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 2015 ANNUAL RESULTS

CHAIRMAN’S STATEMENT

On behalf of the board of directors, I hereby present the annual results of Chu Kong Shipping Enterprises (Group) Company Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31st December 2015 for the shareholders’ perusal.

In 2015, China’s economic development entered into a new normal state, and the management of the Group diligently implemented the decisions put forth by the board of directors, strove to promote enterprise development, actively implemented transformation and upgrading, completed all key works planned at the beginning of the year, and achieved a growth in operation result. For the year, the Group recorded a consolidated revenue of HK$1,922,280,000, representing an increase of 5.1% as compared with last year. Profit attributable to the equity holders of the Company amounted to HK$232,362,000, representing an increase of 5.0% as compared with last year.

In 2015, the Group achieved a breakthrough in its results, as well as its freight and passenger transportation businesses:

(I) Terminal navigation logistics business continued to expand. In 2015, there was a significant drop in total export and import volume of foreign trade in Guangdong and also the throughput volume in Hong Kong, but the Group achieved a container handling volume of 1,366,000 TEU, representing a year-on-year increase of 4.7% and a container transportation volume of 1,378,000 TEU, representing a year-on-year increase of 5.6%. This result significantly out-performed the market norm. For terminal operation, the Group actively proceeded with the following tasks: firstly, it promoted its professional operation and re-structured cargo sources to differentiate itself from competitors. Through optimising the cargo sources structure, both volume and price rose at many terminals. By upgrading the facilities in the terminal and improving custom clearance efficiency, Gaoming Port continued to achieve a growth in net profit at a pace that was higher than revenue growth. Heshan Port recorded a substantial increase in renewable resources cargo due to its aggressive expansion in cargo sources channels. Sihui Port recorded an increase of 14.4% in factory export trade cargo by developing the surrounding cargo sources. Civet Port actively introduced new freight forwarders and optimised the cargo sources structure. Through promoting the domestic feeder business for foreign trade and making efforts in developing the ceramics export business, Sanbu Port recorded an increase of 57.3% in ceramics tiles container handling volume. Secondly, the Group actively developed an integrated logistics structure and expanded its oversea markets. Chu Kong Transhipment & Logistics Company Limited (“CKTL”) recorded a significant increase in gross profit through upgrading its warehouses, introducing high value cargoes such as duty free liquor & tobacco and aircraft engineering parts. Meanwhile, it actively explored and participated in numerous large-scale integrated logistics projects and break bulk cargo business, and completed an one-stop logistics solution on integrated transportation and handling for locomotives, over 1,300 ultra-large infrastructure cement bridge components and a total of 60 sets of large-sized aircraft boarding bridges from two boarding bridge manufacturers. The Group coordinated the resources of CKTL and Nansha Logistics Park, attracted cross-border e-commerce business through its two logistics paths "Hong Kong-Nansha Water-way Express" and "Green Fast Land-way Express"; made Qingyuan Port as the only outpost of renewable resources cargoes in Nansha and set up the "Qingyuan to Nansha" express service. In addition, the Group actively explored the overseas markets. In March 2015, the newly established freight forwarder company in Malaysia commenced its operation and created a new platform of regional cooperation and business linkage with the freight forwarder company in Singapore. Thirdly, the Group actively set up cross-border e-commerce business in Nansha, seized opportunities, explored business opportunities, actively implemented the Nansha strategy, cooperated to push forward the construction of Nansha Logistics Park project, kicked off the "Internet +" e-commerce platform strategy, and carried out in-depth integration through the interaction of online and offline. Fourthly, the Group developed an innovative mechanism to promote diversified-ownership reform. It facilitated the pilot enterprises for diversified-ownership reform in Gaoming Port. Civet Port in Zhuhai introduced strategic partners through capital injection, upgraded its warehouses and enlarged its container yard to enhance its competitiveness.

(II) Water-way high-speed passenger transportation has reached a new peak in its total profit contributions. In 2015, for water-way high-speed passenger transportation, the Group actively carried out the following works: Firstly, it adjusted its route resources and increased overall efficiency. Lianhuashan Port successfully restored the airport route and added extra flights. It promoted the cooperation program with Nansha and actively adjusted intermediate ports, earning a higher share of the revenue generated. At the same time, it continued to implement "land-water transshipment" strategy and stabilised the customer base in Jiangmen, Doumen, Gaoming, Heshan and other regions. Secondly, it met the needs in transformation and cultivated local markets in an in-depth manner. By giving full play to the platform role of Fortune Ferry, a custody company, it continued to develop local businesses, including the Victoria Harbour Tour, enhanced its cooperation with Connect Media in advertising business and conducted tourist shuttle services with Ngong Ping 360. Thirdly, it leveraged on its platform advantage, deepened the cooperation with ship owners and strengthened market expansion. It established platforms through marketing promotion in Guiyang-Guangzhou High-speed Railway Conference and airlines service fraternity gatherings to further improve market influence. Fourthly, it enhanced brand recognition by elevating service experience. Chu Kong High-Speed Ferry Company Limited coordinated with ship owners for management training to improve the quality of pre-boarding and direct baggage transfer services. A number of ticket promotion activities were conducted in Hong Kong-Macau routes via Facebook, WeChat and mobile apps. At the same time, through means such as cooperation with airlines, travel agencies and Macau Government Tourist Office and participation in overseas tourism exhibitions, it developed its overseas customer base, increased sales channels and consolidated cooperative relationships. Fifthly, the Group's e-commerce platform "HEMA-WANG" project was progressing smoothly. With on-line tour as a breakthrough, through mass funding lottery drawing, customers are being attracted. In addition, the facilitation of using public WeChat ID of Chu Kong Passenger Transport Company Limited and the mobile apps of CotaiJet had not only improved transaction convenience, but also further enhanced service quality.

