of jointly controlled entities		**63,150**	75,654
Profit before income tax		**131,324**	153,228
Income tax expense	*6*	**(14,934)**	(10,342)
Profit for the year		**116,390**	142,886
Attributable to:			
Equity holders		**116,632**	143,080
Minority interests		**(242)**	(194)
		116,390	142,886
Dividends	*7*	**18,000**	54,000
Earnings per share (HK cents)	*8*		
Basic and diluted		**12.96**	17.08

CONSOLIDATED BALANCE SHEET

	Note	2008	2007
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**348,619**	254,256
Investment properties		**4,609**	4,713
Leasehold land and land use rights		**343,436**	328,756
Intangible asset – goodwill		**18,438**	17,484
Jointly controlled entities		**368,139**	407,803
Deferred income tax assets		**336**	487
		1,083,577	1,013,499
Current assets			
Trade and other receivables	*9*	**260,242**	226,536
Derivative financial instruments		**1,536**	-
Cash and bank balances		**652,251**	672,643
		914,029	899,179
Total assets		**1,997,606**	1,912,678
EQUITY			
Share capital		**90,000**	90,000
Reserves		**1,628,904**	1,522,549
Final dividend proposed		**27,000**	36,000
		1,745,904	1,648,549
Minority interests		**9,615**	2,165
Total equity		**1,755,519**	1,650,714

	Note	2008	2007
		HK$'000	HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**12,488**	5,392
Current liabilities			
Trade and other payables	*10*	**224,776**	252,781
Current income tax payables		**4,823**	3,791
		229,599	256,572
Total liabilities		**242,087**	261,964
Total equity and liabilities		**1,997,606**	1,912,678
Net current assets		**684,430**	642,607
Total assets less current liabilities		**1,768,007**	1,656,106

Notes:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments at fair values.

2. Adoption of new / revised HKFRS

The following new standards, interpretations and amendments to existing standards are mandatory for the financial year ended 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 Asset, Minimum Funding Requirements and their Interaction
HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets

The adoption of the above new interpretations and amendments to existing standards did not have material impact to the Group's principal accounting policies or presentation of financial statements.

The following new/revised standards, interpretations and amendments to existing standards which are relevant to the Group's operations, have been issued but are not effective for the year ended 31st December 2008 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
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
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation	1st January 2009
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1st July 2009
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards	1st July 2009
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1st January 2009
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations	1st January 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments	1st January 2009
HKFRS 8	Operating Segments	1st January 2009
HK(IFRIC)-Int 13	Customer Loyalty Programmes	1st July 2008
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate	1st January 2009
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation	1st October 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners	1st July 2009
HK(IFRIC)-Int 18	Transfer of Assets from Customers	1st July 2009

		Effective for accounting periods ending on or after
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Embedded Derivatives	30th June 2009

In October 2008, the HKICPA has published Improvements to HKFRS which sets out amendments to a number of HKFRS. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1st July 2009, other amendments are effective for annual periods beginning on or after 1st January 2009.

The Group has already commenced an assessment of the related impact of adopting the above new/revised standards, interpretations and amendments to existing standards to the Group but is not yet in a position to state whether they will have a significant impact on its results of operations and financial position.

3. Segment Information

(a) Business Segment

The Group and 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

(i) Revenues and Results

	Cargo transportation		Cargo handling and storage		Container hauling and trucking		Expressway operation		Eliminations		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**820,544**	751,554	**115,779**	115,901	**7,002**	3,256	**-**	-	**-**	-	**943,325**	870,711
- intersegments	**27**	73	**68,014**	70,557	**51,601**	55,685	**-**	-	**(119,642)**	(126,315)	**-**	-
Other income												
- external	**1,976**	5,467	**6,662**	5,973	**195**	-	**-**	-	**-**	-	**8,833**	11,440
- intersegments	**-**	-	**505**	505	**-**	-	**-**	-	**(505)**	(505)	**-**	-
Total	**822,547**	757,094	**190,960**	192,936	**58,798**	58,941	**-**	-	**(120,147)**	(126,820)	**952,158**	882,151
Segment results	**12,334**	6,929	**46,595**	46,113	**2,649**	8,324	**-**	-	**-**	-	**61,578**	61,366
Unallocated income											**21,507**	22,226
Unallocated expenses											**(28,471)**	(27,759)
Operating profit											**54,614**	55,833
Finance income											**13,560**	21,741
Share of profits less losses of jointly controlled entities	**1,237**	1,465	**29,322**	24,887	**1,420**	2,474	**31,171**	46,828	**-**	-	**63,150**	75,654
Profit before income tax											**131,324**	153,228
Income tax expense											**(14,934)**	(10,342)
Profit for the year											**116,390**	142,886

