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 2013 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to announce that Chu Kong Shipping Enterprises (Group) Company Limited (the "Company") and its subsidiaries (the "Group") recorded a consolidated revenue amounting to HK$1,619,279,000, up by 6.9% against last year; profit attributable to equity holders of the Company was HK$190,918,000, increased by 40.6% against last year.

In 2013, the Group actively responded to the market environment of the global economy downturn, closely embracing the work tasks of "quality, efficiency, innovation and continuation", strengthened management, expanded and be innovative, further excavated its business, enlarged income sources and reduced expenditures, and thus achieved good results in business development, revenue growth and profit increase as well as safety.

For terminal logistics, by leveraging on its network advantages of owning various wholly-owned or controlled category-2 ports in the Pearl River Delta, the Group strived to transform traditional terminal logistics to modern logistic business. Firstly, we deployed more resources to develop its comprehensive logistic business by launching high value-added warehousing and distribution business at Tuen Mun Warehouse for improving economic benefits. Secondly, we promoted the construction of overseas marketing network, established a branch company in Malaysia through Chu Kong Logistics (Singapore) Pte. Limited to further perfect the marketing network in Southeast Asia. Thirdly, we kept up with the domestic trade development trend, increased investments in domestic liner and organised a special task force for air cargo transportation and bulk cargo so as to increase the efforts in undertaking air cargoes and bulk cargoes. Fourthly, we accelerated the construction of terminal, increased capacity of terminals, and completed the reconstruction of Qingyuan Terminal and resumed its operation; completed the construction of main infrastructure of Huangpu Terminal in Zhongshan with put it into operation. We promoted the upgrading and reconstruction of Gaoming Terminal, Sanbu Terminal, Zhaoqing New Terminal and Civet Terminal, and thus laying a foundation for the rapid development of terminal business in future.

The above measures had achieved remarkable results with the terminal logistic segment developed smoothly during the year, and growth in both terminal throughput and cargo transportation volume was recorded. Of which Gaoming Terminal continued to maintain a high growth trend, and achieved a yearly container throughout of 320,000 TEU, representing a year-on-year increase of 27%, another record high and the yearly container throughout of Sanbu Terminal achieved an increase of over 44%.

For high-speed waterway passenger transportation in Guangdong, Hong Kong and Macau, the Group grasped the opportunities in the cooperation and Individual Visit Scheme (IVS) among Guangdong, Hong Kong and Macau, took various effective measures to ensure a sustainable development in passenger transportation volume. Firstly, by closely keeping up with the market demand, adjusted timely the marketing strategy and waterway routes to increase the passenger transportation volume and its efficiency. Secondly, by different channels like television promotion and road shows, increased the marketing and external promotion activities to effectively enhance the brand name of CKS. Thirdly, by perfecting the marketing network, it developed relative travel agencies in the United States, South Korea and Australia as our regional agency to commence overseas B2B sales, and entered into new or renewing agency agreements with more than 10 travel agencies in Mainland China and Hong Kong to further increase the regional market share. Fourthly, by full leveraging on the role of Chu Kong Tourism's sales platform to facilitate the development of travel agency business. Fifthly, by means of enhancing value-added service and improving service standard, further increased the attraction of airport routes between Mainland and Hong Kong so that the passenger transportation volume is increasing continuously, the yearly passenger transportation volume of Skypier at Hong Kong International Airport reached 2,669,000. During the year, Hong Kong International Airport Ferry Terminal Services Limited secured the tender of the operation renewal of Skypier at Hong Kong International Airport, laying a good foundation for the continuous operation of airport routes of the Group.

For capital operation, with maximising shareholders' benefits as the principle, the Company actively explored different financing methods. On 13th June 2013, the Company successfully issued 180,000,000 warrants. In capital market, the Company was also awarded the China Securities Golden Bauhinia Award and was honoured to be "The Listing Companies with the Most Growth Potential in 2013", further enhanced the recognition of its influence and competiveness as a listing company.

The Group continued to improve its corporate governance standard in accordance with the latest requirements of the Hong Kong Listing Rules, and formulated and implemented at group level the "Inside Information Management Procedures" and the "Whistle-blowing Policy" to improve its corporate governance transparency for strengthening the market confidence towards the Company.