In May 2015, the Company succeeded in completing the placing of 180,000,000 shares, and raised a total of approximately HK$460,000,000. This successful capital raising had enlarged the size of the Company, enriching its capital for development, improving awareness about the Company and enhancing the long-term competitiveness of the Company. The Group will consistently and actively facilitate its project development and consolidate the core competitiveness of its passenger and freight business, so as to generate long-term returns for its shareholders.

Looking forward to 2016, the Group will take transformation and upgrading as well as reform and innovation as its base, using projects as the leverage, market as the guide and customers as the focus, attaching great importance to benefits and efficiency, reinforcing synergy, integrating resources, developing innovative products, deepening reform, perfecting procedures and improving services, to continue improving its corporate core competitiveness and promote the Group's sustained development in order to leap forward to a new era.

The Group will focus on the following works: firstly, it will promote development with innovation with an aim to accelerate logistic sector transformation and upgrading. Terminal navigation logistics will take scale clustering as its main development direction with extension to both ends to create a new business format and enhance the overall competitiveness of terminal navigation logistics. It will formulate terminal synergistic and complementary effects through deepening resource integration in "super logistics" and consolidation of the regions management model; improve the flow processes by process standardisation and sophistication in order to raise the resource utilisation rate. Meanwhile, more efforts will be put toward promoting integrated logistics, creating new business opportunities up the industry value chain and develop new economic growth drivers by leveraging on CKTL's platform, establishing foothold in Tuen Mun wharf and warehouse, logistics park in Nansha, Civet Port in Zhuhai, and strive to become a competitive shipping logistics service provider around the Guangdong-Hong Kong-Macau area. Secondly, high-speed passenger transportation will take structural adjustment and cultivate new projects as entry point, strengthen management output and drive the transformation and upgrading in high-speed passenger transportation segment by new projects. It will also put more effort on business promotion and marketing to create in-depth cooperation between passenger transportation and tourism businesses; and take advantage of the e-commerce platform "HEMA-WANG" to improve the service standard. The Group will facilitate ship owners to speed up replacing transportation capacity with high-speed ferries in new material; maintain sound operation of Fortune Ferry business and upgrade "Victoria Harbour Tour" services. Thirdly, it will develop good projects through mergers and acquisitions to make its core businesses stronger and better.

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. The Company greeted investors warmly and shared information according to the principles of corporate governance. I firmly believe that ongoing 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 support to the Company's development. Meanwhile, I would also like to express my sincere appreciation to all staff for their dedication.

Xiong Gebing
Chairman

Hong Kong, 29th March 2016

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 2015, together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**1,922,280**	1,828,912
Cost of services rendered	*6*	**(1,478,244)**	(1,388,794)
Gross profit		**444,036**	440,118
Other income		**68,472**	61,309
Other losses - net	*7*	**(8,254)**	(4,482)
General and administrative expenses	*6*	**(304,917)**	(288,053)
Operating profit		**199,337**	208,892
Finance income		**8,438**	4,667
Finance cost		**(10,484)**	(9,793)
Share of profits less losses of joint ventures and associates		**95,410**	84,546
Profit before income tax		**292,701**	288,312
Income tax expense	*8*	**(54,860)**	(58,377)
Profit for the year		**237,841**	229,935
Attributable to:			
Equity holders of the Company		**232,362**	221,268
Non-controlling interests		**5,479**	8,667
		237,841	229,935
Earnings per share (HK cents)	*10*		
Basic		**23.01**	24.59
Diluted		**23.01**	24.59

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2015

	2015	2014
	HK$'000	HK$'000
Profit for the year	**237,841**	229,935
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences		
- Subsidiaries	**(100,395)**	(2,700)
- Joint ventures and associates	**(33,274)**	(1,845)
Other comprehensive loss for the year	**(133,669)**	(4,545)
Total comprehensive income for the year	**104,172**	225,390
Attributable to:		
Equity holders of the Company	**106,084**	217,086
Non-controlling interests	**(1,912)**	8,304
	104,172	225,390

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,438,349**	1,530,429
Investment properties		**4,829**	4,886
Land use rights		**489,787**	533,077
Intangible assets – goodwill		**37,751**	40,091
Joint ventures and associates		**589,797**	564,689
Deposits and prepayments		**19,484**	14,514
Deferred income tax assets		**1,364**	1,685
		2,581,361	2,689,371
Current assets			
Trade and other receivables	*4*	**565,113**	492,533
Loans to joint ventures		**17,805**	18,908
Cash and cash equivalents		**859,013**	533,145
		1,441,931	1,044,586
Total assets		**4,023,292**	3,733,957
EQUITY			
Share capital		**1,333,171**	877,762
Reserves		**1,373,411**	1,360,064
		2,706,582	2,237,826
Non-controlling interests		**217,979**	209,047
Total equity		**2,924,561**	2,446,873

