珠江船務企業(股份)有限公司
**Chu Kong Shipping Enterprises (Group) Co., Ltd.**
***（Incorporate in Hong Kong with limited liability）***
**(Stock Code：00560)**

# ANNOUNCEMENT OF 2014 ANNUAL RESULTS

## CHAIRMAN'S STATEMENT

On behalf of the board of directors, I am hereby to present the annual report of Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December 2014 for the shareholders' perusal.

In 2014, by following the overall goal of "improving with stability, striving for innovations", with the presence among Guangdong, Hong Kong and Macau, the Group has endeavored in marketisation, enhanced the operation professionalisation, strived for business expansions, strengthened the cost control, driven the reform and innovation. The Group has received remarkable results with expanded businesses, increased revenues and enhanced proficiencies. For the year, the Group recorded a consolidated revenue of HK$1,828,912,000, representing an increase of 12.9% over the same period last year. Profit attributable to the equity holders of the Company amounted to HK$221,268,000, representing an increase of 15.9% over the same period last year.

In 2014, the Group's operation and reform development has the following characteristics:

(1) The businesses and results of freight segment have both recorded growth. In 2014, the Group has recorded a year-on-year increase of 13.4% and 12.2% in container cargo handling volume and feeder cargo transportation volume respectively, resulting in an increase of 20.5% in profit of the freight business segment, as well as continuous growth in operating results. The Group has completed the following major works: firstly, we have established a number of professional terminals with increased efficiency and effectiveness. Zhaoqing New Port has become a basic terminal for international liner companies, Zhaoqing Gaoyao Port has become a professional terminal for importing stone, while Zhaoqing Sihui Port has been established as a professional terminal for serving Asia Metal Recycling Industry Zone (亞洲金屬再生資源工業園). Zhuhai Doumen Port has applied for the qualification of designated port, creating a new marketing model of integrating freight forwarders, international liners, and joint inspection units. By promoting professional operations, a better growth in terminal cargo handling volume has been achieved. Secondly, the Group has paid great efforts in expanding its integrated logistic projects. The Group has acquired the warehousing assets of Civet Container so as to establish our bonded logistic base in Zhuhai area, as well as our bridgehead for the Hong Kong-Zhuhai-Macau Bridge; we have also expanded our integrated projects in aircraft components warehousing, Shunda air freight projects and Cold Magic Efatar electrical appliances projects, and extended

our operation to Macau and Singapore to enhance our profitability. Thirdly, the Group has furthered its establishment of marketing network by establishing a branch in Malaysia through Chu Kong Logistics (Singapore) Pte. Limited, optimising its overseas marketing network. Sales branches were set up in Yunfu and Wuzhou, etc., to further enhance our marketing network in Pearl River Delta. Fourthly, the Group has accelerated the construction and promoted the capacity of our terminals. We have been endeavoring to receive qualification of foreign trade port for Zhongshan Huangpu Port which has entered into the final inspection stage. We have been progressively undergoing the expansion work of Gaoming Port and Sanbu Port, etc., increasing the development potential of the terminals. By improving service functions of the terminals, we have achieved steady growth in terminal throughput volume, in which the container handle volume of Gaoming Port, Sanbu Port and Heshan Port has increased 15.2%, 16.2% and 25.8% year-on-year, respectively. Fifthly, the Group has adopted new collaboration model to promote development quality. We have enhanced the cooperation between Chu Kong Transshipment & Logistics Company Limited and the terminals, achieving synergic effect, and respectively introduced four domestic liner services between Shunde Beijiao, Zhuhai Doumen, etc., and West Shenzhen Ports. Zhongshan Huangpu Port and Zhaoqing New Port have introduced various liner companies, stabilising the source of cargo.

(2) Water-way high-speed passenger transportation has achieved improvement in operation efficiency. In 2014, the Group's Guangdong-Hong Kong-Macau routes have maintained an increase in passenger volume, recording a number of 6.79 million for the Guangdong-Hong Kong passenger transportation agency, representing an increase of 4.5% year-on-year and a nine-year consecutive growth. The Group has adopted multiple measures and achieved several breakthroughs and developments in the passenger transportation business. Firstly, the routes and flights were optimised. By increasing ticketing agent business for the urban route between Shekou, Shenzhen and Hong Kong, as well as the flights of airport routes for ZhongShan and Zhuhai, the Group has increased the market share to 94.3% of the Guangdong-Hong Kong water-way high-speed passenger transportation. The increase in passenger transportation agency volume for certain routes during the year was significant, with increases in airport routes for Zhongshan and Zhuhai reaching 41.2% and 14.4% respectively, while the increases in the urban routes for Gaoming-Heshan and Shekou reaching 28.0% and 18 times respectively. Secondly, through participation in Canton Fair and promotion activities in Taiwan, our customer base and brand name were further enhanced; by collaborating with well-known theme parks and airlines, sales of ferry tickets were improved. Thirdly, we have enhanced our capacity in value-added services by introducing pre-boarding procedures and direct baggage transfer, further improving the competitiveness of the airport routes. During the year, the passenger volume of 2.756 million was achieved by Sky Pier, representing an increase of 3.3% year-on-year. Fourthly, through implementing the "tourist transportation strategy", we have commenced an all-round cooperation with Chimelong Group in Zhuhai, building an industry chain for tourist resorts, and further capitalised the advantages of the prominent position of the Zhuhai route's as a hub for the western part of the Pearl River Delta. Meanwhile, through leveraging on e-commerce platforms to continuously promote "Ganghuigou"(港匯購) as well as on-board advertising business, new income sources were also explored. By cooperating with travel agencies in Thailand, we have explored the Southeast Asian market through utilising their network advantage. Fifthly, to establish an intelligent passenger ticketing system, the ABACUS project for the Hong Kong-Macau route has gone online and B2C online booking with ship owners has been implemented while the trial run of mobile app platform "E-Ticketing" has been conducted to render a more convenient ticket buying service to the tourists, thereby enhancing our competitiveness in passenger transportation business.