In 2014, the global economy will recovered slowly and China economy will continue to maintain a steady growth. In facing the new situation, the Group will work together and endeavour to explore new development under the spirit of "doing it and making it" in accordance with the vision of "Transformation, Upgrading, Reformation and Innovating". Firstly, with the direction of developing comprehensive logistics, we will speed up the transformation and upgrading, especially grasping the development opportunities in Nansha, Hong Kong and Macau, and increase the proportion of investment in the above areas. We will vigorously propel the development strategy of "going out" to continue expanding the logistic business in Southeast Asia. Secondly, we will actively explore new passenger transportation routes, mainly increase the investment in airport routes in Shenzhen, Hong Kong and Macau, while with high-speed waterway passenger transportation, we will actively develop the business in tourism and advertisement. Thirdly, by establishing the e-commerce platform for passenger and cargo transportation system, we will develop new systems for ferry ticket sales by mobile phone and bonded warehouse management. Fourthly, we will strive to grasp the opportunities generated from the reform of stated-own enterprises with assets restructuring in Mainland to speed up the development pace of the Company in merger and acquisition.

I would like to hereby represent the board of directors to express its sincere appreciation to all shareholders, partners and stakeholders for their continued support to the Company over the years, and its compliment to all staff for their dedication to the Company's development!

Liu Weiqing
Chairman

Hong Kong, 27th March 2014

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 2013, together with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*3*	**1,619,279**	1,514,647
Cost of services rendered	*6*	**(1,213,115)**	(1,164,235)
Gross profit		**406,164**	350,412
Other income		**48,296**	42,078
Other gains - net	*7*	**12,299**	1,952
General and administrative expenses	*6*	**(282,195)**	(250,831)
Operating profit		**184,564**	143,611
Finance income		**4,428**	4,463
Finance cost		**(11,975)**	(11,317)
Share of profits less losses of joint ventures and associates		**79,024**	50,868
Profit before income tax		**256,041**	187,625
Income tax expense	*8*	**(55,458)**	(42,374)
Profit for the year		**200,583**	145,251
Attributable to:			
Equity holders of the Company		**190,918**	135,825
Non-controlling interests		**9,665**	9,426
		200,583	145,251
Dividends	*9*	**49,500**	40,500
Earnings per share (HK cents)	*10*		
Basic		**21.21**	15.01
Diluted		**20.95**	15.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	HK$'000	HK$'000
Comprehensive income		
Profit for the year	**200,583**	145,251
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences		
- Subsidiaries	**23,417**	10,484
- Joint ventures and associates	**12,342**	4,675
Other comprehensive income for the year	**35,759**	15,159
Total comprehensive income for the year	**236,342**	160,410
Attributable to:		
Equity holders of the Company	**224,138**	150,174
Non-controlling interests	**12,204**	10,236
	236,342	160,410

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2013

	Note	2013	2012
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,368,875**	1,250,067
Investment properties		**4,943**	5,000
Land use rights		**455,597**	382,347
Intangible assets – goodwill		**40,229**	39,333
Joint ventures and associates		**552,185**	531,701
Deposits and prepayments		**-**	48,871
Deferred income tax assets		**2,232**	2,837
		2,424,061	2,260,156
Current assets			
Trade and other receivables	*4*	**469,494**	328,265
Loans to joint ventures		**22,823**	29,275
Cash and cash equivalents		**600,969**	584,723
		1,093,286	942,263
Total assets		**3,517,347**	3,202,419
EQUITY			
Share capital		**90,000**	90,000
Share premium		**787,762**	787,762
Reserves		**1,160,978**	1,002,590
Final dividend proposed		**49,500**	40,500
		2,088,240	1,920,852
Non-controlling interests		**178,148**	169,613
Total equity		**2,266,388**	2,090,465

	Note	2013	2012
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**73,415**	69,775
Long term borrowings		**180,877**	161,809
		254,292	231,584
Current liabilities			
Trade and other payables	*5*	**611,464**	544,428
Loans from associates		**26,558**	25,967
Amounts due to the non-controlling interests of subsidiaries		**52,006**	51,839
Amount due to a related party		**15,296**	14,956
Income tax payables		**28,623**	18,318
Short term borrowings		**100,000**	212,427
Current portion of long term borrowings		**162,720**	12,435
		996,667	880,370
Total liabilities		**1,250,959**	1,111,954
Total equity and liabilities		**3,517,347**	3,202,419
Net current assets		**96,619**	61,893
Total assets less current liabilities		**2,520,680**	2,322,049

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.