	Note	2015	2014
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**81,511**	76,486
Deferred income		**7,657**	-
Amount due to the non-controlling interest of a subsidiary		**38,013**	35,750
Long term borrowings		**51,722**	136,135
		178,903	248,371
Current liabilities			
Trade and other payables	*5*	**599,766**	626,936
Loans from associates		**24,922**	26,467
Amounts due to the non-controlling interests of subsidiaries		**75,700**	78,553
Amount due to a related party		**14,354**	15,244
Income tax payables		**20,118**	25,513
Short term borrowings		**75,000**	100,000
Current portion of long term borrowings		**109,968**	166,000
		919,828	1,038,713
Total liabilities		**1,098,731**	1,287,084
Total equity and liabilities		**4,023,292**	3,733,957

Notes:

1. Statement of compliance

The financial information relating to the years ended 31st December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December 2014 to the Registrar of Companies as required by section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31st December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2014, except that the Group has adopted the following amended standards and interpretation issued by the HKICPA which are relevant to the Group's operations and mandatory for the financial year beginning on or after 1st January 2015.

Annual Improvements Project	Annual Improvements 2010 - 2012 Cycle
Annual Improvements Project	Annual Improvements 2011 - 2013 Cycle
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions

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 2015, have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2012 - 2014 Cycle	1st January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1st January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1st January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1st January 2016
HKFRS 10, and HKAS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 15	Revenue from Contracts with Customers	1st January 2018

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.

3. Revenue and segment information

Revenue consists of sales from cargo transportation, cargo handling and storage, and passenger transportation.

	2015	2014
	HK$'000	HK$'000
Cargo transportation	**1,284,534**	1,207,778
Cargo handling and storage	**436,389**	409,050
Passenger transportation	**201,357**	212,084
	1,922,280	1,828,912

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 consider the business from service perspectives and assess 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. Revenue and 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 2015					
Total revenue	**1,289,001**	**530,414**	**201,357**	**30,124**	**2,050,896**
Inter-segment revenue	**(4,467)**	**(94,025)**	**-**	**(30,124)**	**(128,616)**
Revenue (from external customers)	**1,284,534**	**436,389**	**201,357**	**-**	**1,922,280**
Segment profit / (loss) before income tax expense	**9,979**	**138,098**	**145,180**	**(556)**	**292,701**
Income tax expense	**(4,186)**	**(32,436)**	**(12,638)**	**(5,600)**	**(54,860)**
Segment profit / (loss) after income tax expense	**5,793**	**105,662**	**132,542**	**(6,156)**	**237,841**
Segment profit / (loss) before income tax expense includes:					
Share of profits less losses of joint ventures and associates	**2,021**	**32,519**	**60,858**	**12**	**95,410**
Finance income	**269**	**673**	**107**	**7,389**	**8,438**
Finance cost	**-**	**(4,895)**	**-**	**(5,589)**	**(10,484)**
Depreciation and amortisation	**(11,141)**	**(92,687)**	**(131)**	**(3,288)**	**(107,247)**
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)

3. Revenue and 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 2015						
Total segment assets	**547,600**	**2,167,057**	**576,122**	**1,913,621**	**(1,181,108)**	**4,023,292**
Total segment assets include:						
Joint ventures and associates	**26,115**	**237,269**	**293,711**	**32,702**	**-**	**589,797**
Addition to non-current assets (excluding deferred income tax assets)	**4,211**	**75,832**	**667**	**1,251**	**-**	**81,961**
Total segment liabilities	**(419,437)**	**(653,344)**	**(106,622)**	**(1,100,436)**	**1,181,108**	**(1,098,731)**
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)

3. Revenue and 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:

	2015	2014
	HK$'000	HK$'000
Non-current assets excluding joint ventures and associates and deferred income tax assets		
Hong Kong	**479,167**	498,906
Mainland China	**1,511,033**	1,624,091
	1,990,200	2,122,997
Joint ventures and associates		
Hong Kong	**54,206**	44,911
Singapore	**6,443**	4,799
Mainland China	**529,148**	514,979
	589,797	564,689
Deferred income tax assets	**1,364**	1,685
	2,581,361	2,689,371

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:

	2015	2014
	HK$'000	HK$'000
Within 3 months	228,787	198,457
4 to 6 months	28,151	10,239
7 to 12 months	2,633	6,593
Over 12 months	4,728	4,080
	264,299	219,369
Less: provision for impairment	(5,107)	(8,056)
	259,192	211,313

Trade receivables that are less than three months past due are not considered impaired. As of 31st December 2015, trade receivables of HK$30,404,000 (2014: HK$12,856,000) were past due but not impaired. Fully performing receivables and balances that are past due but not impaired relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of past due but not impaired trade receivables is as follows:

	2015	2014
	HK$'000	HK$'000
Up to 3 months	28,151	9,918
4 to 6 months	1,924	2,651
Over 6 months	329	287
	30,404	12,856

4. Trade and other receivables (Continued)

As of 31st December 2015, trade receivables of HK$5,107,000 (2014: HK$8,056,000) were impaired and have been fully provided for. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult economic situations or have defaulted on payments. The ageing of these receivables is as follows:

	2015	2014
	HK$'000	HK$'000
Up to 3 months	**-**	322
4 to 6 months	**709**	3,941
Over 6 months	**4,398**	3,793
	5,107	8,056