(3) Results were seen in reform and innovation works. In 2014, the Group has addressed our tasks on deepening reform and developing our innovations, and has further improved the Group's energy, control and influences. Firstly, we have captured opportunities to implement our reform work. Gaoming Port has been selected by Guangdong Province SASAC as an innovation piloting enterprise. Through strengthening its management, revitalising its system, and consolidating its assessment process, Gaoming Port has achieved a record high volume with a growth of 15.2% year-on-year, and has maintained its high growth for six consecutive years. Secondly, we have persisted in technological innovation to strengthen the competitiveness of the Group. We have been proactively collaborating with ship owners to conduct the research and development work for new models of high speed passenger vessels, creating "international first-tier, industry leading, environmental friendly and comfortable" high-speed vessels, so as to reinforce our leading position in Guangdong-Hong Kong-Macau high-speed passenger transportation. We have also incubated demonstration projects, Foshan Gaoming Port has been awarded as "Demonstration Projects for Green Port Construction" (綠色示範港口建設) and Zhuhai Doumen Port has been awarded as "Model Enterprise in Manufacturing and Logistic Industry in Guangdong Province" (廣東省製造業與物流業聯動示範企業).

(4) Effective and scientific management was in place to implement orderly and standardised operation. In 2014, the Group has fortified its management and risk control, improved its control system, lowered its costs and lifted its development quality. Firstly, the Group has fulfilled the responsibility in assuring safety in operation. Nine wholly-owned and controlled cargo terminals of the Group have passed the Guangdong Province's Assessment of Safety Production Standard. During the year, no material accidents occurred in the Group. Secondly, the Group has fortified its risk control, complied strictly with the listing rules in regulating our management, improved the Group's all-rounded risk management system, and initiated special inspection on enterprise risks, timely resolved risks aroused from areas such as operation and investment. The corporate risks have been well maintained. Thirdly, the Group performed effective cost control, implemented centralised procurement and strengthened expense approval so as to effectively lower the cost on material procurement, reduce operation costs and increase profitability.

(5) The Group has been receiving continuous support from our controlling shareholder, Guangdong Province Navigation Group Co., Ltd and Chu Kong Shipping Enterprises (Holdings) Co., Ltd. (hereinafter as "the parent company"). The Group actively utilised resources, technologies and manpower advantages from the parent company to support the Group's development. Firstly, was to reinforce our development, proactively seeking support from the parent company to implement the Group's development strategies, such as the "Consolidated CKPT" strategy, "Consolidated CKTL" strategy and the strategy to develop logistics business in core terminals, to ascertain our development goal and path, and has reached a new peak in our results in 2014. Secondly, the Group has renewed the asset management agreement with the parent company, under which the Group will continue to manage the auxiliary assets relevant to the Group's businesses such as terminal logistics and high-speed passenger transportation starting from 1st July 2014. In the past three years, the assets of the parent company which have been managed by the Group were operating well, from which the Group has boosted up its competitiveness in the market.

Looking forward to 2015, although there is slow revival in global economy, we are still confident in the development of various businesses of the Group. The Group will take initiative to adapt the economic development in the "New Normal" period. By adhering to the mindset of "maintaining steady growth, avoiding risk, exploring for development and promoting harmony", with the presence among Guangdong, Hong Kong and Macau, the Group will extend along "Maritime Silk Road" through cultivating for markets and developing new growth points. By building a high quality marketisation and international platform with groundbreaking systems and mechanisms, the Group will strengthen its leading role in water-way high-speed passenger transportation in the Guangdong, Hong Kong and Macau region, and become a competitive shipping logistic service provider in the region.

In 2015, the Group will focus on the following targets: firstly, the Group will insist that development is the cardinal principle; the Group will meticulously manage its existing business and boost its growing business to ensure a steady growth in its terminal, navigation and logistic business and water-way high-speed passenger transportation business. Secondly, the Group will conduct in-depth studies on the State's policies; capitalise the opportunities from strategic "The Belt and Road Initiatives" policy, Nansha New District and Free Trade Zone, in order to seek new business opportunities. Base on the Civet Port and Nansha Bonded logistic Park which is owned by the parent company, the Group will expand the businesses in cross-border e-commerce logistics and bonded logistics, so as to transform and upgrade conventional industry. Thirdly, the Group will closely follow the new advantages in competitions and innovations, and strive to implement thoroughly the new reform missions on different aspects. The Group will stress on the strategy of driving development by innovations. With new systems and mechanisms, business models and management models etc., the Group will facilitate ship owners to upgrade high-speed ferry models and renew transport capacity in a faster pace, accelerate new projects in Tuen Mun, Hong Kong and construction of e-commerce platform to cultivate new business growth points. Fourthly, the Group will deepen strategic cooperation with large enterprises in terms of complementary advantages, exploring businesses, enhancing industry value chain, taking an active role in development and attaining a win-win situation. Fifthly, the Group will strengthen its management, adapt to new requirements from different regulatory bodies, administer our direction of investments, avoid risk from investment projects, enhance efficiency assessment on investment projects, and cast stricter controls on non-productive, non-core-business investment to ensure controllable risk exposure.

With a strong emphasis on relation with investors, the Group has always sought to ensure communications between investors and management of the Company. During the year, a number of roadshows and performance presentations were held for the institutional investors, and greeted visits by investors were warm hospitality while accurate information was disclosed according to the principles of corporate governance. I firmly believe that on-going effective communication with the investors will improve the management's transparency and the level of corporate governance of the Company, as well as continuously create value for the shareholders.