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. The areas involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2. Principal accounting policies

(i) Adoption of new and amended HKFRSs

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2012, 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 2013.

2. Principal accounting policies (Continued)

(i) Adoption of new and amended HKFRSs (Continued)

HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurements
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRSs Amendments	Annual improvements to HKFRSs 2011

The impacts of adopting the above new and amended standards on the consolidated financial statements of the Group have been in the following areas.

HKAS 1 (Amendment) - Presentation of Items of Other Comprehensive Income
The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

HKFRS 12 - Disclosure of Interests in Other Entities
The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

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 2013, have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1st January 2015
HKAS 32 (Amendment)	Financial Instruments: Presentation	1st January 2014
HKAS 36 (Amendment)	Impairment of Assets - Recoverable amount disclosures for non-financial assets	1st January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1st January 2014
Amendments to HKAS 19	Employee Benefits	1st July 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities	1st January 2014
HK (IFRIC) Interpretation 21	Levies	1st January 2014
HKFRSs Amendments	Annual Improvement to HKFRSs 2012 and 2013	1st July 2014

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. Segment information

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

The board of directors of the Company considers the business from 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) Investment holding and other businesses

The board of directors of the Company assesses the performance of the operating segments based on their segment profit before income tax expense, which is measured in a manner consistent with that in the 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 board of 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$'000	Investment holding and other businesses HK$'000	Total HK$'000
Year ended 31st December 2013					
Total revenue	**1,055,122**	**467,190**	**192,383**	**-**	**1,714,695**
Inter-segment revenue	**(4,699)**	**(90,717)**	**-**	**-**	**(95,416)**
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)**
Year ended 31st December 2012					
Total revenue	1,002,188	438,180	158,165	-	1,598,533
Inter-segment revenue	(3,933)	(79,953)	-	-	(83,886)
Revenue (from external customers)	998,255	358,227	158,165	-	1,514,647
Segment profit / (loss) before income tax expense	1,139	103,206	84,314	(1,034)	187,625
Income tax expense	(3,811)	(24,017)	(9,752)	(4,794)	(42,374)
Segment profit / (loss) after income tax expense	(2,672)	79,189	74,562	(5,828)	145,251
Segment profit / (loss) before income tax expense includes:					
Share of profits less losses of joint ventures and associates	(2,357)	27,809	26,615	(1,199)	50,868
Finance income	644	2,110	26	1,683	4,463
Finance cost	-	(5,548)	-	(5,769)	(11,317)
Depreciation and amortisation	(11,592)	(67,496)	(170)	(1,203)	(80,461)

3. Segment information (Continued)

	Cargo transportation HK$'000	Cargo handling and storage HK$'000	Passenger transportation HK$'000	Investment holding and other businesses HK$'000	Inter segment elimination HK$'000	Total HK$'000
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)**
As at 31st December 2012						
Total segment assets	497,315	1,878,839	595,623	979,865	(749,223)	3,202,419
Total segment assets include:						
Joint ventures and associates	22,113	229,813	244,639	35,136	-	531,701
Addition to non-current assets (excluding deferred income tax assets)	4,895	103,273	12,015	6,654	-	126,837
Total segment liabilities	(334,059)	(560,630)	(168,129)	(798,359)	749,223	(1,111,954)

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:

	2013	2012
	HK$'000	HK$'000
Non-current assets excluding joint ventures and associates and deferred income tax assets		
Hong Kong	**465,368**	361,542
Mainland China	**1,404,276**	1,364,076
	1,869,644	1,725,618
Joint ventures and associates		
Hong Kong	**54,538**	44,868
Singapore	**3,452**	2,822
Mainland China	**494,195**	484,011
	552,185	531,701
Deferred income tax assets	**2,232**	2,837
	2,424,061	2,260,156