5. Trade and other payables

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

	2015	2014
	HK$'000	HK$'000
Within 3 months	**308,819**	341,284
4 to 6 months	**724**	96
7 to 12 months	**172**	-
Over 12 months	**11**	341
	309,726	341,721

6. Costs and expenses by nature

	2015	2014
	HK$'000	HK$'000
Amortisation of land use rights	**12,458**	10,771
Costs of passenger transportation, cargo transportation and cargo handling and storage (including fuel cost)	**949,767**	893,719
Depreciation of property, plant and equipment	**94,732**	90,780
Depreciation of investment properties	**57**	57
Operating lease rental expenses		
- vessels and barges	**120,664**	115,379
- buildings	**33,681**	26,165
- properties that generated rental income	**6,794**	5,000
Staff costs (including directors' emoluments)	**370,953**	345,343
Others	**194,055**	189,633
Total cost of services rendered and general and administrative expenses	**1,783,161**	1,676,847

7. Other losses – net

	2015	2014
	HK$'000	HK$'000
Exchange losses, net	**(11,340)**	(798)
Loss on write-off of property, plant and equipment	**(199)**	(560)
Gain on disposals of property, plant and equipment, net	**932**	802
Reversal / (provision) for impairment of trade receivables, net	**2,353**	(3,926)
	(8,254)	(4,482)

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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% (2014: 25%).

Macau profits tax has been provided at the applicable tax rate (2014: applicable tax rate) on the estimated assessable profit for the year.

	2015	2014
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**17,879**	19,073
- PRC corporate income tax	**27,102**	28,176
- Macau profits tax	**2,412**	2,393
- Under provision in prior years	**314**	1,509
Deferred income tax expense	**7,153**	7,226
	54,860	58,377

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 29th March 2016, the board of directors proposed a final dividend of HK5 cents for 2015 (2014: HK6 cents) per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements.

	2015	2014
	HK$'000	HK$'000
Interim, declared, of HK4 cents (2014: HK2 cents) per ordinary share	**43,200**	18,000
Interim special, declared, of HK1 cent (2014:Nil) per ordinary share	**10,800**	-
Final, proposed, of HK5 cents (2014: HK6 cents) per ordinary share	**54,000**	54,000
	108,000	72,000

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.

	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	**232,362**	221,268
Weighted average number of ordinary shares in issue ('000)	**1,009,672**	900,000
Basic earnings per share (HK cents)	**23.01**	24.59

Diluted

The potential ordinary shares in respect of the Company's outstanding warrants and share options were anti-dilutive for the year ended 31st December 2015. The basic earnings per share for the year ended 31st December 2015 was equal to the diluted earnings per share.

Diluted earnings per share for the year ended 31st December 2015 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 ordinary shares. The dilutive potential ordinary shares of the company included share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

11. Non-adjusting post reporting period events

After the end of the reporting period, the Directors proposed a final dividend, the details of which is disclosed in note 9. For the acquisition after the year end, please refer to "**Events after the year under review**".

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 2015 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

BUSINESS REVIEW

For the year ended 31st December 2015, the Group recorded a consolidated revenue of HK$1,922,280,000, up by 5.1% as compared with the corresponding period last year. Profit attributable to equity holders of the Company was HK$232,362,000, up by 5.0% as compared with the corresponding period last year.

In 2015, the economic growth momentum of China slowed down as it faced more complicated domestic and foreign environments. In experiencing the pressure from grim macroeconomic situation, continuous downturn in shipping market and changes in Hong Kong social environment, the Group actively responded with aggressive positive spirit to achieve its operation and production targets satisfactorily with various key business indicators showing signs of growth.

Regarding the freight business, the Group continued to promote professionalised operation, capitalised on its core competitiveness advantage and successfully achieved steady growth of its major businesses. During the year, the container transportation volume recorded 1,378,000 TEU, representing a year-on-year increase of 5.6%, the break bulk cargo transportation volume achieved 354,000 tons, representing an increase of 3.7% year-on-year. For cargo handling and storage businesses, terminal logistics resources were optimised continuously that volume growths were recorded in all major terminals, and the container handling volume recorded 1,366,000 TEU, representing a year-on-year increase of 4.7%. Affected by the trend of containerisation and diversion of cargo, break bulk cargo handling volume recorded 1,376,000 tons, experienced a year-on-year decrease of 14.7%. The volume of container hauling and trucking increased by 3.5% year-on-year.

Regarding the passenger transportation business, with the impact of the “anti-individual mainland visitors” and the “anti-parallel traders” activities in Hong Kong, the number of tourists visiting Hong Kong was decreased. During the year, the total number of passengers for agency services was 6,607,000, representing a year-on-year decrease of 2.7%. The number of passengers for terminal services was 7,514,000, went down slightly by 4.0% year-on-year.

The freight business contributed a profit of HK$111,455,000 to the Group, representing a decrease of 5.1% as compared with HK$117,392,000 of the corresponding period last year. The passenger transportation business contributed a profit of HK$132,542,000 to the Group, representing an increase of 9.6% as compared with HK$120,971,000 of the corresponding period 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 most major business indicators.