On behalf of the board of directors, I would like to give my heartfelt thanks to all shareholders, business partners as well as stakeholders for their continuous supports to the Group's development. Meanwhile, I would also like to express my sincere appreciation to all staff for their dedication.

**Liu Weiqing**
***Chairman***

Hong Kong, 19th March 2015

## ANNUAL RESULTS

The board of directors of Chu Kong Shipping Enterprises (Group) 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 2014, together with the comparative figures for the corresponding period in 2013 as follows:

### CONSOLIDATED INCOME STATEMENT
***FOR THE YEAR ENDED 31ST DECEMBER 2014***

| | *Note* | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Revenue | *3* | **1,828,912** | 1,619,279 |
| Cost of services rendered | *6* | **(1,388,794)** | (1,213,115) |
| **Gross profit** | | **440,118** | 406,164 |
| Other income | | **61,309** | 48,296 |
| Other (losses) / gains - net | *7* | **(4,482)** | 12,299 |
| General and administrative expenses | *6* | **(288,053)** | (282,195) |
| **Operating profit** | | **208,892** | 184,564 |
| Finance income | | **4,667** | 4,428 |
| Finance cost | | **(9,793)** | (11,975) |
| Share of profits less losses of joint ventures and associates | | **84,546** | 79,024 |
| **Profit before income tax** | | **288,312** | 256,041 |
| Income tax expense | *8* | **(58,377)** | (55,458) |
| **Profit for the year** | | **229,935** | 200,583 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **221,268** | 190,918 |
| Non-controlling interests | | **8,667** | 9,665 |
| | | **229,935** | 200,583 |
| **Dividends** | *9* | **72,000** | 67,500 |
| **Earnings per share (HK cents)** | *10* | | |
| Basic | | **24.59** | 21.21 |
| Diluted | | **24.59** | 20.95 |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
***FOR THE YEAR ENDED 31ST DECEMBER 2014***

| | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|
| Profit for the year | **229,935** | 200,583 |
| **Other comprehensive (loss) / income** | | |
| *Items that may be reclassified to profit or loss* | | |
| Currency translation differences | | |
| - Subsidiaries | **(2,700)** | 23,417 |
| - Joint ventures and associates | **(1,845)** | 12,342 |
| **Other comprehensive (loss) / income for the year** | **(4,545)** | 35,759 |
| **Total comprehensive income for the year** | **225,390** | 236,342 |
| **Attributable to:** | | |
| Equity holders of the Company | **217,086** | 224,138 |
| Non-controlling interests | **8,304** | 12,204 |
| | **225,390** | 236,342 |

**CONSOLIDATED BALANCE SHEET**
***AS AT 31ST DECEMBER 2014***

| | *Note* | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,530,429** | 1,368,875 |
| Investment properties | | **4,886** | 4,943 |
| Land use rights | | **533,077** | 455,597 |
| Intangible assets – goodwill | | **40,091** | 40,229 |
| Joint ventures and associates | | **564,689** | 552,185 |
| Deposits and prepayments | | **14,514** | - |
| Deferred income tax assets | | **1,685** | 2,232 |
| | | **2,689,371** | 2,424,061 |
| **Current assets** | | | |
| Trade and other receivables | *4* | **492,533** | 469,494 |
| Loans to joint ventures | | **18,908** | 22,823 |
| Cash and cash equivalents | | **533,145** | 600,969 |
| | | **1,044,586** | 1,093,286 |
| **Total assets** | | **3,733,957** | 3,517,347 |
| **EQUITY** | | | |
| Share capital | | **877,762** | 90,000 |
| Share premium | | **-** | 787,762 |
| Reserves | | **1,306,064** | 1,160,978 |
| Final dividend proposed | | **54,000** | 49,500 |
| | | **2,237,826** | 2,088,240 |
| Non-controlling interests | | **209,047** | 178,148 |
| **Total equity** | | **2,446,873** | 2,266,388 |

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **76,486** | 73,415 |
| Amount due to the non-controlling interest of a subsidiary | | **35,750** | - |
| Long term borrowings | | **136,135** | 180,877 |
| | | **248,371** | 254,292 |
| **Current liabilities** | | | |
| Trade and other payables | *5* | **626,936** | 611,464 |
| Loans from associates | | **26,467** | 26,558 |
| Amounts due to the non-controlling interests of subsidiaries | | **78,553** | 52,006 |
| Amount due to a related party | | **15,244** | 15,296 |
| Income tax payables | | **25,513** | 28,623 |
| Short term borrowings | | **100,000** | 100,000 |
| Current portion of long term borrowings | | **166,000** | 162,720 |
| | | **1,038,713** | 996,667 |
| **Total liabilities** | | **1,287,084** | 1,250,959 |
| **Total equity and liabilities** | | **3,733,957** | 3,517,347 |
| **Net current assets** | | **5,873** | 96,619 |
| **Total assets less current liabilities** | | **2,695,244** | 2,520,680 |

*Notes:*

## 1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

## 2. Principal accounting policies

### (i) Adoption of amended HKFRSs and interpretation

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2013, except that the Group has adopted the following new and amended standards issued by the HKICPA which are relevant to the Group's operations and mandatory for the financial year beginning 1st January 2014.

| | |
|---|---|
| HKAS 32 (Amendment) | Offsetting Financial Assets and Financial Liabilities |
| HKAS 36 (Amendment) | Recoverable Amount Disclosures for Non-Financial Assets |
| HKAS 39 (Amendment) | Novation of Derivatives and Continuation of Hedging Accounting |
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment) | Investment Entities |
| HK(IFRIC) – Int 21 | Levies |

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

## 2. Principal accounting policies (Continued)

### (ii) New and amended standards not yet adopted

The following new and amended standards which are relevant to the Group's operation, have been issued and are effective for annual period beginning after 1st January 2014, have not been early adopted by the Group:

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| HKFRS 9 | Financial Instruments | 1st January 2018 |
| HKFRS 11 (Amendment) | Accounting for Acquisitions of Interests in Joint Operations | 1st January 2016 |
| HKFRS 14 | Regulatory Deferral Accounts | 1st January 2016 |
| HKFRS 15 | Revenue from Contracts with Customers | 1st January 2017 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate and Joint Venture | 1st January 2016 |
| HKAS 16 and HKAS 38 (Amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation | 1st January 2016 |
| HKAS 16 and HKAS 41 (Amendments) | Agriculture: Bearer Plants | 1st January 2016 |
| HKAS 19 (2011) (Amendment) | Defined Benefits Plans: Employee Contributions | 1st July 2014 |
| HKAS 27 (Amendment) | Equity Method in Separate Financial Statements | 1st January 2016 |
| HKFRSs Amendments | Annual Improvements 2010 - 2012 Cycle | 1st July 2014 |
| HKFRSs Amendments | Annual Improvements 2011 - 2013 Cycle | 1st July 2014 |
| HKFRSs Amendments | Annual Improvements 2012 - 2014 Cycle | 1st January 2016 |

## 2. Principal accounting policies (Continued)

### (ii) New and amended standards not yet adopted

The Group will adopt the above new and amended standards as and when they become effective.

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

### (iii) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

## 3. Segment information

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

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

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

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

(iii) Passenger transportation - Passenger transportation agency services, travel agency operation and passenger carrier service

(iv) Corporate and other businesses

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

Sales between segments are carried out on terms equivalent to those that prevail with third parties. The revenue from external parties reported to the executive directors of the Company is measured in a manner consistent with that in the 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 |
|---|---|---|---|---|---|
| **Year ended 31st December 2014** | | | | | |
| Total revenue | **1,211,156** | **506,281** | **212,084** | **30,170** | **1,959,691** |
| Inter-segment revenue | **(3,378)** | **(97,231)** | **-** | **(30,170)** | **(130,779)** |
| **Revenue (from external customers)** | **1,207,778** | **409,050** | **212,084** | **-** | **1,828,912** |
| Segment profit / (loss) before income tax expense | **16,184** | **139,173** | **134,419** | **(1,464)** | **288,312** |
| Income tax expense | **(5,552)** | **(32,413)** | **(13,448)** | **(6,964)** | **(58,377)** |
| Segment profit / (loss) after income tax expense | **10,632** | **106,760** | **120,971** | **(8,428)** | **229,935** |
| Segment profit / (loss) before income tax expense includes: | | | | | |
| Share of profits less losses of joint ventures and associates | **1,648** | **36,400** | **46,490** | **8** | **84,546** |
| Finance income | **211** | **1,727** | **103** | **2,626** | **4,667** |
| Finance cost | **-** | **(2,561)** | **-** | **(7,232)** | **(9,793)** |
| Depreciation and amortisation | **(10,731)** | **(88,205)** | **(168)** | **(2,504)** | **(101,608)** |
| **Year ended 31st December 2013** | | | | | |
| Total revenue | 1,055,122 | 467,190 | 192,383 | 30,206 | 1,744,901 |
| Inter-segment revenue | (4,699) | (90,717) | - | (30,206) | (125,622) |
| **Revenue (from external customers)** | 1,050,423 | 376,473 | 192,383 | - | 1,619,279 |
| Segment profit / (loss) before income tax expense | 13,789 | 118,722 | 129,185 | (5,655) | 256,041 |
| Income tax expense | (3,112) | (31,971) | (12,744) | (7,631) | (55,458) |
| Segment profit / (loss) after income tax expense | 10,677 | 86,751 | 116,441 | (13,286) | 200,583 |
| Segment profit / (loss) before income tax expense includes: | | | | | |
| Share of profits less losses of joint ventures and associates | 1,259 | 34,188 | 44,668 | (1,091) | 79,024 |
| Finance income | 680 | 2,800 | 77 | 871 | 4,428 |
| Finance cost | - | (5,694) | - | (6,281) | (11,975) |
| Depreciation and amortisation | (8,924) | (78,923) | (167) | (1,834) | (89,848) |

## 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 31st December 2014** | | | | | | |
| **Total segment assets** | **528,832** | **2,229,012** | **628,409** | **1,517,432** | **(1,169,728)** | **3,733,957** |
| Total segment assets include: | | | | | | |
| Joint ventures and associates | **25,071** | **246,761** | **258,141** | **34,716** | **-** | **564,689** |
| Addition to non-current assets (excluding deferred income tax assets) | **37,770** | **321,714** | **15** | **6,353** | **-** | **365,852** |
| **Total segment liabilities** | **(386,817)** | **(617,453)** | **(157,220)** | **(1,295,322)** | **1,169,728** | **(1,287,084)** |
| **As at 31st December 2013** | | | | | | |
| **Total segment assets** | 510,293 | 2,043,966 | 633,301 | 1,392,047 | (1,062,260) | 3,517,347 |
| Total segment assets include: | | | | | | |
| Joint ventures and associates | 23,491 | 240,146 | 253,721 | 34,827 | - | 552,185 |
| Addition to non-current assets (excluding deferred income tax assets) | 653 | 260,047 | - | 7,918 | - | 268,618 |
| **Total segment liabilities** | (385,477) | (572,992) | (162,950) | (1,191,800) | 1,062,260 | (1,250,959) |

## 3. Segment information (Continued)

Over 90% of the Group's revenue is derived from operations carried out in Mainland China and Hong Kong and customers are located in Mainland China and Hong Kong. Geographical segment information is not presented as the directors consider that the nature of the provision of cargo and passenger transportation services, which are carried out in Mainland China and Hong Kong, preclude a meaningful allocation of operating profit to specific geographical segments.