(ii) Assets and Liabilities

	Cargo transportation		Cargo handling and storage		Container hauling and trucking		Expressway operation		Eliminations		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**224,445**	245,475	**699,925**	581,152	**112,906**	72,064	**-**	-	**(36,197)**	(33,314)	**1,001,079**	865,377
Jointly controlled entities	**69,675**	62,621	**183,524**	193,051	**23,424**	20,819	**122,374**	176,053	**-**	-	**398,997**	452,544
Unallocated assets											**597,530**	594,757
Total assets											**1,997,606**	1,912,678
Segment liabilities	**193,098**	226,584	**33,595**	32,273	**21,604**	11,966	**-**	-	**(36,197)**	(33,314)	**212,100**	237,509
Unallocated liabilities											**29,987**	24,455
Total liabilities											**242,087**	261,964
Capital expenditure												
- allocated	**139**	6,254	**85,916**	83,868	**35,324**	14,169	**-**	-	**-**	-	**121,379**	104,291
- unallocated											**687**	127
											122,066	104,418
Depreciation and amortisation												
- allocated	**4,143**	4,307	**20,066**	18,178	**2,428**	1,603	**-**	-	**-**	-	**26,637**	24,088
- unallocated											**1,311**	1,308
											27,948	25,396
(Write-back)/ provision for impairment of trade receivables, net	**(210)**	2,379	**-**	-	**-**	-	**-**	-	**-**	-	**(210)**	2,379

(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	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**936,254**	1,169,173	**24,796**	16,201
Mainland China	**662,355**	290,961	**97,270**	88,217
	1,598,609	1,460,134	**122,066**	104,418
Jointly controlled entities	**398,997**	452,544		
	1,997,606	1,912,678		

4. Costs and expenses by nature

	2008	2007
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**7,489**	7,230
Costs of cargo transportation, handling, storage, container hauling and trucking	**650,151**	604,660
Depreciation of property, plant and equipment	**20,355**	18,062
Depreciation of investment properties	**104**	104
Operating lease rental expenses		
- vessels and barges	**91,513**	75,192
- buildings	**6,112**	8,527
- containers	**544**	752
Staff costs (including directors' emoluments)	**105,409**	102,900
Others	**41,167**	34,858
Total cost of services rendered and general and administrative expenses	**922,844**	852,285

5. Other gains – net

	2008	2007
	HK$'000	HK$'000
Exchange gains, net	**22,134**	22,493
Gain on disposal/write-off of property, plant and equipment	**216**	284
Gain on acquisition of a loan receivable	**-**	3,898
Write-back/(provision) for impairment of trade receivables, net	**210**	(2,379)
Fair value gain on derivative financial instruments	**1,536**	-
Others	**190**	942
	24,286	25,238

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 year. PRC enterprise income tax has been calculated on the estimated assessable profit for the year at the income tax rate of the PRC entities in the range from 9% to 25%.

	2008	2007
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	**7,314**	6,082
- PRC enterprise income tax	**1,377**	1,967
- (Over)/under-provisions in prior years	**(43)**	1,886
Deferred income tax	**6,286**	407
	14,934	10,342

The Group's share of income tax of jointly controlled entities of HK$12,987,000 (2007: HK$18,732,000) for the year has been included in the consolidated income statement as share of profits less losses of jointly controlled entities.

7. Dividends

	2008	2007
	HK$'000	*HK$'000*
Interim, paid, of HK2 cents (2007: HK1 cent) per ordinary share	**18,000**	9,000
Special interim, paid, of nil (2007: HK1 cent per ordinary share)	**-**	9,000
Final, proposed, of HK3 cents (2007: HK4 cents) per ordinary share	**27,000**	36,000
	45,000	54,000

The Board of Directors proposed a final dividend of HK$0.03 (2007: HK$0.04) per ordinary share for the year ended 31st December 2008 to the shareholders whose names appear on the Register of Members on 1st June 2009.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK$116,632,000 (2007: HK$143,080,000).

The basic earnings per share is based on 900,000,000 (2007: 837,500,000) weighted average number of ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31st December 2008 and 2007 is equal to the basic earnings per share as there are no potential dilutive ordinary shares in issue during both years.