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:

	2013	2012
	HK$'000	HK$'000
Within 3 months	**172,549**	183,426
4 to 6 months	**8,163**	1,214
7 to 12 months	**241**	109
Over 12 months	**4,153**	4,188
	185,106	188,937
Less: Provision for impairment	**(4,131)**	(4,120)
	180,975	184,817

5. Trade and other payables

The ageing analysis of trade payables is as follows:

	2013	2012
	HK$'000	HK$'000
Within 3 months	**304,130**	264,465
4 to 6 months	**17,604**	2,327
7 to 12 months	**4,484**	850
Over 12 months	**793**	9,516
	327,011	277,158

6. Costs and expenses by nature

	2013	2012
	HK$'000	HK$'000
Amortisation of land use rights	**10,438**	7,601
Costs of passenger transportation, cargo transportation and cargo handling and storage (including fuel cost)	**772,804**	760,818
Depreciation of property, plant and equipment	**79,353**	72,803
Depreciation of investment properties	**57**	57
Operating lease rental expenses		
- vessels and barges	**116,109**	114,696
- buildings	**21,954**	19,793
Staff costs (including directors' emoluments)	**315,147**	276,048
Others	**179,448**	163,250
Total cost of services rendered and general and administrative expenses	**1,495,310**	1,415,066

7. Other gains – net

	2013	2012
	HK$'000	HK$'000
Exchange gains, net	**16,220**	4,935
Loss on write-off of property, plant and equipment	**(4,849)**	(3,040)
Gain on disposals of property, plant and equipment, net	**967**	272
Provision for impairment of trade receivables, net	**(39)**	(215)
	12,299	1,952

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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% (2012: 25%).

Macau profits tax has been provided at the rate of 12% (2012: 12%) on the estimated assessable profit for the year.

	2013	2012
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**17,407**	17,047
- PRC corporate income tax	**27,906**	19,727
- Macau profits tax	**2,432**	-
- Under provision in prior years	**7**	392
Deferred income tax expense	**7,706**	5,208
	55,458	42,374

9. Dividends

On 27th March 2014, the board of directors proposed a final dividend of HK5.5 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements.

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.

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**190,918**	135,825
Weighted average number of ordinary shares in issue ('000)	**900,000**	900,000
Basic earnings per share (HK cents)	**21.21**	15.01

Diluted

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

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**190,918**	135,825
Weighted average number of ordinary shares in issue ('000)	**900,000**	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**	900,000
Diluted earnings per share (HK cents)	**20.95**	15.01

Scope of work of PricewaterhouseCoopers

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31st December 2013. 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 2013, the Group recorded a consolidated revenue of HK$1,619,279,000, up by 6.9% as compared with last year. Profit attributable to the equity holders of the Group was HK$190,918,000, up by 40.6% as compared with last year.

In 2013, the recovery drive of global port container throughput lacked sufficient momentum, of which the growth of port throughput in China and Southeast Asia showed signs of weakness. The container throughput in Europe was at a "zero growth" stage, and North America faced a substantial disparity in volume increase and decrease due to the impact of alliance shipping routes adjustments. However, as import and export trades both dropped, the overall growth of port throughput had slowed down. According to the Global Ports Development Report (2013) published by Shanghai International Shipping Institute, the global port container throughput in 2013 went up by only 3% year-on-year to 641,000,000 TEU, recorded a drop for consecutive three years in its growth. And in 2013, the container throughput of sizeable ports in China only increased by 6.8%, representing once again a drop of 1.1 percentage points as compared with last year, with its growth narrowing down for consecutive three years. Of which, the weak growth in foreign trade throughput was the main encumbrance factor, and the annual growth rate of 3.9% was far below than the increase of 13.9% in domestic trade.

The number of visitors from Mainland China to Hong Kong continued to increase. According to the 2014/2015 Hong Kong's Government Budget, the number of visitor arrivals to Hong Kong in 2013 was over 50 million, representing a year-on-year increase of 11.7%. Such increase was slowed down as compared with the 16% in 2012. Of which, visitors from Mainland China accounted for approximately 75%, with its overall spending increased 14.8% to HK$340 billion.