The analysis of the Group's non-current assets by geographical location is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Non-current assets excluding joint ventures and associates and deferred income tax assets** | | |
| Hong Kong | **498,906** | 465,368 |
| Mainland China | **1,624,091** | 1,404,276 |
| | **2,122,997** | 1,869,644 |
| **Joint ventures and associates** | | |
| Hong Kong | **44,911** | 54,538 |
| Singapore | **4,799** | 3,452 |
| Mainland China | **514,979** | 494,195 |
| | **564,689** | 552,185 |
| **Deferred income tax assets** | **1,685** | 2,232 |
| | **2,689,371** | 2,424,061 |

## 4. Trade and other receivables

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

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within 3 months | **198,457** | 172,549 |
| 4 to 6 months | **10,239** | 8,163 |
| 7 to 12 months | **6,593** | 241 |
| Over 12 months | **4,080** | 4,153 |
| | **219,369** | 185,106 |
| Less: provision for impairment | **(8,056)** | (4,131) |
| | **211,313** | 180,975 |

## 5. Trade and other payables

The ageing analysis of trade payables is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within 3 months | **341,284** | 304,130 |
| 4 to 6 months | **96** | 17,604 |
| 7 to 12 months | **-** | 4,484 |
| Over 12 months | **341** | 793 |
| | **341,721** | 327,011 |

## 6. Costs and expenses by nature

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Amortisation of land use rights | **10,771** | 10,438 |
| Costs of passenger transportation, cargo transportation and cargo handling and storage (including fuel cost) | **893,719** | 772,804 |
| Depreciation of property, plant and equipment | **90,780** | 79,353 |
| Depreciation of investment properties | **57** | 57 |
| Operating lease rental expenses | | |
| - vessels and barges | **115,379** | 116,109 |
| - buildings | **26,165** | 16,954 |
| - property that generated rental income | **5,000** | 5,000 |
| Staff costs (including directors' emoluments) | **345,343** | 315,147 |
| Others | **189,633** | 179,448 |
| Total cost of services rendered and general and administrative expenses | **1,676,847** | 1,495,310 |

## 7. Other (losses) / gains – net

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Exchange (losses) / gains, net | **(798)** | 16,220 |
| Loss on write-off of property, plant and equipment | **(560)** | (4,849) |
| Gain on disposals of property, plant and equipment, net | **802** | 967 |
| Provision for impairment of trade receivables, net | **(3,926)** | (39) |
| | **(4,482)** | 12,299 |

## 8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

PRC corporate income tax has been calculated on the estimated assessable profit for the year at the income tax rate of the PRC entities of 25% (2013: 25%).

Macau profits tax has been provided at the applicable tax rate (2013: applicable tax rate) on the estimated assessable profit for the year.

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Current income tax | | |
| - Hong Kong profits tax | **19,073** | 17,407 |
| - PRC corporate income tax | **28,176** | 27,906 |
| - Macau profits tax | **2,393** | 2,432 |
| - Under provision in prior years | **1,509** | 7 |
| Deferred income tax expense | **7,226** | 7,706 |
| | **58,377** | 55,458 |

Share of income tax of joint ventures and associates for the year has been included in the consolidated income statement as share of profits less losses of joint ventures and associates.

## 9. Dividends

On 19th March 2015, the board of directors proposed a final dividend of HK6 cents (2013: HK5.5 cents) per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements.

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Interim, declared, of HK2 cents (2013: HK2 cents) per ordinary share | **18,000** | 18,000 |
| Final, proposed, of HK6 cents (2013: HK5.5 cents) per ordinary share | **54,000** | 49,500 |
| | **72,000** | 67,500 |

## 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 year.

| | **2014** | 2013 |
|---|---|---|
| Profit attributable to equity holders of the Company (HK$'000) | **221,268** | 190,918 |
| Weighted average number of ordinary shares in issue ('000) | **900,000** | 900,000 |
| Basic earnings per share (HK cents) | **24.59** | 21.21 |

**Diluted**

The potential ordinary shares in respect of the Company's outstanding warrants were anti-dilutive for the year ended 31st December 2014.The basic earnings per share for the year ended 31st December 2014 was equal to the diluted earnings per share.

Diluted earnings per share for the year ended 31st December 2013 was 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.

| | 2013 |
|---|---|
| Profit attributable to equity holders of the Company (HK$'000) | 190,918 |
| Weighted average number of ordinary shares in issue ('000) | 900,000 |
| Adjustment for warrants ('000) | 11,454 |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share ('000) | 911,454 |
| Diluted earnings per share (HK cents) | 20.95 |

**Scope of work of PricewaterhouseCoopers**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2014 as set out in the preliminary announcement 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. 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 2014, the Group recorded a consolidated revenue of HK$1,828,912,000, up by 12.9% as compared with the corresponding period last year. Profit attributable to shareholders of the Company was HK$221,268,000,000, up by 15.9% as compared with the corresponding period last year.

In 2014, the U.S. economic recovery was slow and the growth in the European market was sluggish. Under the circumstances of the "new normal" period, the Chinese economy has gradually entered a new stage of economic re-structuring and change in growth momentum. It is expected that the growth in the import and export, fixed investment and domestic demand in China will continue to slow down for a long period of time in the future, and the macro-economy will impose certain pressure on the Group's main businesses. Nevertheless, the Group will leverage on the growth and stability in the regional economy and continue to promote its business strategy constantly through intensive exploration of market segments in the future, in order to further enhance its core competitiveness.

Regarding freight business, the Group continued to capitalise on its regional leading advantages, promoted professionalised operation, and brought into full play the function of "Consolidated CKTL" platform, resulting in a stable growth of its major businesses. During the year, container transportation volume recorded an increase of 12.2%, and break bulk cargoes transportation volume experienced a slight decrease of 1.4% year-on-year. Driven by the recovery of market and the renewable resources cargoes, wharf handling and warehousing and storage businesses recorded volume growths in both import and export. Container handling volume and break bulk cargoes volume recorded an increase of 13.4% and 8.6% respectively and volume of container hauling and trucking increased by 9.5% year-on-year.