9. Trade Receivables

The ageing analysis of the trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**105,896**	130,803
4 to 6 months	**4,663**	9,002
7 to 12 months	**841**	2,712
Over 12 months	**4,116**	1,750
	115,516	144,267
Less: Provision for impairment	**(3,849)**	(4,059)
	111,667	140,208

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.

10. Trade Payables

The ageing analysis of the trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**115,627**	127,683
4 to 6 months	**28,117**	32,686
7 to 12 months	**173**	3,937
Over 12 months	**1,043**	6,708
	144,960	171,014

11. Capital Commitments

	2008	2007
	HK$'000	*HK$'000*
Contracted but not provided for		
- Land use rights	**55,335**	-
- Property, plant and equipment	**70,520**	203,230
Authorised but not contracted for		
- Investments in jointly controlled entities	**-**	858
- Property, plant and equipment	**4,892**	23,441
	130,747	227,529

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

	2008	2007
	HK$'000	*HK$'000*
Contracted but not provided for	**56,790**	4,650
Authorised but not contracted for	**4,037**	67,081
	60,827	71,731

Scope of work of PricewaterhouseCoopers

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2008 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31st December 2008. 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 HKICPA 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 2008, the Group recorded a consolidated revenue of HK$943,325,000, an increase of 8.3% as compared with last year. Profit attributable to equity holders of the Group was HK$116,632,000, representing a decrease of 18.5% as compared with last year.

During the year, the US sub-prime mortgage crisis evolved into a financial crisis all over the world and extended to the real economy. Developed economies began to slow down from its glory at the beginning of the year with falling global consumption power. The global economy was suffering a setback which made enterprises in the real economies face increasingly more challenges to sustain. The Baltic Dry Index (BDI) plunged from its historical high in the middle of the year to its historical low, a decrease of over 90% in the six-month period. In addition, the rising prices of raw materials, fuels and power resulted in higher operation costs for the enterprises, questioning their ability to sustain and constraining their expansion and development. Coupled with the drastic changes of the macro-economic control measures promulgated by the PRC government, RMB appreciation, changes in export tax rebate policies and environmental policies, the Group had to face tremendous pressure in the course of operation. Nevertheless, as the PRC government subsequently promulgated a number of macro-economic policies to stabilize the economy and to create job opportunities, together with the strengthened expansion in the cooperation between Guangdong Province and Hong Kong, the Group was able to maintain growth in revenue during the year leveraging on its favorable location in Hong Kong as the global shipping center, its years of operation experience in the Pearl River Delta Region and improvement in internal management standard and operating efficiency.

During the year, the oil price spikes, withholding tax on dividend and urban land use tax levied on foreign invested enterprises in Mainland China and other rising costs factors increased the costs of production of the Group. On the other hand, the road transport and shipping prices fluctuated from boom to gloom during the year, whilst the increase in the shipping charges was limited. All these made the Group facing operations pressure and increasingly difficult to operate. Through strengthening the cooperation with major shipping companies to drive up transportation volume; coupled with our favorable resources and strengths to levy oil-surcharge by negotiating with ship-owners and customers one-by-one for increasing price which enabled the Group to increase its profit margin in spite of the rising costs of production. Accordingly, its subsidiaries recorded a slight decrease of 0.5% in net profit during the year.

During the year, our major business operations maintained steady growth. Container transportation volume and container handling volume for the year grew by 4.2% and 1.0% respectively, whilst break bulk cargoes faced an uphill battle as a result of the shift to containerization and the change in logistic flow in addition to the impacts of surrounding economies and government policies. During the year, break bulk cargoes transportation volume and break bulk cargoes handling volume fell by 19.4% and 19.1% respectively. Apart from improving our management mode to drive airfreight forwarding business, it strengthened the cooperating with airfreight forwarding agencies in Shenzhen to further develop the airport base in Shenzhen, the airfreight forwarding agency business recorded growth of 27.4%.

During the year, the investments in the Group's joint ventures were closely related to the major business operations of the Group other than expressway operation. As a result of the snowstorm at the beginning of the year, a number of government policies including the toll free "Green Lane"[1] and its expansion construction works, profit contribution of the expressway operation fell by 33.4% over last year. Like the major business operations, other investment businesses also faced the same challenges with declining gains from investment. Accordingly, the profit attributable to equity holders of the Group for the year fell by 16.5%.