The Group is an enterprise providing comprehensive terminal logistics and passenger transportation services to the regions in Guangdong, Hong Kong and Macau. Despite the slow recovery of global port container throughput, by benefiting from the economic development momentum between Guangdong and Hong Kong, as well as the Group's active facilitation of its professional operation, expansion of its passenger transportation and cargo businesses, and also adjustment on its structure and strengthening its cost control, the Group was able to achieve a growth in its business with an increase in profit.

Regarding freight business, the Group continued to promote professionalised operation and brought into full play the function of "Consolidated CKTL" platform, and at the same time strengthened the segmental marketing management, with cargo transportation volume achieving its growth for four successive years, and container transportation volume and break bulk cargoes transportation volume recording an increase of 3.1% and 24.5% respectively. By benefiting from the substantial increase in infrastructure materials demand in Hong Kong, break bulk cargoes transportation volume increased significantly. As driven by the recovery in the European and U.S. markets, wharf handling and warehousing and storage businesses recorded a higher growth, especially in the export-oriented regions like Foshan where significant increase in container transportation volume was seen. During the year, container handling volume increased by 2.9% and volume of break bulk cargoes remained the same as last year and volume of container hauling and trucking increased by 3.4% on a year-on-year basis.

Regarding passenger transportation business, a continuous growth was recorded. Through actively exploring airport and Hong Kong-Macau routes, it becomes a strong driver for the growth in passenger transportation business, of which airport routes saw a substantial growth. During the year, the total number of passengers for agency services was 6,494,000, representing a year-on-year increase of 4.5%. The number of passengers for terminal services was 7,346,000, up by 6.2% as compared with last year. It was believed that the prosperity of the Individual Visit Scheme (IVS) in Guangdong, Hong Kong and Macau led to a further growth in the passenger transportation business.

The freight business contributed a profit of HK$97,428,000 to the Group, representing an increase of 27.3% as compared with last year. The passenger transportation business contributed a profit of HK$116,441,000 to the Group, representing an increase of 56.2% as compared with last year.

1. Freight Business

During the year, as the regional economy and volume of import and export trade across the Pearl River Delta region had recovered, by improving its operation efficiency, the Group remained a stable growth in both its container business and break bulk cargoes transportation businesses.

I. Business Operation Indicators

Performance statistics of our major business operations are as follows:

	For the year ended 31st December		
Indicators	**2013**	2012	Change
Cargo transportation volume			
Container transportation volume (TEU)	**1,163,338**	1,128,247	3.1%
Break bulk cargoes transportation volume (revenue tons)	**346,120**	278,127	24.5%
Cargo handling volume			
Container handling volume (TEU)	**1,150,839**	1,118,549	2.9%
Volume of break bulk cargoes handled (revenue tons)	**1,484,629**	1,472,354	0.8%
Volume of container hauling and trucking on land (TEU)	**205,006**	198,179	3.4%

II. Subsidiaries

During the year, Chu Kong Transhipment & Logistics Company Limited ("CKTL") substantially maintained a steady business development. CKTL enhanced marketing, established professional marketing team, vigorously expanded key customer business and enhanced the interaction with shipping companies, thereby continuously expanded the market. Despite being affected by national policies in which renewable resource cargoes decreased to some extent, however, while door-to-door cargo and Hong Kong trade goods had maintained a growth, it drove the container transportation volume with a stable growth. Owing to the commencement of infrastructure projects in Hong Kong, large break bulk cargoes transportation volume increased significantly. CKTL actively explored overseas freight forwarder networks and had successfully established a freight forwarder company in Port Klang, Malaysia. CKTL also actively explored integrated logistics services business, especially modern warehousing business, to expand new businesses with bases in Tuen Mun and Nansha etc., and extended its industry chains, achieving its breakthrough in upgrading and reconstruction.