I. Business Operation Indicators

Performance statistics of our major business operations are as follows:

	For the year ended 31st December		
Indicators	**2015**	2014 (Restated)	Change
Cargo transportation volume			
Container transportation volume (TEU)	**1,378,337**	1,305,442	5.6%
Break bulk cargoes transportation volume (revenue tons)	**354,099**	341,337	3.7%
Cargo handling volume			
Container handling volume (TEU)	**1,365,864**	1,305,140	4.7%
Volume of break bulk cargoes handled (revenue tons)	**1,375,912**	1,612,638	-14.7%
Volume of container hauling and trucking on land (TEU) (Note)	**244,415**	236,218	3.5%

Note : The 2014 data was restated as the data for Gaoyao Port was included starting from 2015.

II. Subsidiaries

The business of CKTL remained stable. The container transportation volume recorded a slight increase year-on-year, which was mainly contributed by domestic liner business, with a stable growth in renewable resource and liner cargo business. Break bulk cargo transportation volume recorded a slight increase year-on-year. The results of CKTL to consolidate its segment management and route management were seen, its operating costs was reduced while professional standard was enhanced during the year. Meanwhile, CKTL has actively explored the comprehensive logistics business so as to extend the logistics service chain, especially in big-bulk cargo logistics and modern warehousing business. During the year, multiple comprehensive logistics projects were put into operation and the handling of large break bulk cargo projects, such as locomotives, ultra-heavy cement components, boarding bridge and yacht shipments were exploited and participated. CKTL have also made proactive efforts in the business of customised warehouses in Tuen Mun and introduced a number of important customers, which improved the profit margin and further promoted the scale of warehouses business.

Regarding the terminal handling business, Chu Kong Cargo Terminals (Gaoming) Co., Ltd. in the Foshan region recorded a continuous growth in its business. The company achieved 376,000 TEU of container handling volume during the year, representing a year-on-year increase of 2.0%, which was mainly benefited from the growth of renewable resource cargoes. The company strengthened the communication with international liner companies, further consolidated the cooperation relationship with every liner company for the purpose of ensuring that the import and export businesses will not be affected by the surrounding economic performance. While the terminals continued optimising its cargo source structure, it heightened the terminals operation organisation and management standard in container yard so as to improve the terminal operation efficiency and service quality.

Despite the continuous local government's preferential policies affecting the business of the terminals in Zhuhai region, container handling business still recorded a growth in the terminals in this region. During the year, the total container handling volume of the two terminals was 230,000 TEU, representing a year-on-year increase of 34.8%. Civet (Zhuhai Bonded Area) Logistics Company Limited, recorded a strong growth in its container handling business, reaching a container handling volume of 166,000 TEU, representing an increase of 54.5% year-on-year. By relying on the advantages of its geographical location, clearance inspection and terminals services, Civet Port successfully undertook the cargo sources from Jiuzhou Port and Xiangzhou Port. Civet Port will continue to perfect the regular flights, improve rapid clearance efficiency and further provide customers with overall logistics solutions. In addition, the introduction of strategy investors (the Group disposed of its 20% equity interest to Zhuhai Tong Sheng Logistics Co., Ltd. for a consideration of RMB38,640,000) to Civet Port has been completed, which further capitalised on the potential of terminal operation through optimising shareholders structure. Civet Port is the Group's key location for the future deployment of terminal logistics industry in Zhuhai. 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. CKS Container Terminal (Zhuhai Doumen) Co. Ltd. persisted to develop factory trade cargo business as its base, endeavored to explore new customers on the foundation of stable existing customers, and strengthened the deep cooperation with customers. During the year, the total container handling volume was 64,000 TEU, representing a year-on-year increase of 1.2%. Doumen Port will exert to enhance the routes competitiveness and strive to have joint marketing with CKTL so as to achieve complementary advantages, and further improve the terminal's core competitiveness.

The cargo volume in the Zhaoqing region was slightly decreased which was mainly due to the impact of decreasing domestic trade and renewable resources cargo volume. During the year, the terminals in Zhaoqing region recorded a container handling volume of 325,000 TEU, representing a year-on-year decrease of 2.1%, among which foreign trade containers recorded a year-on-year increase of 3.1%, while domestic trade containers recorded a year-on-year decrease of 11.1%. The foreign trade container business of Zhaoqing New Port was affected by the tightening customs policies and the decrease of renewable resources cargo, the overall foreign trade containers handling volume recorded a year-on-year decrease of 7.1%. However, the terminal strengthened the management of traditional domestic trade containers business and gained the recognition and satisfaction to the company from the domestic trade customers, with a year-on-year increase of 2.4% for domestic trade containers business. The terminal will further strengthen the communication with government authorities, straighten out and standardise the relevant businesses procedures and improve the clearance environment. Meanwhile, it will put more efforts in marketing in factory trade cargo business and encourage at least two international liners to determine Zhaoqing New Port as their primary terminal. Affected by land transportation overloading prevention measures and the closing of Xijiang River Bridge, the domestic trade business in Kangzhou Port recorded a year-on-year decrease of 27.9%, but the foreign trade containers business recorded a year-on-year increase of 12.4% by benefiting from cargo sources backflow. The terminal will enhance marketing efforts and strengthen delicacy management. Zhaoqing Sihui Port broadened its cargo sources and categories, lowered the structural operational risk, so that the factory trade cargo and renewable resources business grew steadily during the year, with container handling volume increased by 7.0% year-on-year. Zhaoqing Gaoyao Port was exposed to the risk of business declining in cargo hinterland, but with a combination of operating management measures, the businesses continued to grow steadily. The container handling volume maintained a stable increase during the year, representing a year-on-year increase of 4.2%. The terminal intensified the collaborating marketing with freight forwarders to maintain the relationship with the existing stone materials customers, and introduce more ship owners to move into Gaoyao Port through several platforms, like barges and freight forwarders.