The passenger transportation business was benefited by the agency business of new routes and flights and the increase of airport routes, and a continuous growth was recorded. During the year, the total number of passengers for agency services was 6,789,000, representing a year-on- year increase of 4.5%. The number of passengers for terminal services was 7,829,000, up by 6.6% year-on- year.

The freight business contributed a profit of HK$117,392,000 to the Group, representing an increase of 20.5% as compared with last year. The passenger transportation business contributed a profit of HK$120,971,000 to the Group, representing an increase of 3.9% as compared with last year.

## 1. Freight Business

Capitalising on the advantages of its resources, the Group continued to improve its operation efficiency during the year, with increases recorded in all major business indicators.

### I. Business Operation Indicators

Performance statistics of our major business operations are as follows:

| | For the year ended 31st December | | |
|---|---|---|---|
| **Indicators** | **2014** | 2013 | Change |
| ***Cargo transportation volume*** | | | |
| Container transportation volume (TEU) | **1,305,442** | 1,163,338 | 12.2% |
| Break bulk cargoes transportation volume (revenue tons) | **341,337** | 346,120 | -1.4% |
| ***Cargo handling volume*** | | | |
| Container handling volume (TEU) | **1,305,140** | 1,150,839 | 13.4% |
| Volume of break bulk cargoes handled (revenue tons) | **1,612,638** | 1,484,629 | 8.6% |
| ***Volume of container hauling and trucking on land (TEU)*** | **224,496** | 205,006 | 9.5% |

## II. Subsidiaries

Chu Kong Transhipment & Logistics Company Limited ("CKTL") has maintained satisfactory business growth. The increase in container transportation volume was mainly contributed by renewable resource cargoes, with stable growth in liner cargo business and significant increase in domestic liner business. Break bulk cargoes transportation volume recorded a slight decline. CKTL has actively explored the business of integrated logistics, especially bulky cargo logistics and modern warehousing business. A number of new integrated logistics projects with bases in Tuen Mun Terminal, terminals in mainland and Nansha Logistics Park which is owned by the parent company were newly implemented, which included customised warehouses, distribution and delivery and warehousing insurance businesses. The integrated logistics service was also extended to Macau, which is conducive to the further expansion of CKTL business and the improvement of gross profit margin.

Regarding terminal handling business, Chu Kong Cargo Terminals (Gaoming) Co., Ltd. in Foshan recorded a continuous growth in its business. The company achieved 369,000 TEU of container handling volume during the year, representing a year-on-year increase of 15.2%, again reaching a new historical high. Growth was recorded for both the export container and renewable resource cargoes. The company continued to aggressively explore the market and re-structured the sources of goods, especially in contracting of imported goods. Active attempts were also made to engage in integrated logistics services, follow up and promote cross-border e-commerce business.

The cargo volume of Zhaoqing region encountered a year-on-year decrease which was mainly due to the negative impact as imposed by the decrease in renewable resource cargo and domestic trade containers. During the year, the terminals in Zhaoqing region recorded a container handling volume of 331,000TEU, representing a year-on-year decrease of 9.0%, whereas foreign trade container recorded a year-on-year increase of 9.1%, while domestic trade container recorded a year-on-year decrease of 29.4%. The container business of Zhaoqing New Port was shifted from traditional domestic trade to foreign trade, and benefited from the three-dimensional marketing strategy. It recorded a significant growth in foreign trade container handling volume, up by 11.1% year-on-year, however there was a year-on-year decrease of 19.2% in domestic trade container handling volume. Zhaoqing Gaoyao Port recorded a slight decrease in container handling volume, which was mainly due to a decline recorded in stone cargo and ceramics cargo containers. The increase in renewable resources cargo containers at Zhaoqing Sihui Port contributed to a growth of 12.7% in terminal container handling volume. Affected by land transportation overloading prevention measures, Kangzhou Port recorded a relatively significant decrease in domestic trade business, with a decrease in foreign trade cargo handling volume of middle density fiber, resulting in a decline of 37.6% in the overall container handling volume.

Although local policies and fluctuations in cargo volume of major customers was hurting the container volume of terminals within Zhuhai region, the two terminals in the region, i.e. CKS Container Terminal (Zhuhai Doumen) Co., Ltd. and Civet (Zhuhai Bonded Area) Logistics Company Limited, progressed well in professional terminals and integrated logistics services, respectively. The two terminals completed 171,000 TEU of container handling volume in aggregate, representing a year-on- year decrease of 2.5%. In particular, Doumen Port completed 63,000 TEU of container handling volume, down by 15.6% year- on-year. On the foundation of factory trade customers, the terminal will consistently strive to explore new customers while maintaining existing customers, and will seek for several competitive large shipping companies on the routes in Europe and the U.S. to make Doumen Port as the basic port and container return point. The terminal has secured the qualification of a designated port to import food in 2014, and has become the sole designated port to import food in the Zhuhai region. Civet Port completed 108,000 TEU of container handling volume, an increase of 7.4% year-on-year. Civet Port is the Group's key location for the deployment of port logistics industry in Zhuhai. With the completion of the acquisition of the warehousing land with a site area of over 100,000 square meters in 2014, the Group will accelerate the construction project on the newly-acquired warehousing land, and will develop Civet Port to become the integrated logistics center in the Zhuhai region and the bridgehead of Hong Kong-Zhuhai-Macau Bridge.