Chu Kong Cargo Terminals (Gaoming) Co., Ltd. in Foshan continued to record a growth in its business and the profit attributable to the Group increased significantly, 32.0% as compared with last year. By benefiting from the rapid growth in export foreign-trade containers in the region, the terminal achieved an annual 320,000 TEU of container handling volume, representing a year-on-year increase of 26.6%, making another record high, among which, factory-trade goods increased by 48.6%. The terminal continued to improve its communication and coordination with cargo owners, international liner companies, cargo agencies and barge companies in which it had enhanced the market competitiveness of the company. In future, with the relocation of certain terminals in Foshan, it is expected that substantial cargoes volume will be channeled into the terminal.

There was a slowdown in the growth in Zhaoqing region, which was mainly due to the negative impact on containers at terminals imposed by the change of the related policies of China. During the year, the four major terminals in Zhaoqing region achieved a container handling volume of 364,000 TEU, representing a year-on-year decrease of 7.6%. Apart from Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd. ("Gaoyao Port"), the container handling volume in other three terminals dropped. As Gaoyao Port had enhanced the cooperation with customers and shipping companies, it achieved a container handling volume of 52,000 TEU, representing a year-on-year increase of 7.9%. As affected by the change of policies on renewable resources, Zhaoqing Chu Kong Logistics (Sihui) Co., Ltd. recorded a year-on-year decrease on container cargo volume. For Chu Kong Cargo Terminals (Kangzhou) Co., Ltd. ("Kangzhou Port") and Zhaoqing New Port Co., Ltd. ("Zhaoqing New Port") which are mainly involved in domestic trade, the container handling volume dropped due to the the shrinking domestic trade business and the strengthen of control and management on road transportation in Mainland. However, by improving the facilities of the terminals, renewal of plants and machineries and strengthen the business development within the region, the break bulk cargo handling volume of Kanzhou Port and foreign trade cargo handling volume of Zhaoqing New Port recorded an increase.

The Zhuhai region continued to be affected by the policy of substantial subsidies on its share participating terminals implemented by the local government, which led to a drop in overall cargo volume in the terminals of the region. During the year, the two terminals in the region completed 175,000 TEU for container handling volume in aggregate, representing a year-on-year decrease of 16.7%, with a narrowing down decline as compared with the interim of the year. However, for CKS Container Terminal (Zhuhai Doumen) Co., Ltd., as it had enhanced the service standard at terminals, maintaining efficient customs clearance procedures, spent more efforts in retaining existing customers and securing new customers, it achieved a container handling volume of 75,000 TEU, representing a year-on-year increase of 7.6%, thus reversed the dropping trend for container volume during the interim of the year and the profit attributable to the Group increased significantly, 138.3% as compared with last year.

Chu Kong Cargo Terminals (Qingyuan) Co., Ltd. ("Qingyuan Port") officially resumed its foreign trade business in 21st August, and achieved a container handling volume of 5,000 TEU during the year. Currently, the foreign trade clearance operation of the terminal has basically been completed and it also actively expands the customer base and optimises freight schedule. As the only catagory-2 ports in the Qingyuan region, there was great development potential for Qingyuan Port.

Zhongshan City Huangpu Port Cargo and Terminal Co., Ltd. had been put into trail operation by the end of year. In future, the terminal will enhance its marketing and strive to expand the market. Firstly, it will introduce domestic trade shipping companies, and strengthens its marketing on direct customers and cargo agencies so that the terminal will be enable to put into official operation as soon as possible.

The phase three renewal of the license agreement of Chu Kong Air-Sea Union Transportation Company Limited had been completed smoothly. The container handling volume of the company during the year was 21,000 TEU, which was basically par as compared with last year. The break bulk cargoes handling volume was 98,000 revenue tons, representing a year-on-year increase of 6.4%.