Since the resumption of service, by benefiting from factory trade and renewable resources cargo, the businesses of Qingyuan Port recorded a strong growth. It recorded 29,000 TEU of container handling volume during the year with an increase of 65.9% year-on-year. Qingyuan Port will continue to improve communication with large liners, put more efforts in developing routes for large liners and introduce more customers into the terminal through large liners on the base of consolidating existing customers. Meanwhile, the terminal will positively push forward the manifest distribution business model between Nansha and Qingyuan and commence to drive the implementation of "dry depots" in Qingyuan Port to generate new growth engine for the terminal.

The one-year trial operation period for Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd. has successfully completed. The principal business operation in the terminal has been suspended since the completion acceptance has not yet finished. During the year, it recorded domestic trade container handling volume of 2,000 TEU, and break bulk cargo handling volume was 2,000 tons. Huangpu Port will endeavor to achieve the completion acceptance of new terminal, continue to carry out the joint marketing with CKTL, explore foreign trade business, setting a solid foundation for the future official operation of the terminal.

Affected by the planning and construction of Hong Kong International Airport, Chu Kong Air-Sea Union Transportation Company Limited closed its operation of Marine Cargo Terminal at Hong Kong International Airport on 31st December 2015. Under the unified allocation of resources, the business of the company will gradually transfer to other cargo working areas, such as Tuen Mun Godown Wharf and Yau Ma Tei under the Group to achieve seamless connection between business and customer migrations.

III. Investment in Joint Ventures and Associates

The performance of the operating businesses of the joint ventures and associates were mixed. During the year, growth was recorded for the terminals in the Jiangmen region, which included Guangdong Sanbu Passenger and Freight Transportation Co., Ltd. and Heshan County Hekong Associated Forwarding Co., Ltd. There was continuous growth of the factory trade and renewable resource cargo within the region. A total of container handling volume of 202,000 TEU was recorded, representing a year-on-year increase of 22.8%. Among that, the renewable resource business in Heshan Port recorded a strong growth, the terminal put great efforts on exploring rubber wood operation and achieved remarkable results, recorded a container handling volume of 85,000 TEU, increased significantly by 52.6% year-on-year. Profit attributable to the Group was HK$6,279,000, representing a significant year-on-year increase of 75.9%. Sanbu Port continued to implement the development strategy of "focus on foreign trade, also engage in domestic trade" and strengthened its marketing effort, and achieved a year-on-year growth of 7.4% for container handling volume during the year. 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 a total container handling volume of 487,000 TEU, representing a slightly decrease of 0.3% year-on-year. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 378,000 TEU, representing a year-on-year decrease of 6.2%.

In respect of freight business, the joint ventures and associates contributed a profit of HK$34,540,000 to the Group, representing a year-on-year decrease of 9.2%.

2. Passenger Transportation Business

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 6,607,000, representing a slightly decrease of 2.7% year-on-year. The number of passengers for terminal services recorded 7,514,000, representing a year-on-year decrease of 4.0%. By benefited from the increase in share of profits of joint ventures and associates due to lower oil prices, the overall profit contribution by passenger transportation business continued to grow, amount to HK$132,542,000 during the year, representing a year-on-year increase of 9.6%.

Regarding urban routes, it was continuously affected by the incidents such as "anti-parallel traders" in Hong Kong. The visitors' enthusiasm to Hong Kong was curbed. In addition, with the improvement of the inland transportation system and improving road clearance efficiency, which generated impact on high-speed waterway, the number of overall urban route passengers represented a downward trend. The numbers of passengers for airport routes appeared a substantial growing trend which was mainly attributed to the facilitation of foreign visas. At the same time, the RMB exchange rate was relative strong as compared to other currencies in which it also stimulated outbound tourism. Therefore, a large number of passengers from Pearl River Delta diverted to the countries and regions such as Southeast Asia, Taiwan, Japan and South Korea which contributed a significant increase to the numbers of passengers for airport routes. The air-sea transportation services gradually became the preferred travel transportation mode for outbound tourism of the passengers from Pearl River Delta and 2,227,000 passengers were recorded for the related agency services, representing a year-on-year increase of 7.5%.