Since the resumption of service, factory-trade cargoes and renewable resources cargo of Qingyuan Port continued to grow, recording 18,000 TEU of container handling volume during the year with an increase of 2.8 times year-on-year, out of which the handling volume for foreign trade increased 5.5 times. As the sole foreign trade port in the Qingyuan region, the terminal's advantages are obvious. Qingyuan Port will continue to focus on maintaining and consolidating existing customers, optimise freight schedule and routes and concentrate its efforts in developing the route for large shipping companies to boost cargo volume.

Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd. formally started its trial operation period at end of March 2014 and has successfully obtained the qualification of category-2 port. The terminal has consistently expanded its markets, and has successfully introduced a number of domestic trade barge companies, resulting in growth of the terminal's container volume. It has also actively undertaken break bulk cargo transportation business, achieving domestic trade container handling volume of 22,000 TEU and break bulk cargo of 57,000 tons during the year.

Chu Kong Air-Sea Union Transportation Company Limited aggressively developed new business and actively explored the combined mode of air-sea transportation. The port has reached an intention of cooperation with the airport cargo terminal to launch a super-link project, water-way route between the Marine Cargo Terminal and Nansha New Port, which will further solidify the Nansha strategy and deepen the cooperation with Nansha Port, and is expected to have a positive impact on the container volume. In the future, the super link project between the Marine Cargo Terminal and Zhuhai West Terminal will also be launched. During the year, the terminal recorded a slight decrease of 3.2% and 9.8% in container and break bulk cargo handling volume respectively.

## III. Investment in Joint Ventures and Associates

The performance of the operating businesses of our joint ventures and associates are mixed. During the year, there was a continuous growth in the results of the factory-trade goods and renewable resource cargo at the terminals in the Jiangmen region, which included Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. A total of container handling volume of 165,000 TEU was recorded, representing a year-on-year increase of 19.3%. Among which, Sanbu Port achieved a year-on-year increase of 16.2% for container handling volume. Heshan Port re-commenced its renewable resource business, vigorously expanded the domestic trade business, and succeeded in turning its results from loss to profit, the profit attributable to the Group recorded HK$3,570,000, a significant year-on-year increase. During the year, container volume at the four terminals in the Foshan region, namely Foshan New Port Ltd., Foshan Nankong Terminal Co., Ltd., Chu Kong Cargo Terminals (Beicun) Co., Ltd. and Sanshui Sangang Containers Wharf Co., Ltd., achieved the container handling volume of 485,000 TEU in aggregate, representing a year-on-year decrease of 9.8%. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 369,000 TEU, representing a year-on-year decrease of 6.8%.

In respect of freight business, the joint ventures and associates contributed a profit of HK$38,048,000 to the Group, representing an increase of 7.3%.

## 2. Passenger Transportation Business

Due to increased number of routes for ticket agency services, the passenger transportation business of the Group continued to see a stable growth. During the year, the total number of passengers for agency services of Chu Kong Passenger Transport Company Limited ("CKPT") was 6,789,000, representing a year-on- year increase of 4.5%. The newly added ticket agency service for the urban route of Shekou, Shenzhen showed a stable growth in the number of passengers for agency services. During the year, the flights for airport routes continued to increase and the flight schedules were optimised, with 2,072,000 passengers recorded for agency services, representing a year-on-year increase of 7.1%. The number of passengers for terminal services recorded 7,829,000, representing a year-on- year increase of 6.6%. Benefited from lower oil prices, the overall profit contribution by passenger transportation business continued to grow, with a profit of HK$120,971,000 during the year, representing a year-on-year increase of 3.9%.

CKPT constantly applied innovative management models and consolidated its advantages of urban routes and airport routes. During the year, due to the newly added ticket agency service for the urban route of Shekou, Shenzhen, the market share of the Group in water-way high-speed passenger transportation increased to 94.3%, which was almost whole coverage in water-way high-speed passenger transportation ticket agency services between Hong Kong and Guangdong. CKPT developed the airport route business aggressively through continuous improvement of its competitiveness in air-sea transportation service, especially the airport routes in Zhuhai and Zhongshan which have become more and more mature. Along with the increase in number of flights, services like pre-boarding procedures and direct baggage transfer continued to improve and boosted a significant increase in the number of passenger tickets sales for agency services with the airport routes in Zhongshan and Zhuhai by 41.2% and 14.4% respectively during the year. CKPT actively promoted the strategy of "tourism passenger transportation" by commencing full range cooperation with well-known theme parks during the year, with a view to diversify its products and boost the number of passengers for the routes in Zhuhai. CKPT strengthened the construction of information technology in order to enhance sales and marketing tools by upgrading the third-generation management system for ticket agency, improving ticketing program on mobile phones and establishing an official public platform on WeChat. These can continuously improve its service quality and to enhance the brand influence. CKPT also strengthened market development and seek for overseas business growth through overseas marketing and the expansion of tourism passenger transportation network.

### I. Business Operation Indicators

Performance statistics of the major business operations are as follows:

| | For the year ended 31st December<br>Number of Passengers (in thousands) | | |
|---|---|---|---|
| **Indicators** | **2014** | 2013 | Change |
| Number of passengers for agency services | **6,789** | 6,494 | 4.5% |
| Number of passengers for terminal services | **7,829** | 7,346 | 6.6% |

## II. Investment in Joint Ventures and Associates of CKPT

Benefiting from increased airport flights in mainland ports during the year, Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited) witnessed an increase in the number of passengers for terminal services. During the year, the number of passengers of Skypier was 2,756,000, representing a year-on-year increase of 3.3%. Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. ("Shunde Passenger Terminal") and Zhongshan–Hong Kong Passenger Shipping Co-op Co. Ltd. ("Zhongshan Passenger Terminal") have made initiatives to adjust their marketing and operation strategies and optimise flight routes. As a result, the number of passengers of Hong Kong urban routes has remained stable, and the number of passengers of Hong Kong Airport routes recorded a significant increase with rising revenue steadily. During the year, Shunde Passenger Terminal contributed a year-on-year increase of 30.3% in profit to the Group while Zhongshan Passenger Terminal contributed a year-on-year decrease of 9.3% due to adjust price structure.