III. Investment in Joint Ventures and Associates

By benefiting from the picking up of foreign trade business in the Pearl River Delta region, the operating businesses of joint ventures and associates of the Group remained stable. As the factory-trade goods further increased at terminals in Jiangmen region, which included Sanbu Passenger and Freight Transportation Co., Ltd. ("Sanbu Port") and Heshan County Hekong Associated Forwarding Co., Ltd. ("Heshan Port") so a total container handling volume of 138,000 TEU, representing a year-on-year increase of 27.0% recorded. Among which, it was mainly Sanbu Port that achieved a substantial year-on-year increase for container handling volume, recorded a container handling volume of 94,000 TEU, representing a significant year-on-year increase of 44.3% and contributed a year-on-year significant increased profit of 289.6%. The businesses of Heshan Port remained stable, and achieved a slight year-on-year increase of 1.4%. There are four terminals in 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. By benefiting from the increase of foreign trade businesses in Foshan region, the four terminals in the region recorded an increase in container handling volume and achieved a container handling volume of 538,000 TEU in aggregate, representing a year-on-year increase of 4.6%. Zhong Shan Port Goods Transportation United Co., Ltd. achieved a container handling volume of 396,000 TEU, representing a slight decrease of 1.3%.

2. Passenger Transportation Business

As tourism in Guangdong, Hong Kong and Macau developed prosperously, passenger transportation business of the Group continued to see a stable growth. During the year, the number of passengers for agency services of CKPT was 6,494,000, representing a year-on-year increase of 4.5%, with the urban routes recorded a stable growth and Jiangmen and Zhuhai routes witnessed higher growth. The number of passengers carried by airport routes continued to grow and reached 1,935,000, of which the airport routes in Zhongshan achieved a significant growth, recorded 110,000 in terms of number of passengers of, a year-on-year increase of 41.8%. The number of passengers for terminal services was 7,346,000, representing a year-on-year increase of 6.2%. The passenger transportation business contributed a total profit of HK$116,441,000 to the Group, a year-on-year increase of 56.2%.

By grasping the opportunity of the renewal on Skypier, Chu Kong Passenger Transport Company Limited ("CKPT") continued to put more resources on marketing and promotion so as to keep on upgrading its service standard at airport terminal, such as the introduction of the pre-boarding procedures and direct baggage transfer, and actively conducted research on multi-operation model and optimised overseas sales network. CKPT also actively expanded new routes and reopened the route from Fangchenggang City in Guangxi to Ha Long Bay in Vietnam. CKPT and a direct-purchase company in Hong Kong launched the "Ganghuigou" (港匯購) project, which leverages on the customers platform to conduct consignment-purchase business on board, appropriately extended the passenger transportation industry chain and targeted at retaining return-trip customers with the consignment-purchase business and thus increased new growth points in profits. Currently, various ship owners have participated in the "Ganghuigou" project.

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	**2013**	2012	Change
Number of passengers for agency services	**6,494**	6,213	4.5%
Number of passengers for terminal services	**7,346**	6,915	6.2%

II. Investment in Joint Ventures and Associates of CKPT

During the year, the number of passengers for terminal services of Skypier (operated by Hong Kong International Airport Ferry Terminal Services Limited ("HKIAFT")) continued to grow. During the year, the profits contributed by Zhongshan-Hong Kong Passenger Shipping Co-op Co., Ltd. ("ZSPS") and Foshan Shunde Shungang Passenger Transportation Co-op Co., Ltd. ("SGPT") increased desirably. HKIAFT has successfully renewed the contract on phase III of Skypier which laying a solid foundation for the growth of the passenger transportation business. CKPT paid great efforts in facilitating airport routes in Zhongshan and saw extremely good outcome. ZSPS successfully introduced the pre-boarding procedures services in the second quarter and provided local tourists with one-stop air-sea union transport services and recorded a growth of 41.8% in the number of passenger of airport routes during the year. SGPT optimised the flights arrangements based on the local travelers travelling characteristics. Despite the decrease of flights, the number of passenger still saw a slight increase, which not only reduced the operating costs, but also increased revenues.

A high-speed passenger transportation advertisement company named Connect Media Company Limited under the Group had integrated the waterway passenger transportation advertisement resources and spent more efforts in business promotion. Currently, it has reached cooperation agreements on advertisement business with several ship owners, achieving substantial progress.

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 2013, the Group employed 446 employees in Hong Kong and remunerated its employees according to the duty of their positions and market conditions.