1. Cargo transportation and wharf handling business

During the year, benefiting from the stable economy in the regions covered by the industry and our improving sales and marketing network in Guangdong Province and Hong Kong, we saw growth in our subsidiaries' container transportation and wharf handling business. However, owing to the macro-economic control measures promulgated by the PRC government in the first three quarters, and the cascade effect of the financial tsunami in the fourth quarter, the Group faced tremendous pressure on sustaining its operations as business volume of break bulk cargoes agency and wharf handling, shipping agency and road transportation decreased. Performance statistics of our major business operations are as follows:

	Year ended 31st December		
Indicators	**2008**	2007	Change
Container transportation volume (TEU)	**853,163**	818,607	4.2%
Container handling volume (TEU)	**461,049**	456,520	1.0%
Volume of container hauling and trucking on land (TEU)	**146,642**	146,279	0.2%
Break bulk cargoes transportation volume (tons)	**331,008**	410,627	(19.4%)
Break bulk cargoes handling volume (tons)	**539,860**	667,646	(19.1%)
Import and export of shipping agency (voyages)	**17,022**	19,222	(11.4%)

[1] "Green Lane" is specifically established by Guangdong Province for implementing the instructions from State Council and CPC Central Committee for "Comments on Promotion of Farmers' Income" and seven ministries and commissions of Traffic Department for "Construction Program of "Green Lane" for nationwide high efficient circulation of fresh agricultural products". According to this policy, the vehicles delivery the standard agricultural sideline products of fresh vegetable etc. can be toll free.

Container transportation Due to RMB appreciation, tax refund and environmental policies for the first three quarters, a number of small-sized manufacturers relocated away from the Pearl River Delta Region, resulting in considerable impact on our supply sources. In addition, many small-to-medium sized enterprises were forced to close business as a result of the financial tsunami that arose in the fourth quarter. Chu Kong Transhipment & Logistics Company Limited, which operates our major container transportation business, actively stepped up its efforts to expand the target markets. Meanwhile, it endeavored to consolidate the operational management, strengthen the control over operational procedures, enhance the standard of services, capture profitability, control operational costs, increase customers' contribution, maintain productivity growth and increase the economies of scale. During the year, the container transportation volume amounted to 853,000TEU, an increase of 4.2% as compared with last year.

The Gaoming trailer team of Zhaoqing Chu Kong Logistics (Dawang) Co., Ltd. commenced operations and achieved profitability in the first year from its commencement of operations.

Break bulk cargoes transportation Chu Kong Agency Company Limited is responsible for our break bulk cargoes transportation business. During the year, affected by the economic crisis, the break bulk cargoes transportation volume declined by 19.4%.

Wharf handling In response to the market changes, the Group made satisfactory achievement through introducing measures to accelerate and expand the development of PRC domestic trade among its operating companies. By adjusting the cargo sourcing structure, enhancing operating efficiency and capacity of berths, replenishing haulage vehicles, increasing the transportation capacity of haulage vehicles, and expanding the capacity of the terminal yard and platform, our total container handling volume slightly increased as compared with last year.

Following the reconstruction by Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd. to increase port throughput and operating efficiency, the container volume and break bulk cargoes handling volume grew by 8.0% and 460.0% respectively. During the year, the acquisition of 40% equity interests in Zhaoqing City Declaration Co., Ltd. by way of tender also generated new source of profit to Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd. The port business experienced a turnaround, generating a profit of HK$2,140,000 to the Group. Since the acquisition at the end of 2007, Zhaoqing Port has been gaining recognition in setting CKS brand in Zhaoqing, which effectively enhances our position in this region.

Due to the government polices and the financial tsunami, Chu Kong Cargo Terminals (Gaoming) Co., Ltd. handled a total of 67,000TEU of foreign trade containers for the year, representing a year-on-year decrease of 24.6%. Nevertheless, the company made timely adjustment to its operating strategies in response to the domestic market demand and strengthened the cooperation with major shipping companies. Its domestic trade container handling business achieved considerable growth. The container handling volume for domestic trade for the year rose by 88.0% over last year and revenue from container handling for domestic trade grew by 100.0%. Its port throughput recorded a historical high record with a total port container volume of 1,270,000 tons, representing a year-on-year growth of 12.0%.