The joint ventures and associates in respect of on passenger transportation business contributed a profit of HK$46,490,000 to the Group, representing an increase of 4.1%.

## 3. Other Businesses

During the year, the businesses of other subsidiaries, joint ventures and associates of the Group progressed well and experienced no unusual matters.

**Employees**

As at 31st December 2014, the Group employed 465 employees in Hong Kong and remunerated its employees according to the duty of their positions and market conditions. For the year 2014, the staff costs amounted to HK$345,343,000, such costs included basic salaries and staff benefits such as discretionary bonus, medical and insurance plans, pension scheme etc..

**Liquidity, Financial Resources and Capital Structure**

The Group keeps close track of its working capital and financial resources in an effort to maintain a solid financial position. As at 31st December 2014, the Group secured a total credit limit of HK$745,000,000 and RMB100,000,000 (equivalent to approximately HK$126,759,000) granted by bona fide banks.

As at 31st December 2014, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.0 (2013: 1.1) and the debt ratio, representing total liabilities divided by total assets, was 34.5% (2013: 35.6 %).

As at 31st December 2014, the Group’s cash and cash equivalents amount to HK$533,145,000 (2013: HK$600,969,000), which represents 14.3% (2013: 17.1%) of the total assets.

As at 31st December 2014, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 14.1% (2013: 16.4%).

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.

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

**Bank Loan and Pledge of Assets**

| Bank Loan | As at 31st December 2014 | As at 31st December 2013 |
|---|---|---|
| **Bank located in Hong Kong (Note 1)** | | |
| - Hong Kong Dollar | **370,000,000** | 380,000,000 |
| **Banks located in China (Note 2)** | | |
| - Renminbi | **25,351,000** | 50,000,000 |
| | **(equivalent to approximately HK$32,135,000)** | (equivalent to approximately HK$63,597,000) |

Note:

1. The bank loan in Hong Kong was bearing floating interest rate and unsecured.
2. The bank loan in China was bearing floating interest rate and secured by land use right of Zhongshan Huangpu Port in 2014. 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 in 2013.

**Exchange Risk**

Currently, the ordinary operations and investments 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 and repayments of the loans of the Group denominated in RMB incurred in Mainland China. 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 year ended 31st December 2014.

**Significant Investment**

Save as disclosed above, there was no significant investment held by the Group as at 31st December 2014.

**Contingent Liabilities**

As at 31st December 2014, the Group had no material contingent liabilities.

**Directors' and Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation**

At 31st December 2014, the Company has not been notified of any interests and short positions of the directors and executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are deemed or taken to have under such provisions of the SFO); or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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 2014, 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 Group Company Limited ("GNG") | 648,218,000 |

CKSE is wholly owned by GNG. 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 2014 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 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.

**Warrants**

The placing of warrants, which was completed on 13th June 2013 (as disclosed in the announcement of even date), expired on 12th June 2014, and no placees had exercised the warrants during the relevant period.

**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 2014 containing all the information required by paragraphs 45(1) to 45(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.

**Annual General Meeting ("AGM")**

The AGM is to be held on 21st May 2015 and the notice of the AGM will be published and dispatched to the shareholders of the Company with the prescribed time and in such manner as required by the Listing Rules.

**Final dividend**

The board of directors proposed the payment of a final dividend of HK6 cents per ordinary share for the year ended 31st December 2014, subject to approval by shareholders at the AGM.

**Closure of Register of Members**

The register of members will be closed on 21st May 2015 (Thursday), during which no transfer of shares will be effected. In order to ascertain shareholders' rights for the purpose of attending and voting at the AGM to be held on 21st May 2015 (Thursday), all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 20th May 2015 (Wednesday) for registration.

The register of members will be closed from 4th June 2015 (Thursday) to 5th June 2015 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 3rd June 2015 (Wednesday) for registration. Final dividend will be payable on or before 30th June 2015.

**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 2014 have been reviewed by the Audit Committee.

**Corporate Governance**

The directors of the Company have adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "Code") under Appendix 14 of the Listing Rules. The directors consider that, the Company has complied fully with all applicable Code for the year ended 31st December 2014 except that Mr. Chan Kay-cheung and Ms. Yau Lai Man have served as such independent non-executive directors for over nine years, but the Company believes that Mr. Chan and Ms. Yau can independently express opinions on matters of the Company and therefore his/her independence is confirmed.

In the future, the Company will also adopt more Recommended Best Practices according to actual needs, so as to further enhance the level of corporate governance.

The details of the principles and procedures related to the corporate governance of the Company will be published in 2014 Annual Report.

**Directors' and Employees' Securities Transactions**

The Company has adopted a model code of conduct 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 as its code of conduct of directors conducting securities transactions. 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 in relation to such transactions for the year ended 31st December 2014.

The Company has also formulated written guidelines regarding the securities transactions of the employees of the Company that may expose to inside information. The requirements of the written guidelines are no less exacting than those set out in the Model Code. The Company recorded no non-compliance events during 2014.

## Directors

The Company is not aware of any change in the information of directors of the Company required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since the date of the 2014 Interim Report.

As at the date of this announcement, the Company's executive directors include Mr. Xiong Gebing, Mr. Zeng He and Mr. Cheng Jie; non-executive directors include Mr. Liu Weiqing, Mr. Hu Jiahong and Mr. Zhang Lei; and independent non-executive directors include Mr. Chan Kay-cheung, Ms. Yau Lai Man and Mr. Chow Bing Sing.

## 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.

By Order of the Board
**Xiong Gebing**
*Managing Director*

Hong Kong, 19th March 2015