The numbers of passengers for the airport routes continued to represent a rapid growth momentum as a result of the continuous fast popularity of outbound tourism and widely acceptance of the air-sea transportation mode under the aggressive promotion. On 1st July 2015, CKPT impelled the recommencement of Lianhashan airport route with the market response better than expected. The number of airport routes has been increased to three round-trip flights since October 2015 for the purpose of meeting the continuous increase in market demand. The numbers of passenger for other airport routes continued to maintain a high growth, for instant, the volume of ticket agency service of Zhongshan airport route recorded a significant increase of 48.4% during the year. CKPT will further develop the airport route business aggressively through continuous improvement of its competitiveness in air-sea transportation services. Besides, CKPT completed the takeover of the management of Fortune Ferry for the purpose of constantly extending ferry related business by leveraging on this platform and had successfully applied the operation licence for Victoria Harbour Tour in North Point Ferry from the Transport Department. At the same time, it prompted to establish cooperation relationship between Fortune Ferry and Chu Kong Tourism Company Limited ("CK Tourism") which acted as the general agent of Victoria Harbour Tour. By leveraging the business channels of CK Tourism, the relevant business such as Victoria Harbour Tour could be developed. CKPT pushed forward the development of information technology by accelerating the construction of passenger transportation segment e-commerce platform and improving intelligence service standard, which included launching the e-commerce platform "HEMA-WANG" "河馬遊", optimising and upgrading the third-generation management system for ticket agency, improving ticketing program on mobile phones and capitalising on the marketing function of an official public platform on WeChat. These could continuously enhance its brand awareness. CKPT also strengthened its cooperation relationship with the industry partners and the ship owner to enlarge market expansion efforts. It further improved its marketing influence on the water-way passenger transportation market in Guangdong-Hong Kong-Macau through overseas marketing promotion 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 Number of Passengers (in thousands)		
Indicators	**2015**	2014	Change
Number of passengers for agency services	**6,607**	6,789	-2.7%
Number of passengers for terminal services	**7,514**	7,829	-4.0%

II. Investment in Joint Ventures and Associates of CKPT

Benefiting from hot outbound travel and increased airport flights in mainland ports during the year, Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited) witnessed an increase of 3.7% in the number of passengers for terminal services, the profit attributable to the Group was HK$11,946,000, representing a year-on-year decrease of 12.5% because of the increase in operating cost (mainly including terminal licence fee and labour cost). Although the number of passengers of urban routes of Zhongshan–Hong Kong Passenger Shipping Co-op Co. Ltd. and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. dropped, the total number of passengers for agency services increased by 0.7% and dropped by 10.8% respectively. Benefited from the lower oil prices and optimised flight schedules, profit contribution continued to grow. During the year, Zhongshan Passenger Terminal and Shunde Passenger Terminal contributed HK$36,418,000 and HK$15,147,000 in profit to the Group respectively, representing a year-on-year increase of 51.4% and 36.9% respectively.

The joint ventures and associates in respect of passenger transportation business contributed a profit of HK$60,858,000 to the Group, representing a year-on-year increase of 30.9%.

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.

FINANCIAL REVIEW

Review on Financial Results

The Group recorded a profit attributable to equity holders of the Company of HK$232,362,000, representing an increase of HK$11,094,000 or 5.0%, as compared with last year, details of which are as follows:

	2015	2014	Change
	HK$'000	HK$'000	HK$'000
Net operating profit*	**136,952**	136,722	230
Share of profits less losses of joint ventures and associates	**95,410**	84,546	10,864
Profit attributable to equity holders of the Company	**232,362**	221,268	11,094

** Net operating profit represents operating profit after finance income, finance cost, income tax expense and non-controlling interests (excluding share of profits less losses of joint ventures and associates).*

The Group's share of profits less losses of joint ventures and associates for the year increased by HK$10,864,000 or 12.8 % from last year to HK$95,410,000. Among these, profit after taxation attributable to freight business was HK$34,540,000 (2014: HK$38,048,000) and profit after taxation attributable to passenger transportation business was HK$60,858,000 (2014: HK$46,490,000).

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 2015, the Group secured a total credit limit of HK$554,000,000 and RMB100,000,000 (equivalent to approximately HK$119,360,000) (2014: HK$745,000,000 and RMB100,000,000 (equivalent to approximately HK$126,759,000)) granted by bona fide banks.

As at 31st December 2015, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.6 (2014: 1.0) and the debt ratio, representing total liabilities divided by total assets, was 27.3% (2014: 34.5 %).

As at 31st December 2015, the Group's cash and cash equivalents amounted to HK$859,013,000 (2014: HK$533,145,000), which represented 21.4% (2014: 14.3%) of the total assets.

As at 31st December 2015, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 7.5% (2014: 14.1%).

As the Company completed the placing of shares on 22nd May 2015, net proceeds amounting to HK$455,409,000 was increased the cash balance and used to repay bank loan, so the above ratios were better prior year.

After considering its cash and cash flows from operating activities, as well as the credit facilities available to the Group, it is believed that, currently, the Group has sufficient capital to fund its future operations and for business expansion and general development.

The capital structure of the Group was constantly monitored by the Company. The use of any capital instruments, including banking facilities, by each subsidiary was under the central coordination and arrangement of the Company.

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 2015**	As at 31st December 2014
Bank located in Hong Kong (Note 1)		
- Hong Kong Dollar	**179,000,000**	370,000,000
Banks located in China (Note 2)		
- Renminbi	**48,333,000**	25,351,000
	(equivalent to approximately HK$57,690,000)	(equivalent to approximately HK$32,135,000)

Note:

1. The bank loan in Hong Kong was bearing floating interest rate and unsecured. The relevant terms of which are identical with what is set out in 2014 Annual Report.
2. The bank loan in China was bearing floating interest rate and secured by land use right of Zhongshan Huangpu Port in 2015. The relevant terms of which are identical with what is set out in 2014 Annual Report.