Chu Kong Agency Company Limited is responsible for the operation of the Public Cargo Working Areas ("PCWA") in Hong Kong and the break bulk cargoes handling operations in the PRC ports. Its break bulk cargoes customers are predominately small-to-medium sized enterprises. During the year, the PRC government's macro-economic control measures coupled with the financial tsunami made our target customers increasingly difficult to sustain business. As a result of the development of containerization and more simplified procedures of custom clearance, coupled with the increasingly established ports in the Pearl River Delta Region, the diversion of break bulk cargoes business in Guangdong Province and Hong Kong accelerated quickly. During the year, our break bulk cargoes handling business declined by 19.1%. However, the company's management actively adjusted its market positioning and transformed from the provision of wharf handling services as its single business to the provision of integrated services related to its shipping routes. This has ultimately enabled the company to achieve its target positioning as the integrated operator of regional shipping logistics services and has enhanced the sustainable ability, thus generating a profit growth of 16.4% to the Group.

In 2008, the Hong Kong government launched a tender for the berthing spaces in PCWA from 2008 to 2011. Taking into account the existing berthing spaces, modes of partnership with business parties, rotation of schedule vessels and our internal resource integration, management formulated the proposal with care and diligence in an effort to actively pursue the tender. We successfully acquired one additional berthing space of 40m in Gin Drinkers Bay on top of securing all existing berthing spaces, and successfully switched from the berthing space of 28m in Kwun Tong to the berthing space of 48m in Gin Drinkers Bay. This has greatly increased the active power of berth utilization. The Group has a total of 13 berthing spaces in the PCWA in Hong Kong.

2. Investment business

Affected by the snowstorm at the beginning of the year and a number of toll free policies promulgated by the government such as “Green Lane”, combined with the improving surrounding road network, large-scale truck restriction in North Outer Ring Expressway, partial road closure for expansion and maintenance, and partial interchange closure for expansion, Guangzhou-Foshan Expressway Ltd. recorded a decrease of 16.1% in traffic volume in 2008 as compared with 2007. As a result, toll income fell by 20.0% and profit attributable to the Group dropped by 33.4%.

Foshan New Port Ltd. has been actively sourcing more types of goods for handling, and exploring new customers whilst retaining existing customers. The container business grew steadily with an increase in palletization business. During the year, the break bulk cargoes throughput of such company rose by 31.5% and the profit attributable to the Group grew by 40.3%.

In adherence to air-sea union transportation and logistics services and developing a diversification of terminal services, Chu Kong Air-Sea Union Transportation Company Limited (“Air-Sea Terminals”), of which 51% equity interest held by the Group, has established a sound operating pattern over seven years of growth and development. The combined modes of operations and a diversification of services have increased the confidence and trust of our customers. Profits of Air-Sea Terminals remained relatively stable, generating a profit of HK$1,874,000 to the Group.

Guangdong Zhu Chuan Navigation Co., Ltd. invested RMB16,180,000 to construct two container vessels with a capacity of 2,000 tons, which are expected to commence operation in mid 2009 . This will improve the capacity of transportation structure of the company, further increase the fleet’s operating efficiency and overall competitiveness.

Foshan Nankong Terminal Co., Ltd. maintained steady operations, its profit attributable to the Group grew by 7.8% as a result. Chu Kong Cargo Terminals (Beicun) Co., Ltd. achieved favorable results in respect of the bulk transhipment of steel export business and container import business expansion through introducing shipping companies stationed at the terminals. Profit attributable to the Group grew by 31.9% as a result. Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. achieved a turnaround profit. The exports of Chu Kong Logistics (Singapore) Pte. Ltd. for the year rose by 65.0%, resulting in a record-breaking profit attributable to the Group.

The jointly controlled entities held by the Group performed well during the year. However, since the financial crisis that arose in October, some of their operations recorded a decline, which had a significant impact on the profit for the year. The Group required each jointly controlled entity to carefully adopt appropriate measures according to the latest market conditions in order to overcome more severe challenges in 2009.

Outlook

Looking forward, as the impact of the financial tsunami on the real economies widely intensifies, the operating environment is expected to further deteriorate in 2009. Through the launch of professional operation, the Group will strengthen its internal resource sharing in terms of sales and marketing network, manpower utilization and shipping routes, so as to achieve synergies from resource sharing and division of labor, further enhance the quality of services, improve the sales and marketing network, transportation network and information network, as well as continue to consolidate and expand our market share in the Pearl River Delta Region. We will persist to monitor our internal management, enhance corporate governance and transparency; continue to accelerate the launch of central management platform and terminal management system project throughout the Group so as to increase operating efficiency and lower costs by utilizing modern information technology; continue to capture the opportunities in connection with CEPA policies and the golden opportunities arising from the lower competition due to the exit of state-owned assets. Amid such poor market sentiments, we will plan to introduce cost-effective expansion strategies for the river trade terminals in the Pearl River Delta Region with a view to further improve our terminal network in the Pearl River Delta Region, which provides strong support for enhancing the Group's profitability in the future.