Liquidity and Financial Resources

The Group keeps close track of its working capital and financial resources in an effort to maintain a solid financial position. As at 31st December 2013, the Group secured a total credit limit of HK$605,000,000 and RMB50,000,000 (equivalent to approximately HK$63,597,000) granted by bona fide banks.

As at 31st December 2013, the current ratio of the Group, represented by current assets divided by current liabilities, was 1.1 (2012: 1.1) and the debt ratio, representing total liabilities divided by total assets, was 35.6% (2012: 34.7 %).

As at 31st December 2013, the Group's cash and cash equivalents amount to HK$600,969,000 (2012: HK$584,723,000), which represents 17.1% (2012: 18.3%) of the total assets.

As at 31st December 2013, the gearing ratio of the Group, represented by bank borrowings divided by total equity and bank borrowings, was 16.4% (2012: 15.6%).

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

Bank Loan and Pledge of Assets

Bank Loan	As at 31st December 2013	As at 31st December 2012
Bank located in Hong Kong (Note 1)		
- Hong Kong Dollar	**380,000,000**	300,000,000
- Renminbi	**-**	10,000,000 (equivalent to approximately HK$12,427,000)
Banks located in China (Note 2)		
- Renminbi	**50,000,000 (equivalent to approximately HK$63,597,000)**	59,700,000 (equivalent to approximately HK$74,244,000)

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 certain land use rights and property, plant and equipment of Zhaoqing New Port Terminal.

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 2013.

Contingent Liabilities

As at 31st December 2013, the Group had no material contingent liabilities.

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

At 31st December 2013, the Company has not been notified of any interests and short positions of the directors and executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO.

At no time during the 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 2013, as recorded in the register required to be kept under Section 336 of the SFO, the following shareholders have 5% or more of the Company's share capital:

Ordinary shares of HK$0.1 each in the Company

		Number of Shares
(i)	Chu Kong Shipping Enterprises (Holdings) Company Limited ("CKSE")	648,218,000
(ii)	Guangdong Province Navigation 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 2013 the Company has not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register to be kept under Section 336 of the SFO.

Purchase, Redemption or Sale of the Company's Listed Securities

During the 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 was completed on 13th June 2013, and 180,000,000 warrants were issued to not less than six placees pursuant to the terms of the placing agreement. Please refer to the announcement dated 13th June 2013 for details of the placing of unlisted warrants. As at 31st December 2013, no placees had exercised the warrants.

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 2013 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 27th May 2014 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.

Closure of Register of Members

The register of members will be closed on 27th May 2014 (Tuesday), 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 27th May 2014 (Tuesday), all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong (it will be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31st March 2014), no later than 4:00 p.m. on 26th May 2014 (Monday) for registration.

The register of members will be closed from 3rd June 2014 (Tuesday) to 4th June 2014 (Wednesday), both dates inclusive, during which no transfer of shares will be effected. In order to qualify for the final dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong (it will be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31st March 2014), no later than 4:00 p.m. on 30th May 2014 (Friday) for registration. Final dividend will be payable on or before 16th June 2014.

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 2013 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 31 December 2013 except that Mr. Chan Kay-cheung has served as such independent non-executive director for over nine years, but the Company believes that Mr. Chan can independently express opinions on matters of the Company and therefore his independence is confirmed.

In 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 2013 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 2013.

The Company has also formulated written guidelines regarding the securities transactions of the employees of the Company that may expose to price-sensitive 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 2013.

Directors

Mr. Yu Qihuo has resigned as a non-executive director of the Company with effect from 1st March 2014 due to his retirement. Mr. Huang Shuping, the deputy general manager of the Company, has resigned as an executive director and a member of executive committee of the Company with effect from 1st March 2014 due to his decision to pursue his personal commitments. Mr. Hu Jiahong was appointed as a non-executive director of the Company, Mr. Zeng He and Mr. Cheng Jie, the deputy general managers of the Company, were appointed as executive directors and members of executive committee of the Company on that day.

Save as disclosed above, the Company is not aware of any change in the information of directors of the Company required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period since the date of the 2013 Interim Report.

As at the date of this announcement, the Company's executive directors include Mr. Xiong Gebing and 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, 27th March 2014