Currency Structure

As at 31st December 2015, cash and cash equivalents held by the Group, of which 52.3% (2014: 39.1%) were denominated in Hong Kong dollar ("HKD"), 41.6% (2014: 53.3%) in Renminbi ("RMB"), 5.5% (2014: 6.9%) in United States dollar ("USD"), 0.6% (2014: 0.7%) in Macau pataca and a small amount Euro (2014: a small amount), are deposited with several banks of good reputation are as follows:

	Amount	Percentage
	HK$'000	%
HKD	449,410	52.3
RMB	357,170	41.6
USD	46,998	5.5
Macau pataca	5,431	0.6
Euro	4	0.0
	859,013	100.0

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 2015.

Significant Investment

Save as disclosed above, there was no significant investment held by the Group as at 31st December 2015.

Contingent Liabilities

As at 31st December 2015, the Group had no material contingent liabilities (2014: Nil).

Events after the year under review

On 4th March 2016, the Company entered into an agreement with Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE"), pursuant to which, the Company agreed to acquire entire shares of Sun Kong Petroleum Co. Ltd. ("Sun Kong Petroleum") for a consideration of HK$166,000,000. The Company and CKPT entered into an agreement with CKSE and Sportwise Development Limited, pursuant to which, the Company and CKPT agreed to acquire the entire shares of Cotai Chu Kong Shipping Management Services (Macau) Company Limited ("Cotai Shipping") for a consideration of MOP88,900,000 (equivalent to approximately HK$86,233,000). The total consideration of these two agreements amounted to approximately HK$252,233,000. Subject to the fulfillment of the conditions precedent in each of the agreements, upon completion, Sun Kong Petroleum will become a direct wholly-owned subsidiary of the Company whilst Cotai Shipping will become an indirect wholly-owned subsidiary of the Company.

Corporate strategies and prospects

By taking up the strategies of 2015, it is the Group's business strategy to concentrate on the betterment and stronger development of two major segments, the Guangdong-Hong Kong terminal logistics and Guangdong-Hong Kong-Macau water-way high-speed passenger transportation. In future, the Group will continue to strive for building up regional core terminals in response to market demand, enhance appropriately the investment and development of warehouse logistics, and strengthen the development of passenger transportation related to tourism, proceed to the strategy in the extension of the passenger business, and strive for exploring new ferry routes outside Guangdong-Hong Kong-Macau.

In 2016, with the further recovery of the economics in USA and Europe, the global economy is expected to maintain a stable growth. Emerging economies are still the important source of power for the growth of global economy. 2016 is the first year to commence the "Thirteenth-Five-Year Plan" in China. Under the effects of favorable conditions such as the benefits released from the deepening reform and the huge potentials brought about by upgrade transformation, the Chinese economy is expected to maintain its steady and relatively fast growth pace. Being the market leader of terminal logistics and water-way high-speed passenger transportation in Guangdong, Hong Kong and Macau, the Group will strive to maintain a stable and sustainable development by enhancing its professional operation and strengthening the businesses of integrated logistics as well as cross-border logistics for e-commerce. The board of the directors and the management are optimistic about the long-term development of the Group in the future, and will endeavor to take on the challenges and opportunities arising in the coming year.

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.

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 2015 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 19th May 2016 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 HK5 cents per ordinary share for the year ended 31st December 2015 to shareholders whose names appear on the register of members on 27th May 2016, subject to approval by shareholders at the AGM.

Closure of Register of Members

The register of members will be closed on 19th May 2016 (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 19th May 2016 (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 18th May 2016 (Wednesday) for registration.

The register of members will be closed from 25th May 2016 (Wednesday) to 27th May 2016 (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 24th May 2016 (Tuesday) for registration. Final dividend will be payable on or before 30th June 2016.

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 2015 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. Save as disclosed below, the directors considers that the Company has complied with all applicable Code for the year ended 31st December 2015.

According to the provisions of the Code, a service term of over nine years is one of the key factors in determining the independence of an independent non-executive director. Mr. Chan Kay-cheung and Ms. Yau Lai Man have served as such independent non-executive directors for over nine years. During their years of service with the Company, Mr. Chan and Ms. Yau have contributed by providing an independent viewpoint, enquiry and advice to the Company in relation to its businesses, operations, future development and strategy. The board of directors considers that Mr. Chan and Ms. Yau have the character, integrity, ability and experience to continue to fulfill his/her role as required effectively. The Company believes that Mr. Chan and Ms. Yau can independently express opinions on matters of the Company and there is no evidence that his/her over nine years of service with the Company would have any impact on his/her independence and therefore his/her independence is confirmed. According to the provisions of the Code A.4.3, if an independent non-executive direct serve more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Chan and Ms. Yau were retired on rotation at the annual general meeting held on 21st May 2015, and being eligible, offered them for re-election at the said general meeting. Mr. Chan and Ms. Yau had already been re-appointed by separate resolutions of the shareholders at the said meeting.

According to the provisions of the Code A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The roles of chairman and managing director were acted by Mr. Liu Weiqing and Mr. Xiong Gebing respectively, and after the resignation of Mr. Liu Weiqing on 3rd May 2015, as more time is needed to arrange the appointment of a suitable candidate as the chairman of the board of directors, the board of directors has unanimous resolved to appoint Mr. Xiong Gebing, the managing director of the Company, as the chairman of the board of directors (and the chairman of the Executive Committee and the Nomination Committee) temporarily with effect from 3rd May 2015. Further announcement in respect of the related appointment of the chairman of the board of directors will be made by the Company when which 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 2015 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 2015.

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 2015.

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 2015 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 director include 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 of directors 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, 29th March 2016