The Group will also actively explore and expand other new business opportunities related to our core business to complement the smooth operation of our existing core business. In particular, as the PRC domestic market becomes increasingly significant, the Group will step up its efforts to expand the PRC domestic shipping routes related to its companies engaging in the port terminal business, providing the Group with new sources of profit growth.

Given the PRC government's measures to boost domestic demand in response to the financial tsunami, a number of major projects in Guangdong Province and Hong Kong, such as Hong Kong-Zhuhai-Macau Bridge, have made significant breakthroughs in 2008. This has further strengthened the bonding between Guangdong Province and Hong Kong where the economies in these regions will maintain at respective level. However, as the impact of the financial crisis on the real economy will emerge in 2009, whilst the economies in the US and Europe are set to suffer, the overall external operating environment is expected to deteriorate and no estimates can be made as to when the economy will recover. Accordingly, our Directors expect that the river trade transportation business in Guangdong Province and Hong Kong in 2009 will show a downward trend. Nevertheless, leverage on our industry strengths and further integration of internal resources, the Directors remain confident about the results of the Group in the year 2009.

Employees

As at 31st December 2008, the Group employed 311 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 and bonuses etc.

Post balance sheet event

(a) On 12th December 2008, the Group entered into an agreement for the acquisition of 56.46% interest in Zhaoqing New Port Co., Ltd , a company incorporated in the PRC and engaged in cargo handling and storage.

The purchase consideration and estimated fair value of share of net assets acquired amounted to approximately HK$91.8 million and HK$91.2 million respectively, resulting in a goodwill of approximately HK$0.6 million. The fair value of share of net assets shall be adjusted based on the audited net assets of Zhaoqing New Port Co., Ltd. for the year ended 31st December 2008. The goodwill can be attributable to the anticipated profitability of the business acquired. The transaction will be completed in 2009.

The Group disclosed in the circular dated 2nd January 2009 that the investment will be equity accounted for as an associate. Due to the subsequent amendments to the articles of association, the Group's rights to the investment have been changed, and it can exercise control over the financing and operating decisions of Zhaoqing New Port. Therefore Zhaoqing New Port should be accounted for as a subsidiary upon completion of the acquisition.

(b) On 9th January 2009, the Group entered into an agreement on auction sale with the auction companies to acquire the liquidated assets (mainly consisting of land use rights, buildings, machineries and equipment) in Mafang Port in the Sihui County, the PRC, at the consideration of RMB76 million (equivalent to approximately HK$86.36 million) following a successful bid at the auction held on the same day in the PRC. A new company will be established in the PRC by the Group for the purpose of owning and development of the liquidated assets.

(c) The Group obtained the remaining 25% voting power in Chu Kong (Guangdong) International Freight Forwarding Co., Ltd., a jointly controlled entity, with effect from 1st January 2009 and consequently, this company has become a subsidiary of the Company from then onwards.

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

During the year, 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 year.

Liquidity and Financial Resources

The Group keeps close track of its circulating capital and financial resources in an effort to maintain a solid financial position. As at 31st December 2008, the Group secured a total credit limit of HK$4,390,000 granted by bona fide banks.

As at 31st December 2008, the current ratio of the Group, represented by current assets to current liabilities, was 4.0 (2007: 3.5) and the debt ratio, represented by total liabilities to total assets, was 12.1% (2007: 13.7%).

As at 31st December 2008, the Group's bank balances and cash amounted to HK$652,251,000 (2007: HK$672,643,000), which represents 32.7% (2007: 35.2%) of the total assets.

After considering its cash and cash flow 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 development.

Directors' and executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or any associated corporation

At 31st December 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.

Apart from the share option scheme, at no time during the year, 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 year 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 31st December 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	617,282,000
(ii)	Guangdong Province Navigation Holdings Company Limited (GPNHCL)	617,282,000

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 31st December 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 annual report of the Company for the year ended 31st December 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 2nd June 2009 (Tuesday) to 5th June 2009 (Friday), 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 1st June 2009 (Monday) for registration. Final dividend will be payable on or before 25th June 2009.

Review by Audit Committee

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 2008 have 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 Bangming, Mr. Zhang Daowu 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 Bangming
Managing Director

Hong Kong, 16th April 2009